

NORTH YORKSHIRE COUNCIL

CYPS EXECUTIVE MEMBERS

30 MAY 2023

FUNDING ALLOCATION METHODOLOGY FOR THE MAINTAINED NURSERY SCHOOL SUPPLEMENTARY FUNDING GRANT

1.0 PURPOSE OF THE REPORT

- 1.1 This report asks Executive Members, in conjunction with the Corporate Director – CYPS, to agree a recommendation to update the funding allocation methodology for the Maintained Nursery School Supplementary Funding Grant.
- 1.2 The recommendation has been developed in conjunction with the three maintained nursery schools (MNS) that operate within North Yorkshire.

2.0 BACKGROUND

- 2.1 The DfE have previously provided specific supplementary funding for MNS to enable their 2016/17 funding levels related to the delivery of universal provision to continue to be maintained under the Early Years National Funding Formula (EYNFF) arrangements. This has enabled a higher level of funding to continue to be paid to MNS during the period which the supplementary funding is in place. In Summer 2022, the DfE announced an additional £10m investment in MNS supplementary funding from 2023-24, and they also consulted on proposals to distribute the MNS supplementary funding more evenly across all LAs with MNSs in 2023-24. In December 2022, the DfE confirmed the following developments for MNS supplementary funding for 2023/24:
 - The introduction of a minimum funding floor set at £3.80 per MNS hour and a cap set at £10 per MNS hour, in order to distribute the supplementary funding more evenly between LAs with MNSs. North Yorkshire is receiving the floor level funding rate of £3.80 per MNS hour for three- and four-year old universal provision.
 - The funding which MNSs currently receive through the teachers' pay and pension grants will be rolled into the supplementary funding that LAs receive for their MNSs from 2023-24. The indicative funding rate rolled into the MNS supplementary funding for North Yorkshire is £0.50 per hour; this funding is included within the overall £3.80 MNS supplementary funding rate.
- 2.2 The indicative MNS supplementary funding value for North Yorkshire is £414k for the 2023/24 financial year. The indicative supplementary funding allocation is subject to adjustment at the end of the financial year to reflect the actual three- and four-year old universal hours delivered within the year by the MNS. The DfE have indicated that the level at which the minimum funding floor will be set for 2024-25 along with all other MNS supplementary funding rates will be announced in Autumn 2023. They have also stated that levels of supplementary funding for MNS for the financial years after this will be subject to the outcome of the next Spending Review.
- 2.3 North Yorkshire received £2.57 per MNS 3 & 4-year-old universal hour in respect of the MNS supplementary funding grant level for the 2022/23 financial year. In addition to the

supplementary funding, the MNS also received separate DfE grant funding to support the cost pressures related to teachers' pay and pension increases. For the 2023/24 financial year, the separate teachers' pay and pensions grant has been mainstreamed. The MNS supplementary funding grant has increased to £3.80 per MNS 3 & 4-year-old universal hour; the base rate has increased from £2.57 to £3.30, with an addition of £0.50 per hour related to the mainstreaming of the pay and pensions grant. Given the significant increase in the MNS supplementary funding grant level for the 2023/24 financial year, it was considered appropriate to review the grant distribution methodology in conjunction with the three MNS operating within North Yorkshire.

