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| Date of meeting: | Thursday 24 th January 2019 |
| Title of report: | Early Years Funding Update |
| Type of report: Delete as required | For information & decision. |
| Executive summary: Including reason for submission | This report provides an update on the 2019/20 Early Years DSG Allocation and requests approval of the associated planned expenditure. The report also provides feedback on the recent consultation on the methodology used to determine the deprivation funding supplement paid to early years providers for the funded early education entitlement for 3 & 4 year olds |
| Budget / Risk implications: | The levels of funding delivered by the Early Years National Funding Formula via the Early Years DSG impact on the sustainability of providers of early education and childcare and on the Council's ability to ensure sufficient places are available for families in line with statutory duties. The funding 'pass through' requirements impact on the services provided by the council and the implementation of the second phase of the review of Early Years central service provision may have staffing implications. |
| Recommendations: | The North Yorkshire Schools Forum is asked: <ul style="list-style-type: none"> • To note the 2019/20 Early Years DSG allocation and approve the associated planned expenditure • To support the implementation of option 1 for the funding and deprivation rates for 3 & 4 year olds. |
| Voting Requirements | |
| Appendices: | Appendix 1 – Consultation Document on Deprivation funding rates for Providers for 3 & 4 year olds. Appendix 2 – Comments from providers on the consultation Appendix 3 – Equality Impact Assessment screening form on the proposed change in methodology to the deprivation funding supplement |
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| Presenting officer: | Howard Emmett: Assistant Director, Strategic Resources Howard.Emmett@northyorks.gov.uk |

1.0 PURPOSE OF THE REPORT

- 1.1. This report presents the outcome of the recent consultation held with early years providers on options to change the methodology used to calculate the deprivation funding supplement paid to early years providers for the funded entitlement for 3 & 4 year olds. The report also presents the 2019/20 Early Years DSG allocation and requests approval for the associated planned expenditure.

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 £4.30 per hour. This funding rate provides the calculation basis for the 2019/20 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 which are provided free at the point of delivery.
- 2.2 The regulations accompanying the Early Years National Funding Formula restrict the level of three and four year 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 was 7% of the three and four year funding allocation in 2017/18 when the National Funding formula was implemented and this reduced to 5% for the 2018/19 financial year onwards.
- 2.3 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 transitional funding.
- 2.4 The three and four year old funding rate paid to early years providers consists of a base funding rate and funding supplements. Within North Yorkshire funding supplements are paid for deprivation, which is a mandatory funding supplement, and sparsity.
- 2.5 When the Early Years National Funding Formula was introduced in April 2017, the base funding rate was reviewed in North Yorkshire, however at the time, it was agreed to undertake a later review of funding supplements once we had experience of the operation of 30 hours funded provision. At the November 2018 meeting of the Forum it was agreed to consult with early years providers on the methodology used to determine the deprivation supplement funding paid to early years providers for 2019/20, and any associated changes to the base funding rate.

3.0 CONSULTATION ON THREE & FOUR YEAR OLD DEPRIVATION SUPPLEMENT FUNDING RATE

- 3.1 The deprivation element of the funding paid to providers is a compulsory funding supplement which has a direct relationship to the base funding rate paid, in that the level of funding paid out in deprivation impacts on the funding available for the base funding rate paid to providers. In North Yorkshire, the Early Years deprivation is paid for all 3 & 4 year old children based on an Index of Multiple Deprivation (IMD) methodology. Every area in the country is given an IMD ranking– lowest ranking is least deprived and highest ranking is most deprived.

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3.2 When the Early Years National Funding Formula was introduced in April 2017, the base funding rate was reviewed in North Yorkshire, however at the time, it was agreed to undertake a later review of funding supplements once we had experience of the operation of 30 hours funded provision. It is now considered appropriate to review the methodology for the calculation of the deprivation funding supplement. A number of options have been developed for the calculation of the supplement and a consultation has been held with early years' providers between 21st November 2018 and 17th December 2018.

3.3 The following principles were applied to the development of these options:

- Increasing the base rate funding to £4.01 for all providers which equates to the current base rate of £3.98 per hour plus the Band D deprivation funding rate of 3p per hour which, in effect, is paid for all children.
- The most deprived areas within North Yorkshire, as per the IMD, are not disadvantaged by any of the proposed options for the allocation of the deprivation funding supplement.
- To contain expenditure within the funding quantum of the current base rate and deprivation funding.
- Continue to use IMD as the basis for the allocation of deprivation funding.
- Easily understandable and easy to administer with no additional information or system requirements having regard to the value of the deprivation funding supplement in the context of the overall 3 & 4 year old DSG value.

