

NORTH YORKSHIRE COUNTY COUNCIL
CHILDREN AND YOUNG PEOPLE'S SERVICE
CORPORATE DIRECTOR'S MEETING WITH EXECUTIVE MEMBERS

5TH JANUARY 2021

2021/2022 EARLY YEARS FUNDING FORMULA

1.0 PURPOSE OF THE REPORT

- 1.1 This report asks Executive Members, in conjunction with the Corporate Director – CYPS, to provide approval for a consultation to be undertaken with early years' providers on changes to the funding rates paid to early years' providers for the funded entitlement for 3 & 4 year olds and disadvantaged 2 year olds for the 2021/22 financial year.
- 1.2 The report also provides an overview of the other early years funding rates and local authority early years' dedicated schools grant (DSG) funding arrangements for 2021/22.

2.0 BACKGROUND

- 2.1 The Early Years National Funding Formula provides a local authority funding rate for three and four olds in North Yorkshire at the funding floor level of £4.38 per hour. This funding rate provides the calculation basis for the 2020/21 three and four year old Early Years DSG allocation. The local authority hourly funding rate covers both the costs of provider funding and any central services related to early years provision that are provided free at the point of delivery.
- 2.2 On the 17th December 2020, the DfE announced an increase in the early years' local authority funding rate for the 2021/22 financial year. The funding rate for three and four year olds in North Yorkshire will increase by 6p per hour from £4.38 per hour to £4.44 per hour. The level of funding for disadvantaged two year olds will also increase by 8p per hour from £5.28 per hour to £5.36 per hour. There is no increase in the level of the early years' pupil premium and the disability access funding.
- 2.3 The regulations accompanying the Early Years National Funding Formula restrict the level of three and four year old funding which can be retained for the delivery of centrally managed services associated with early years' provision. The level of funding allowed to be retained is 5%.
- 2.4 In addition to the three and four year old funding, the Early Years DSG allocation also includes funding for disadvantaged two year olds, early years pupil premium, disability access funding and maintained nursery school supplementary funding.
- 2.5 The three and four year old funding rate paid to early years providers consists of a base funding rate and funding supplements. The provider base funding rate for 2020/21 is £4.09 per hour. Within North Yorkshire funding supplements are paid for deprivation, which is a mandatory funding supplement, and sparsity.

3.0 CONSULTATION ON THE PROVIDER BASE FUNDING RATE FOR DISADVANTAGED TWO YEAR OLDS AND THREE & FOUR YEAR OLDS FOR THE 2021/22 FINANCIAL YEAR

3.1 It is proposed to consult early years' providers within North Yorkshire on the level of base rate funding for providers for the 2021/22 financial year. The proposed base rate funding levels are as follows:

	Proposed 2021/22 hourly base funding rate	<i>2021/22 proposed increase in hourly base funding rate</i>	<i>2020/21 hourly base funding rate</i>
Disadvantaged 2 Year Olds	£5.36	£0.08	£5.28
3 & 4 Year Olds Universal & Extended Entitlement	£4.15	£0.06	£4.09

No changes are proposed to the funding rates for the deprivation and sparsity funding supplements

3.2 It is proposed to undertake a 4 week consultation which will run between the 13th January 2021 and 10th February 2021.

4.0 2021/22 OTHER EARLY YEARS FUNDING ELEMENTS & LOCAL AUTHORITY EARLY YEARS DSG FUNDING ARRANGEMENTS

4.1 The funding levels received from the DfE for the other early years funding rates have remained unchanged for 2021/22. In this respect the 2021/22 rates for the other funding elements are as follows:

Funding Element	Funding Level
Early Years Pupil Premium	£0.53 / Per Hour (Universal Hours)
Disability Access Funding	£615 per annum per eligible child

4.2 The DfE have provided specific supplementary funding for maintained nursery schools to enable their 2016/17 funding levels related to the delivery of universal provision to continue to be maintained. This enables a higher level of funding to continue to be paid to maintained nursery schools during the period which the supplement funding is in place. For the 2021/22 financial year, the DfE have stated that part of the supplementary funding allocations are published as indicative, and part as conditional. The allocations for April 2021 to August 2021 are indicative and will be updated on the same basis as the universal entitlements. However, the MNS supplementary funding allocations for September 2021 to March 2022 are conditional and may be subject to change. The DfE has advised that local authorities should treat the MNS supplementary funding allocation for this period as unconfirmed. The DfE have indicated that more information on funding arrangements in this period will follow

4.3 The DfE have stated that they will fund local authorities on the basis of their January 2021 early years census for the spring term. However, the DfE have recognised that that the number of children attending childcare may not have returned to normal levels by the date of the January 2021 census, and it may not therefore represent the mid-year point in the normal way. Funding protection arrangements have been announced where, by exception, in a local

authority where attendance is below 85% of the January 2020 census levels, and where the authority can provide evidence for increased attendance during the spring term, a top-up will be provided to the January 2021 census. The top-up would only fund the additional places taken-up after the January 2021 census week count and the total allocation for spring term will be limited to a cap equivalent to 85% of their January 2020 census.

4.4 The early years DSG funding allocations for the 2021 summer term are also driven by the January 2021 census count. The DfE have stated that it is their current intention to use the normal funding process of the January 2021 census count to drive funding allocations for the 2021 summer term. However, they indicate that, given current uncertainties related to the Covid pandemic, plans for funding local authorities for the 2021 summer term will be kept under review. Further DfE guidance is expected in the new year on the funding approach to be adopted for summer 2021.

5.0 RECOMMENDATIONS

- 5.1 CYPS Executive Members, in conjunction with the Corporate Director – CYPS, are asked to:
- i. Provide approval to consult with early years' providers on the provider base funding rate levels for the universal and extended funded entitlement for 3 & 4 year olds and disadvantaged 2 years olds for the 2021/22 financial year.
 - ii. Note the 2021/22 funding rates for the other early years funding elements and local authority early years' DSG funding arrangements.

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