3.0 FUNDING ALLOCATION METHODOLOGY FOR THE MAINTAINED NURSERY SCHOOL SUPPLEMENTARY GRANT

- 3.1 The allocation methodology previously utilised for the allocation of the MNS supplementary funding grant consisted of a lump sum allocation (£32,170) plus an amount (£1.69) per universal 3 & 4-year-old hour. Indicative funding allocations are produced at the start of the financial year based on the previous year funded hours; the allocations are updated at the end of the financial year to reflect the actual 3 & 4-year-old universal hours delivered in year.
- 3.2 Local authority officers have worked with representatives from the three MNS operating within North Yorkshire to review the funding allocation methodology for the MNS supplementary funding grant. The work has focused on agreeing the key principles for the allocation methodology and considering the options modelled as to the most appropriate for implementation.
- 3.3 The review identified the following key principles for the funding allocation methodology:
- Funding allocation across the three MNS must be contained within the MNS Supplementary Funding Grant allocation received from the DfE (2023/24 indicative funding allocation £414k)
 - The allocation methodology should seek to support the financial viability of all 3 MNS
 - The allocation methodology should reflect operating context and characteristics of the three MNS
 - 3 & 4-year-old funded hours delivered
 - Deprivation
 - High Needs
 - The allocation data used should be objective and easily available
 - The allocation methodology should be transparent and able to be locally forecasted
 - The allocation methodology should avoid significant funding turbulence, both in the transition from previous allocation methodology and from year to year going forward.
 - Administration of the allocation methodology should be proportionate to the level of funding involved.
- 3.4 The review considered the operating context and characteristics of the three MNS and found key differences in:
- The levels of 3 & 4-year-old funded hours delivered
 - The levels of deprivation of the localities each establishment serves
 - The numbers of children with high needs attending each establishment

- 3.5 Having regard to the key principles for the funding allocation methodology, the following factors were considered to be the most appropriate basis for a funding allocation methodology:
- A lump sum of £50,000 per MNS
 - The remainder of the funding to be distributed by:
 - 3 & 4-year-old funded hours. Options: Universal hours only or universal + extended hours
 - Deprivation. Options: Deprivation levels associated with the 3 & 4-year-old children attending the MNS or numbers of children eligible for early years pupil premium
 - High Needs. Options: The number of children eligible for Disability Access Funding (DAF) or the number of children eligible for Element 2 high needs funding.
 - The provision of “funding floor” that provides a minimum of a 20% funding increase for each MNS for the 2023/24 financial year supplementary funding grant compared to the level of supplementary grant + teachers’ pay and pension grant received in the 2022/23 financial year.
- 3.6 Modelling was undertaken based on the factors and criteria detailed in 3.5 above. From this modelling, the option that was considered to most appropriately reflect the requirements of the key principles provided a funding allocation methodology based on:
- £50,000 lump sum per MNS
 - The remainder of the funding distributed by:
 - 80% universal 3 & 4-year-old funded hours (termly headcount data)
 - 10% 3 & 4-year-old post code deprivation Band A level (highest level – IMD score >34.17) (January headcount data)
 - 10% 3 & 4 year olds eligible for DAF (3 year average)
- 3.7 The 2023/24 indicative MNS supplementary funding grant allocations, based on the proposed funding allocation methodology, for the maintained nursery schools are as follows:

	Childhaven Nursery School	Brougham Street Nursery School	Otley Street Nursery
Lump Sum	£50,000	£50,000	£50,000
3 & 4 Year Old Universal Funded Hours	£65,243	£69,159	£76,788
Deprivation (Band A)	£16,590	£5,679	£4,130
DAF	£7,764	£13,976	£4,659
Total	£139,597	£138,814	£135,577
<i>For Information: 2022/23 MNS Supplementary Funding Allocation + Teachers’ Pay & Pension Grant</i>	<i>£103,427</i>	<i>£106,392</i>	<i>£112,162</i>

The indicative funding allocations will be updated at the end of the financial year to reflect the actual data for the current financial year.

- 3.8 The review of the funding allocation methodology for the MNS Supplementary Funding Grant and the associated options modelling process has been undertaken in conjunction with the three MNS operating within North Yorkshire. Two meetings have been held with the MNS on 29 March 2023 and 18 April 2023 to discuss and seek views on the allocation

principles, options modelling and the final proposed allocation methodology. The MNS expressed a view for the allocation methodology to be widened to recognise deprivation and high needs factors; this view has been reflected in the proposed updated funding allocation methodology. The three MNS also supported a broadly equal split of the funding across the three establishments; the proposed methodology has sought to achieve an equitable allocation of the funding that recognises both the individual operating characteristics of the individual establishments and the need for financial viability for each establishment. The three MNS have indicated their support for the proposed funding allocation methodology for the MNS Supplementary Funding Grant.

4.0 FINANCIAL IMPLICATIONS

4.1 The MNS Supplementary Funding Grant is provided through the ringfenced Early Years Block of the Dedicated Schools Grant. In this respect, there is no financial impact on the wider North Yorkshire Council budget.