3.4 The options consulted on were:

| | |
|---------------------|---|
| Current Methodology | No change. Keep the deprivation rates as they are: Band A 57p, Band B 10p, Band C 7p, Band D 3p. Retain base rate funding of £3.98 per hour. |
| Option 1 | Reduce all bands of deprivation by 3p, thus removing the lowest band, and increasing the base funding rate accordingly by 3p on all hours. Base rate £4.01, Deprivation Band A 54p, Band B 7p and Band C 4p |
| Option 2 | Three bands of deprivation Band A 57p, Band B 8p, Band C 3p, and increase in the hourly rate of 3p. Base rate £4.01 |
| Option 3 | Two bands of deprivation Band A 54p and Band B 16p, and increase of 3p in base rate. Base rate £4.01 |
| Option 4 | Two bands of deprivation Band A 45p and Band B 19p, and an increase of 3p in base rate. Base rate £4.01 |
| Option 5 | One band of deprivation 62p to Band A only, and increase the hourly rate by 5p. Base rate £4.03 |

3.5 62 responses have been received to the consultation, as shown below.

| | |
|-------------------------------------|----|
| LA Maintained Nursery School | 1 |
| LA Maintained Schools and Academies | 26 |
| Independent Schools | 0 |

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| | |
|----------------|-----------|
| Full Day Care | 16 |
| Sessional Care | 11 |
| Child Minder | 8 |
| Total | 62 |

(Response rate: 10%)

3.6 Providers were asked to choose their preferred option. The consultation feedback is indicated in the table below:

| <i>Current Methodology</i> | <i>Option 1</i> | <i>Option 2</i> | <i>Option 3</i> | <i>Option 4</i> | <i>Option 5</i> | <i>No Preference</i> | <i>Total</i> |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------------|--------------|
| 12 | 12 | 3 | 5 | 4 | 17 | 9 | 62 |
| 19% | 19% | 5% | 8% | 7% | 27% | 15% | 100% |

3.7 The current methodology and Option 1 both result in no change in overall funding to providers and represent 38% of the responses. The difference between the two options is the movement of 3p into the base rate rather than being part of the deprivation funding, which gives providers a slight cash-flow advantage as the base rate funding is paid monthly and deprivation funding is paid quarterly. 27% of respondents supported Option 5 which was for one single rate of deprivation funding of 62p per hour and an increase in the hourly rate to £4.03. Support for Options 2, 3 and 4 was fairly evenly split with no support greater than 8%, and a number of providers said they had no preference.

3.8 It is recommended that Option 1 is implemented for the following reasons:

- Option 1 and No change both result in providers continuing to receive the same funding level – the only difference between these two options is the movement of 3p into the base rate funding from the deprivation funding rate. When combined, these two options had the greatest level of support from providers with 24 out of the 62 providers responding to the consultation choosing one of these options,
- Option 1 provides funding stability to providers as there will be no change to the overall funding received by providers at a time when the market is already experiencing financial challenges, and also has the following benefits:
 - (i) A higher base funding rate of £4.01 for all providers,
 - (ii) An increase the monthly base rate payments received by providers whilst decreasing the amount of quarterly paid deprivation, thus a small cash-flow advantage,
 - (iii) Easier for providers to calculate their base income.

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4.0 2019/20 EARLY YEARS DSG ALLOCATION – PLANNED EXPENDITURE

4.1 A summary of the 2019/20 Early Years DSG allocation is detailed below:

| | £'000 |
|---|---------------|
| Funding Direct To Providers | |
| Universal entitlement 3&4 year old places (incl. Deprivation Funding Supplement, Sparsity Funding Supplement) | 18,200 |
| Extended entitlement 3&4 year old places (incl. Deprivation Funding Supplement, Sparsity Funding Supplement) | 8,029 |
| 2 year old places | 3,114 |
| Early Years Pupil Premium | 212 |
| EY Disability Access Fund | 90 |
| Maintained Nursery Schools Transition | 264 |
| Sub Total | 29,909 |
| Centrally Managed Services – funded by 3&4 Year Old DSG Funding | 1,381 |
| Expenditure Funded by Early Years DSG | 31,290 |
| Early Years Centrally Managed Services – funded by NYCC budget | 185 |
| TOTAL EXPENDITURE | 31,475 |
| Funded By: | |
| 2018-19 baseline | 30,479 |
| Reduced 3&4 year old universal entitlement | -90 |
| Increased 3&4 year old extended entitlement | 1,123 |
| 2 year old places | -181 |
| Early Years Pupil Premium | -1 |
| EY Disability Access Fund | -15 |
| Maintained Nursery Schools (MNS) Transition – Reduction in the universal 3 & 4 year old funded hours delivered by MNS between January 2017 and January 2018 | -25 |
| Total Early Years DSG | 31,290 |
| NYCC Budget Funding for Early Years Centrally Managed Services | 185 |
| TOTAL INCOME | 31,475 |

The final figures in relation to the funding to Early Years Providers and the DSG allocation are subject to in-year adjustments to reflect actual hours delivered during the year.

The early years' provider funding rates three and four year olds for the 2019/ financial year are subject to the outcome of the deprivation funding supplement consultation. The 2019/20 rates for the other funding elements will remain unchanged as follows:

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| Funding Element | Funding Level |
|---|------------------------------------|
| Disadvantaged 2 Year Olds | £5.20 / Per Hour |
| Early Years Pupil Premium | £0.53 / Per Hour (Universal Hours) |
| Disability Access Funding | £615 per annum per eligible child |
| Sparsity Funding Supplement Provision (applications required for this funding & eligibility criteria applied) | £50,000 |

5.0 CENTRALLY MANAGED SERVICE PROVISION RELATED TO EARLY YEARS

5.1 As stated above, the local authority is allowed to retain no more than 5% of the three and four year old Early Years DSG funding allocation for early years centrally managed service provision in 2019/20. As the funding allocation will vary dependent on demand for the provision of 3 and 4 year old funded childcare, the centrally managed service budget which can be retained is also subject to some fluctuation. For 2019/20, the level of expenditure for this service provision funded from the early years DSG will be £1.381m. Prior to the implementation of the Early Years National Funding Formula the funding allocation for these services was £2.17m; a budget saving of approx. £800k has been required in order to meet the 5% requirement.

5.2 A strategic review of the centrally managed service provision commenced in spring 2017 after the DfE response to the Early Years National Funding Formula consultation was received. The review work has continued to proceed, although progress has been slower than originally anticipated due to the significant number of service areas impacted by the review and the complexity of the service impact resulting from any change in funding levels. Phase 1 of the review has been completed and will be implemented in January 2019. Phase 2 is still ongoing. Whilst a number of savings have already been implemented, any expenditure above the DfE allowed retention level will be funded from Local Authority funding..

A breakdown of the centrally retained service provision planned expenditure is shown:

| | 2019/20 |
|---|---------------|
| | £000's |
| Prevention | 280.4 |
| Minority Ethnic Achievement | 10.0 |
| Access Management & Sufficiency | 76.8 |
| School Improvement (includes Education & Skills Family Information Service) | 267.3 |
| Early Years Improvement Partnership | 50.0 |
| Early Years Core Training | 50.0 |
| Portage | 279.0 |
| Finance | 187.0 |
| Provider Email System | 6.0 |
| Operational Overheads | 359.0 |
| Total | 1565.5 |

| | |
|---|--------|
| Total Cost Early Years Central Services Provision | 1565.5 |
| Funded by: | |
| Early Years DSG | 1381.0 |
| Local Authority Funding | 184.5 |

6.0 FUNDING ARRANGEMENTS FOR MAINTAINED NURSERY SCHOOLS

6.1 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 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. At this stage, the DfE have not indicated whether this funding will be provided beyond 2019/20.

7.0 RECOMMENDATIONS

7.1 The North Yorkshire Schools Forum is asked:

- To note the 2019/20 Early Years DSG allocation and to approve the associated planned expenditure
- To support the implementation of Option 1 in respect of the consultation on the methodology used to calculate the deprivation funding supplement and the associated base funding rate.