5.0 LEGAL IMPLICATIONS

The proposal is in accordance with the Dedicated Schools Grant statutory conditions of grant.

6.0 EQUALITIES IMPLICATIONS

6.1 An equality impact assessment form is attached in Appendix 1.

7.0 CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

7.1 No climate change or environmental implications have been identified, through the completion of a Climate Change Impact Assessment (Initial Screening Form), with the proposal.

8.0 RECOMMENDATIONS

8.1 CYPS Executive Members, in conjunction with the Corporate Director - CYPS are asked to:

- i. To note the review of the funding allocation methodology for the MNS Supplementary Funding Grant and the work undertaken, in consultation with the three MNS operating with North Yorkshire, to develop a proposed updated allocation methodology.
- ii. To approve an updated funding allocation methodology for the MNS Supplementary Funding Grant based on:
 - £50,000 lump sum per MNS
 - The remainder of the funding distributed by:
 - 80% universal 3 & 4-year-old funded hours (termly headcount data)
 - 10% 3 & 4-year-old post code deprivation Band A level (highest level – IMD score >34.17) (January headcount data)
 - 10% 3 & 4-year-olds eligible for DAF (3-year average)

STUART CARLTON

Corporate Director – Children and Young People’s Service

Report Prepared by: Sally Dunn, Head of Finance – Schools, Early Years & High Needs

Equality impact assessment (EIA) form: evidencing paying due regard to protected characteristics

(Form updated April 2019)

Funding Allocation Methodology for the Maintained Nursery School Supplementary Funding Grant (*Early Years Block Funding*)

If you would like this information in another language or format such as Braille, large print or audio, please contact the Communications Unit on 01609 53 2013 or email communications@northyorks.gov.uk.



যদি আপনি এই ডকুমেন্ট অন্য ভাষায় বা ফরমেটে চান, তাহলে দয়া করে আমাদেরকে বলুন।

如欲索取以另一語文印製或另一格式製作的資料，請與我們聯絡。

اگر آپ کو معلومات کسی دیگر زبان یا دیگر شکل میں درکار ہوں تو برائے مہربانی ہم سے پوچھئے۔

Equality Impact Assessments (EIAs) are public documents. EIAs accompanying reports going to Councillors for decisions are published with the committee papers on our website and are available in hard copy at the relevant meeting. To help people to find completed EIAs we also publish them in the Equality and Diversity section of our website. This will help people to see for themselves how we have paid due regard in order to meet statutory requirements.

Name of Directorate and Service Area	North Yorkshire Council: Central Services - Resources
Lead Officer and contact details	Howard Emmett - Assistant Director – Resources
Names and roles of other people involved in carrying out the EIA	Sally Dunn – Head of Finance (Schools & Early Years)
How will you pay due regard? e.g. working group, individual officer	The proposal has been subject to consultation with the three Maintained Nursery Schools (MNS) operating within North Yorkshire through meetings on 29 March 2023 and 18 April 2023. The item will be discussed at the North Yorkshire Schools Forum meeting on 18 May 2023
When did the due regard process start?	In setting the Early Years Budget each year, it is necessary to consider the level of the MNS Supplementary Funding Grant paid to

	MNS within the constraints of the grant allocation provided by the DfE. This EIA considers this issue in respect of the updated 2023-24 MNS Supplementary Funding Grant allocation.
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Section 1. Please describe briefly what this EIA is about. (e.g. are you starting a new service, changing how you do something, stopping doing something?)

The EIA considers the review of the funding allocation methodology for the MNS Supplementary Funding Grant.

The local authority determines the funding allocation methodology for the MNS Supplementary Funding Grant that is paid to MNS in recognition of the additional operating costs that the establishments incur compared to other providers within the early years' sector e.g. statutory requirement to employ a headteacher.

The determination of the MNS Supplementary Funding allocations is undertaken within the parameters of the funding levels provided by the DfE through the MNS Supplementary Funding Grant and the associated grant conditions.