STUART CARLTON

Corporate Director – Children and Young People’s Service



NORTH YORKSHIRE COUNTY COUNCIL

EARLY YEARS DEPRIVATION FUNDING RATES

(3 & 4 year olds)

A CONSULTATION PAPER

November 2018

Deadline for responses: 6pm

17th December 2018

1.0 Background and Introduction

2.0 Current Deprivation Funding Rates

3.0 Potential options for the allocation of the deprivation funding supplement

3.1 Analysis of Options

1.0 Background and Introduction

- 1.1 Currently the funding received by North Yorkshire County Council (NYCC) in respect of 3 and 4 year olds from the DfE is £4.30 per hour, and 95% of this must be passed through to providers in the funding the LA pays to them.
- 1.2 In April 2017, a National Funding Formula was introduced by the government which changed the funding rate received, and also introduced the entitlement for eligible working parents to receive 30 hours of funded childcare from September 2017 (NYCC piloted this entitlement from April 2017). NYCC consulted with providers and implemented one universal basic funding rate of £3.90 from September 2017 for all providers regardless of type. At the time, it was agreed to undertake a review of funding supplements at a later date once we had experience of the operation of 30 hours funded childcare. In April 2018, the universal base rate was increased by NYCC to £3.98 in line with the DfE requirement that 95% of funding is paid to providers. NYCC uses the funding received from the DfE as follows:

| | |
|--------------|--|
| £3.98 | Base provider funding rate |
| £0.096 | Average deprivation funding supplement |
| £0.009 | Sparsity funding supplement |
| £0.215 | Centrally retained by the LA |
| £4.30 | Total LA Funding Rate received from DfE |

- 1.3 The deprivation funding paid to providers is a compulsory funding supplement which has a direct relationship to the base funding rate paid, in that the level of funding paid out in deprivation impacts on the funding available for the base funding rate paid to providers. In North Yorkshire, the Early Years deprivation funding supplement is paid for all 3 & 4 year old children based on an Index of Multiple Deprivation (IMD) methodology. Every area in the country is given an IMD ranking – lowest ranking is least deprived and highest ranking is most deprived.
- 1.4 This consultation document sets out possible options for the allocation of the hourly deprivation funding supplement rate for 3&4 year olds with effect from April 2019. We welcome your views on the options detailed in section 3 of this document.

The options have been modelled using the existing overall funding available for 2018/19. The feedback from this consultation and a final decision on the option to be implemented will be taken by the North Yorkshire Schools Forum on 24th January 2019.

I would therefore be grateful if you could complete and send the Consultation Response Form by **Monday 17th December 2018** either by email to

[Avril Hadfield@northyorks.gov.uk](mailto:Avril.Hadfield@northyorks.gov.uk) or post to Avril Hadfield, Integrated Finance, North Yorkshire County Council, The Village, County Hall, Racecourse Lane, Northallerton, North Yorkshire DL7 8AE .

2.0 Current Deprivation Supplement Funding Rates

The methodology currently used by North Yorkshire is based on Index of Multiple Deprivation (IMD). The IMD combines information from the seven domain indices (which measure different types or dimensions of deprivation) to produce an overall relative measure of deprivation which equates to an IMD score.

We currently have 4 bands for deprivation hourly rates for 3 and 4 year old funding.

| <i>Band</i> | <i>IMD Score</i> | <i>Funding Per Hour</i> |
|--------------------|-------------------------|--------------------------------|
| Band A | >34.17 | 57p |
| Band B | >20 <34.17 | 10p |
| Band C | >10 <20 | 7p |
| Band D | >10 | 3p |

3.0 Potential options for the allocation of the deprivation funding supplement

There are five options for consideration:

The following principles have been applied to the development of the options:

- Increasing the base rate funding to £4.01 for all providers which equates to the current base rate of £3.98 per hour plus the Band D deprivation funding rate of 3p per hour which, in effect, is paid for all children.
- The most deprived areas within North Yorkshire, as per the IMD, are not disadvantaged by any of the options developed for the allocation of the deprivation funding supplement.
- To contain expenditure within the funding quantum of the current base rate and deprivation funding.
- To continue to use IMD as the basis for the allocation of deprivation funding. IMD measures a wider range of deprivation influences other than income and, in this respect, meets the DfE guidance which indicates that local authorities should consider using metrics for the allocation of deprivation funding which focus on more factors than income.
- Easily understandable and easy to administer with no additional information or system requirements.

Using these principles the following options have been developed:

| | |
|----------------------------|---|
| Retain Current Methodology | No change. Keep the deprivation rates as they are: Band A 57p, Band B 10p, Band C 7p, Band D 3p. Retain base rate funding of £3.98 per hour. |
| Option 1 | Reduce all bands of deprivation by 3p, thus removing the lowest band, and increasing the base funding rate accordingly by 3p on all hours. Base rate £4.01, Deprivation Band A 54p, Band B 7p and Band C 4p |
| Option 2 | Three bands of deprivation Band A 57p, Band B 8p, Band C 3p, and an increase in the hourly rate of 3p. Base rate £4.01 |
| Option 3 | Two bands of deprivation Band A 54p and Band B 16p, and an increase of 3p in base rate. Base rate £4.01 |
| Option 4 | Two bands of deprivation Band A 45p and Band B 19p, and an increase of 3p in base rate. Base rate £4.01 |
| Option 5 | One band of deprivation for 62p Band A only, and increase the hourly rate by 5p. Base rate £4.03 |

3.1 Analysis of options

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| <p>Current Methodology – Retain the current deprivation funding rates</p> <ul style="list-style-type: none"> • This method would keep the status quo and not facilitate the increase of the base funding rate to £4.01. • Retains the funding stability of current arrangements |
| <p>Option 1 – Reduce all deprivation funding bands by 3p, thus removing the lowest band, and increasing the base funding rate accordingly by 3p on all hours. Base rate £4.01, Deprivation Band A 54p, Band B 7p and Band C 4p</p> <p>Key points:</p> <ul style="list-style-type: none"> • A higher rate base rate of £4.01 for all providers • A small cashflow advantage, with more funding being received through the monthly base rate payments by providers • Easier for providers to calculate their base income • There is no additional deprivation supplement funding for children living in a post code area with an IMD score of less than 10 • Overall the funding received by providers would remain unchanged |
| <p>Option 2 - Three bands of deprivation: Band A 57p, Band B 8p, Band C 3p, and increase in the hourly rate of 3p. Base rate £4.01. Key points:</p> <ul style="list-style-type: none"> • A higher rate base rate of £4.01 for all providers. • A small cashflow advantage, with more funding being received through the monthly base rate payments by providers • Easier for providers to calculate their base income |

- There is no additional deprivation supplement funding for children living in a post code area with an IMD score of less than 10
- A greater targeting of funding to the more deprived areas than provided by Option 1. There would be a slight reduction for children living in a post code area with an IMD score between 10 and 20 (Band C)

Option 3 – Two bands of deprivation: Band A 54p and Band B 16p, and increase of 3p in base rate. Base rate £4.01 Key points are:

- A higher rate base rate of £4.01 for all providers,
- Easier for providers to calculate their base income,
- Band B would gain 9p overall per hour,
- There is no deprivation supplement funding for children living in post code areas with an IMD score of less than 20 (current Band C or Band D),
- Greater targeting of deprivation supplement funding to the most deprived areas.

Option 4 – Two bands of deprivation: Band A 45p and Band B 19p, and increase of 3p in base rate. Base rate £4.01 Key points are:

- A higher rate base rate of £4.01 for all providers,
- Easier for providers to calculate their base income,
- There is no deprivation supplement funding for children living in post code areas with an IMD score of less than 20 (current Band C or Band D),
- A greater targeting of deprivation supplement funding to deprived areas. Provides a wider distribution of deprivation funding between Band A and Band B areas compared to Option 3. Band A would reduce by 9p per hour and Band B would increase by 12p per hour.

Option 5 – One band of deprivation 62p to Band A only, and increase the hourly rate by 5p. Base rate £4.03 Key points are:

- The highest proposed base rate funding of £4.03 for all providers,
- Easier for providers to calculate their base income,
- Funding is targeted at the areas of highest deprivation within the county as per IMD with an increase in the Band A (IMD score greater than 34.17) deprivation funding supplement rate of 5p per hour.
- Children with Band A postcodes would receive an overall increase of 10p per hour; 5p in the base rate and 5p in the deprivation funding rate
- There is no deprivation supplement funding for children living in post code areas with an IMD score of less than 34.17 (current Bands B, C & D)
 - Children with postcodes in Band B and C would receive 5p and 2 p less overall per hour respectively due to the increase in the base rate funding being less than the reduction in deprivation funding
 - Children with postcodes in Band D would receive an overall increase of 2p per hour due to the increase in the hourly base rate being greater than the loss in deprivation funding,