For the 2023/24 financial year the MNS Supplementary Funding Grant has increased to £3.80 per MNS 3 & 4-year-old universal hour; the base rate has increased from £2.57 to £3.30, with an addition of £0.50 per hour related to the mainstreaming of the pay and pensions grant. Given the significant increase in the MNS supplementary funding grant level for the 2023/24 financial year, it was considered appropriate to review the grant distribution methodology in conjunction with the three MNS operating within North Yorkshire.

The allocation methodology previously utilised for the MNS supplementary funding grant consisted of a lump sum allocation (£32,170) plus an amount (£1.69) per universal 3 & 4-year-old hour. Indicative funding allocations are produced at the start of the financial year based on the previous year funded hours; the allocations are updated at the end of the financial year to reflect the actual 3 & 4-year-old universal hours delivered in year.

LA officer work with the three MNS operating within North Yorkshire has developed the following proposal for the allocation for the MNS Supplementary Funding Grant:

- A lump sum of £50,000 per MNS
- The remainder of the funding distributed by:
 - 80% universal 3 & 4-year-old funded hours (termly headcount data)
 - 10% 3 & 4-year-old post code deprivation Band A level (highest level – IMD score >34.17) (January headcount data)
 - 10% 3 & 4 year olds eligible for DAF (3 year average)
- The provision of “funding floor” that provides a minimum of a 20% funding increase for each MNS for the 2023/24 financial year supplementary funding grant compared to the level of supplementary grant + teachers' pay and pension grant received in the 2022/23 financial year.

Section 2. Why is this being proposed? What are the aims? What does the authority hope to achieve by it? (e.g. to save money, meet increased demand, do things in a better way.)

The DfE require each local authority to determine the funding allocation methodology for the MNS Supplementary Funding Grant. The proposed funding allocation methodology seeks to achieve an

equitable allocation of the funding that recognises both the individual operating characteristics of the individual establishments and the need for financial viability for each establishment

Section 3. What will change? What will be different for customers and/or staff?

The three MNS will each see increased funding benefit from the proposed option. The two MNS with the greatest proportion of children with high needs and children living in areas of high deprivation will see the highest funding increases.

Section 4. Involvement and consultation (What involvement and consultation has been done regarding the proposal and what are the results? What consultation will be needed and how will it be done?)

Two meetings have been held with the MNS on 29 March 2023 and 18 April 2023 to discuss and seek views on the allocation principles, options modelling and the final proposed allocation methodology.

The proposed funding allocation methodology for the MNS Supplementary Funding Grant will be presented at the Schools Forum on 18th May 2023.

This EIA will be updated to reflect any further views provided by the MNS and any feedback received from the Schools Forum. The MNS will be notified of the outcome of this process in June 2023.

Section 5. What impact will this proposal have on council budgets? Will it be cost neutral, have increased cost or reduce costs?

Please explain briefly why this will be the result.

The specific proposal in the EIA is cost neutral as all costs will be contained within the ring-fence of the MNS Supplementary Funding Grant - 2023/24 Early Years Block DSG.

Section 6. How will this proposal affect people with protected characteristics?	No impact	Make things better	Make things worse	Why will it have this effect? Provide evidence from engagement, consultation and/or service user data or demographic information etc.
Age	✓			It is anticipated there would be no identifiable impact as a result of this proposal for this characteristic. The proposal will be applied to all years providers.
Disability		✓		The proposal will provide a higher level of funding benefit to MNS with a higher

				proportion of children eligible for disability living allowance.
Sex	✓			It is anticipated there would be no identifiable impact as a result of this proposal for this characteristic.
Race	✓			It is anticipated there would be no identifiable impact as a result of this proposal for this characteristic
Gender reassignment	✓			It is anticipated there would be no identifiable impact as a result of this proposal for this characteristic
Sexual orientation	✓			It is anticipated there would be no identifiable impact as a result of this proposal for this characteristic
Religion or belief	✓			It is anticipated there would be no identifiable impact as a result of this proposal for this characteristic
Pregnancy or maternity	✓			It is anticipated there would be no identifiable impact as a result of this proposal for this characteristic
Marriage or civil partnership	✓			It is anticipated there would be no identifiable impact as a result of this proposal for this characteristic