Appendix 2 Comments received for each option

| <u>Question 4 comments - additional detail as to why particular option was selected</u> | <u>Question 5 comments - Any additional comment to make</u> |
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| <p>Comments from respondents in favour of maintaining the current methodology - No change. Keep the deprivation rates as they are: Band A 57p, Band B 10p, Band C 7p, Band D 3p. Retain base rate funding of £3.98 per hour.</p> | <p>Comments from respondents in favour of maintaining the current methodology - No change. Keep the deprivation rates as they are: Band A 57p, Band B 10p, Band C 7p, Band D 3p. Retain base rate funding of £3.98 per hour.</p> |
| | <p>No real comments to the figures, except that parents need to understand that the rates are far lower than needed for provision and that there is a need for parents to pay for additional fees to pay for their 'subsidised' funded place.</p> |
| <p>The current methodology works for our setting so why change. Happy as it is.</p> | |
| <p>Our setting is in a fortunate financial position, however understand that other settings may need financial support. The current rates seem to cover that.</p> | |
| <p>I chose no change as it is still more than my rate of hourly charge.</p> | |
| <p>As one of North Yorkshire's 3 maintained nursery school we would receive no financial advantage from the increase to base rate funding as we are currently in receipt of some supplementary funding from central government which is intended to support our continued existence (at least until this funding stream ceases in March 2020) This is essential when we are looking at a decrease in hourly funding rates from £5.65 to £3.90/£3.98 and yet we have to employ teachers and comply with all the legal requirements of a local authority maintained school However, the change to Deprivation bands would represent a loss of funding to our nursery school which varies between £2500 and £1400 across the options described above. In our current funding scenario, (which has been one of continual decrease over the last few years) this represents a further significant loss when we are already in a very difficult financial situation. As a school we are working very hard to maximise our funding streams through extended services and expanding intake but each time we move forward it appears that funds are taken away from us?. This proposal would seem to be another such action for no apparent reason?</p> | <p>The current banding system, although not perfect, does at least ensure that all children receive some additional funding linked to deprivation. In a climate where there are increasing levels of tenancy as opposed to home ownership and the use of food-banks is on the rise, this would at least offer something for those families who may be renting in a band C or D post-code but who are actually really struggling financially.</p> |

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| Satisfied with current methodology. | |
| No comments really, a pointless exercise to be honest a couple of pence is not going to make a great deal of difference especially being given in 1 hand and taken out of the other so to speak. So you might as well keep all rates the same (as stated) and save a lot of hassle & extra work for yourselves. Option 5 would have benefited however only applicable to having 1 Band, Band A! Some/Most settings are in Band B or C. | |
| Comments from respondents in favour of Option 1 - Reduce all bands of deprivation by 3p, thus removing the lowest band, and increasing the base funding rate accordingly by 3p on all hours. Base rate £4.01, Deprivation Band A 54p, Band B 7p and Band C 4p. | Comments from respondents in favour of Option 1 - Reduce all bands of deprivation by 3p, thus removing the lowest band, and increasing the base funding rate accordingly by 3p on all hours. Base rate £4.01, Deprivation Band A 54p, Band B 7p and Band C 4p. |
| | |
| Any other option would mean a reduction in funding our setting receives as there are no/very few children who attend the setting with above Band C. It seems the deprivation rates are unfairly distributed as there is such a gap between Band A and Band B. A fairer methodology would be to reduce Band A and distribute the funding allocation proportionately across all Bands. Providers in higher deprivation areas do not incur more costs than providers in lower deprivation areas and so it seems unfair that they should receive such a higher rate of funding. I fail to see how this is beneficial to children and families in these areas, whilst it is detrimental to families in other areas as many providers are struggling to meet costs. | |
| This may help small setting like our to be able to cover the cost of staff increases, and also help towards employing bank staff to cover with work one-one with children within our settings. | |
| This would provide the maximum amount of funding for our school based on the current mix of children across the different deprivation bandings. | |
| Retaining EY funding stability in what is already less well funded than a couple of years ago. If, however, the <u>most</u> deprived areas would significantly benefit from a change then option 3 seems a possibility which retains increased funding for band A & B respectively. | It is a difficult consultation to respond to option 5 benefits our setting the most. |

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| This seems the most sensible option for us, however it is the least worse option. | Overall this is a 0.75% which is not adequate as we are seeing an ever increasing cost base, specifically with support staff pay rises in April 2019 adding between 2% & 9% to our staffing costs. Therefore in the long run without a larger inflationary increase in funding this model will become unsustainable. |
| | |
| Comments from respondents in favour of Option 2 - Three bands of deprivation Band A 57p, Band B 8p, Band C 3p, and an increase in the hourly rate of 3p. Base rate £4.01 | Comments from respondents in favour of Option 2 - Three bands of deprivation Band A 57p, Band B 8p, Band C 3p, and an increase in the hourly rate of 3p. Base rate £4.01 |
| | |
| No comments received. | No comments received. |
| | |
| Comments from respondents in favour of Option 3 - Two bands of deprivation Band A 54p and Band B 16p, and an increase of 3p in base rate. Base rate £4.01 | Comments from respondents in favour of Option 3 - Two bands of deprivation Band A 54p and Band B 16p, and an increase of 3p in base rate. Base rate £4.01 |
| | |
| We are in an area of deprivation and have lots of children in need. | |
| Increasing the base rate allows the increase to pass to the family financially. Although not required by Ofsted, we track and use our deprivation funding as we would our EYPP, so although it does benefit the children that receive it, I suspect however that families would prefer a slightly reduced bill, than it being used on resources. | |
| Increase for overall funding would benefit all settings and using two bands of deprivation funding would ensure the extra funding is received for those in the more deprived areas. This amount could support settings more, as it often shows children from those areas require this to boost their attainment. | |
| Based on the cohort of children our school supports. | |
| Seems fair all round. | |
| | |
| Comments from respondents in favour of Option 4 - Two bands of deprivation Band A 45p and Band B 19p, and an increase of 3p in base rate. Base rate £4.01 | Comments from respondents in favour of Option 4 - Two bands of deprivation Band A 45p and Band B 19p, and an increase of 3p in base rate. Base rate £4.01 |
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| Target the funding on most deprived areas. All other children benefit from a slightly increased base rate. Option 3 would be a second choice. | |
| Option 4 would appear to target funding at the most deprived areas with appropriate tapering between Band A and Band B. Without an impact assessment for providers it is difficult to make a judgement on the effect this new methodology would have on children and providers. | |
| | |
| Comments from respondents in favour of Option 5 - One band of deprivation for 62p Band A only, and increase the hourly rate by 5p. Base rate £4.03 | Comments from respondents in favour of Option 5 - One band of deprivation for 62p Band A only, and increase the hourly rate by 5p. Base rate £4.03 |
| | |
| As it appears that the base rate is going up to £4.01, and Band D deprivation funding is being lost, and that Band D is the area of Deprivation Funding I get, then, I have no preference as such, but as the deprivation funding is pennies really, for any band other than A, then option 5 is my preference. | |
| Due to our setting we think that all children should be on the same rate, as some parents are on low incomes that don't live in deprived areas. The area does not always reflect on where the child is living and it does not always impact on their development, just because they live in a deprived area. It's not always about where the child lives in most cases it depends on the child's environmental facts i.e. loss of job. | |
| Hidden deprivation a key issue in NYCC, not tracked by IDACI / IMD etc. | |
| Because the base rate is so low we need to put as much into the base rate as is possible. EYPP should help settings in more deprived areas. ALL areas are currently struggling to make ends meet. | I have responded for all 3 of our settings. Please ensure my response is recorded as 3 responses. |
| For us as a setting the base rate at the higher rate is a better option so it goes some way to cover our hourly rate. As we do have a high percentage claiming the 30 hour funding. | |

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| <p>We support Option 5 as deprivation funding should be targeted where it is most needed as early as possible to help fund strategies to close attainment gaps between disadvantaged children and their wealthier peers. Disadvantaged children from the poorest families face the greatest barriers to learning throughout their education not just in early years, and early intervention is a proven key factor in tackling this. With the exception of Option 2 (marginally), all other options would leave our most deprived children no better off or worse off compared to the current methodology. Due to financial pressures we are unable to support any option that would leave us with less funding to offer the provision.</p> | |
| <p>This option gives the best outcome for the school.</p> | |
| <p>Most effective option for our particular setting. Base rate funding does not cover costs and most children do not attract additional funding.</p> | <p>welcome feedback after analysis</p> |
| <p>Our setting had 30.8% funded hours in band C (extra 7p per hour) and 69.2% in band D (extra 3p per hour) last year. I think we would therefore be better off if the base rate was raised by 5p as it would apply to all children. It would also be just the one rate which would make it easier for working out expected income and budgeting.</p> | |
| <p>Comments from respondents who expressed no preference</p> | <p>Comments from respondents who expressed no preference</p> |
| <p>I don't feel I know sufficiently about the options to make an informed choice. Therefore I opted to put 'no preference'.</p> | |