Section 7. How will this proposal affect people who...	No impact	Make things better	Make things worse	Why will it have this effect? Provide evidence from engagement, consultation and/or service user data or demographic information etc.
..live in a rural area?	✓			It is anticipated there would be no identifiable impact as a result of this proposal for this characteristic.
...have a low income?		✓		The proposal will provide a higher level of funding benefit to MNS with a higher proportion of children that live in areas with high levels of deprivation
...are carers (unpaid family or friend)?	✓			It is anticipated there would be no identifiable impact as a result of this proposal for this characteristic

Section 8. Geographic impact – Please detail where the impact will be (please tick all that apply)	
North Yorkshire wide	
Craven district	✓
Hambleton district	
Harrogate district	
Richmondshire district	
Ryedale district	

Scarborough district	✓
Selby district	
If you have ticked one or more districts, will specific town(s)/village(s) be particularly impacted? If so, please specify below.	
Scarborough and Skipton will be more specifically impacted as these are the towns where the three MNS are located.	

Section 9. Will the proposal affect anyone more because of a combination of protected characteristics? (e.g. older women or young gay men) State what you think the effect may be and why, providing evidence from engagement, consultation and/or service user data or demographic information etc.

None identified

Section 10. Next steps to address the anticipated impact. Select one of the following options and explain why this has been chosen. (Remember: we have an anticipatory duty to make reasonable adjustments so that disabled people can access services and work for us)	Tick option chosen
1. No adverse impact - no major change needed to the proposal. There is no potential for discrimination or adverse impact identified.	✓
2. Adverse impact - adjust the proposal - The EIA identifies potential problems or missed opportunities. We will change our proposal to reduce or remove these adverse impacts, or we will achieve our aim in another way which will not make things worse for people.	
3. Adverse impact - continue the proposal - The EIA identifies potential problems or missed opportunities. We cannot change our proposal to reduce or remove these adverse impacts, nor can we achieve our aim in another way which will not make things worse for people. (There must be compelling reasons for continuing with proposals which will have the most adverse impacts. Get advice from Legal Services)	
4. Actual or potential unlawful discrimination - stop and remove the proposal – The EIA identifies actual or potential unlawful discrimination. It must be stopped.	
Explanation of why option has been chosen. (Include any advice given by Legal Services.)	
No significant adverse impacts have been identified from the EIA affecting one or more protected characteristic.	
This EIA will be updated to reflect any further views provided by the MNS and any feedback received from the Schools Forum	

Section 11. If the proposal is to be implemented how will you find out how it is really affecting people? (How will you monitor and review the changes?)

The financial forecasts of the MNS will be reviewed through the local authority school financial governance process. A review of the operation of the updated funding allocation methodology for the MNS Supplementary Funding Grant will be undertaken with the three MNS at the end of the 2023/24 financial year.

Section 12. Action plan. List any actions you need to take which have been identified in this EIA, including post implementation review to find out how the outcomes have been achieved in practice and what impacts there have actually been on people with protected characteristics.

Action	Lead	By when	Progress	Monitoring arrangements
1. To review and seek views from the three MNS on the funding allocation methodology for the MNS Supplementary Funding Grant.	Howard Emmett – Asst. Director	Meetings: 29 March 2023 & 18 April 2023		
2. To report the proposed updated funding allocation methodology to Schools Forum	Howard Emmett – Asst. Director	18 May 2023		
3. To obtain approval for the proposed funding allocation methodology from the Corporate Director – CYPS and CYPS Executive Members	Howard Emmett – Asst. Director	30 May 2023		

Section 13. Summary Summarise the findings of your EIA, including impacts, recommendation in relation to addressing impacts, including any legal advice, and next steps. This summary should be used as part of the report to the decision maker.

The Equality Impact Assessment has assessed the impact of the proposal namely:

- The proposal for the allocation of the MNS Supplementary Funding Grant to be based on the following methodology:
 - A lump sum of £50,000 per MNS
 - The remainder of the funding distributed by:

80% universal 3 & 4-year-old funded hours (termly headcount data)
10% 3 & 4-year-old post code deprivation Band A level (highest level – IMD score >34.17) (January headcount data)
10% 3 & 4-year-olds eligible for DAF (3 year average)

- The provision of “funding floor” that provides a minimum of a 20% funding increase for each MNS for the 2023/24 financial year supplementary funding grant compared to the level of supplementary grant + teachers’ pay and pension grant received in the 2022/23 financial year.
- To consult with the three MNS operating within North Yorkshire on the review of the funding allocation methodology, associated modelling and development of a recommended proposal.
- To report findings, conclusions and recommendations to CYPS Executive Members (for decision) and to the Schools Forum (for information).

At this stage of the EIA there is no evidence to suggest that the proposal made will significantly disadvantage one or more protected characteristics

Section 14. Sign off section

This full EIA was completed by:

Name: Sally Dunn

Job title: Head of Finance – Schools, Early Years & High Needs

Directorate: Central Services

Signature: *Sally Dunn*

Completion date: 24 April 2023

Authorised by relevant Assistant Director (signature):

Date:

Initial Climate Change Impact Assessment (Form created August 2021)

The intention of this document is to help the council to gain an initial understanding of the impact of a project or decision on the environment. This document should be completed in consultation with the supporting guidance. Dependent on this initial assessment you may need to go on to complete a full Climate Change Impact Assessment. The final document will be published as part of the decision-making process.

If you have any additional queries, which are not covered by the guidance please email climatechange@northyorks.gov.uk

Title of proposal	Funding Allocation Methodology for the Maintained Nursery School Supplementary Funding Grant
Brief description of proposal	<p>The proposal relates to the reviewing, modelling and developing of a recommended proposal for updating the funding allocation methodology for the Maintained Nursery School (MNS) Supplementary Funding Grant.</p> <p>The local authority determines the funding allocation methodology for the MNS Supplementary Funding Grant that is paid to MNS in recognition the additional operating costs that they incur compared other providers within the early years' sector e.g. statutory requirement to employ a headteacher.</p> <p>The proposed allocation methodology is as follows:</p> <ul style="list-style-type: none">• A lump sum of £50,000 per MNS• The remainder of the funding distributed by:<ul style="list-style-type: none">- 80% universal 3 & 4-year-old funded hours (termly headcount data)- 10% 3 & 4-year-old post code deprivation Band A level (highest level – IMD score >34.17) (January headcount data)- 10% 3 & 4 year olds eligible for DAF (3 year average)• The provision of “funding floor” that provides a minimum of a 20% funding increase for each MNS for the 2023/24 financial year supplementary funding grant compared to the level of supplementary grant + teachers’ pay and pension grant received in the 2022/23 financial year.
Directorate	Central Services
Service area	Resources
Lead officer	Howard Emmett

Names and roles of other people involved in carrying out the impact assessment

Sally Dunn – Head of Finance – Schools, Early Years & High Needs

The chart below contains the main environmental factors to consider in your initial assessment – choose the appropriate option from the drop-down list for each one.

Remember to think about the following;

- Travel
- Construction
- Data storage
- Use of buildings
- Change of land use
- Opportunities for recycling and reuse

Environmental factor to consider	For the county council	For the county	Overall
Greenhouse gas emissions	No effect on emissions	No Effect on emissions	No effect on emissions
Waste	No effect on waste	No effect on waste	No effect on waste
Water use	No effect on water usage	No effect on water usage	No effect on water usage
Pollution (air, land, water, noise, light)	No effect on pollution	No effect on pollution	No effect on pollution
Resilience to adverse weather/climate events (flooding, drought etc)	No effect on resilience	No effect on resilience	No effect on resilience
Ecological effects (biodiversity, loss of habitat etc)	No effect on ecology	No effect on ecology	No effect on ecology
Heritage and landscape	No effect on heritage and landscape	No effect on heritage and landscape	No effect on heritage and landscape

If any of these factors are likely to result in a negative or positive environmental impact then a full climate change impact assessment will be required. It is important that we capture information about both positive and negative impacts to aid the council in calculating its carbon footprint and environmental impact.

Decision (Please tick one option)	Full CCIA not relevant or proportionate:	✓	Continue to full CCIA:	
Reason for decision	No environmental factor effects have been identified with the proposed funding allocation methodology for the MNS Supplementary Funding Grant.			
Signed (Assistant Director or equivalent)				
Date				