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| Initial equality impact assessment screening form (As of October 2015 this form replaces 'Record of decision not to carry out an EIA') This form records an equality screening process to determine the relevance of equality to a proposal, and a decision whether or not a full EIA would be appropriate or proportionate. | |
| Directorate | Central Services |
| Service area | Strategic Resources (CYPS) |
| Proposal being screened | Review and consultation into the Early Year's Deprivation allocation metric. Five different metrics to allocate Early Year's deprivation supplement, plus the current, have been presented to Providers for consideration. All metrics are budget neutral. |
| Officer(s) carrying out screening | Sally Dunn, Head of Finance Schools and Early Years Catriona Lowin, Accountant, Avril Hadfield, Accounting Technician |
| What are you proposing to do? | A consultation is being undertaken with all NYCC Early Year's Providers around the metric for the allocation of deprivation supplement. It was agreed when the base rate to providers was standardised to a single rate in Autumn term 2017/18, that a review of the deprivation supplement would be undertaken in 2018/19. |
| Why are you proposing this? What are the desired outcomes? | It was agreed, as detailed above, that a review would be undertaken in 2018/19. The desired outcome is that any change to the allocation metric will not impact upon the Council's budget, and that no provider with a high percentage of children located in a deprived area, as defined by the children's postcodes having an IMD score of >34.17, loses out financially. |
| Does the proposal involve a significant commitment or removal of resources? Please give details. | It will be budget neutral for the County Council. The maximum potential negative impact on any one early years provider resulting from the proposed options is £2313 on the base rate funding and the deprivation funding supplement <i>There is no financial impact on the base rate funding and the deprivation funding supplement of Option 1</i> |
| Impact on people with any of the following protected characteristics as defined by the Equality Act 2010, or NYCC's additional agreed characteristic As part of this assessment, please consider the following questions: | |

- To what extent is this service used by particular groups of people with protected characteristics?
- Does the proposal relate to functions that previous consultation has identified as important?
- Do different groups have different needs or experiences in the area the proposal relates to?

If for any characteristic it is considered that there is likely to be a significant adverse impact or you have ticked 'Don't know/no info available', then a full EIA should be carried out where this is proportionate. You are advised to speak to your [Equality rep](#) for advice if you are in any doubt.

| Protected characteristic | Yes | No | Don't know/No info available |
|---|--|----|------------------------------|
| Age | | ✓ | |
| Disability | | ✓ | |
| Sex (Gender) | | ✓ | |
| Race | | ✓ | |
| Sexual orientation | | ✓ | |
| Gender reassignment | | ✓ | |
| Religion or belief | | ✓ | |
| Pregnancy or maternity | | ✓ | |
| Marriage or civil partnership | | ✓ | |
| NYCC additional characteristic | | | |
| People in rural areas | | ✓ | |
| People on a low income | | ✓ | |
| Carer (unpaid family or friend) | | ✓ | |
| Does the proposal relate to an area where there are known inequalities/probable impacts (e.g. disabled people's access to public transport)? Please give details. | No | | |
| Will the proposal have a significant effect on how other organisations operate? (e.g. partners, funding criteria, etc.). Do any of these organisations support people with protected characteristics? Please explain why you have reached this conclusion. | <p>No, the maximum negative impact identified for any one early years provider of the proposed options is £2313 on the base rate funding and the deprivation funding supplement.</p> <p><i>There is no financial impact on the base rate funding and the deprivation funding supplement of Option 1</i></p> | | |
| Decision (Please tick one option) | EIA not relevant or proportionate: | ✓ | Continue to full EIA: |
| Reason for decision | <p>The Early Years Deprivation supplement consultation is being held with all Early Years Providers across NYCC. The amounts involved are not significant to individual providers as deprivation supplement is paid to all providers and split across all Early Years Providers, which number on average 600. All options are budget neutral overall.</p> <p>Deprivation supplement is payable to providers and not the parents/young people so no individual protected or additional characteristics are directly</p> | | |

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| | affected. Any change in methodology for the allocation of funding has no impact to young people accessing funded childcare as they will continue to receive their funded hours free of charge. Parent/guardians/carers are not being consulted as they are not impacted by any change. |
| Signed (Assistant Director or equivalent) | Sally Dunn |
| Date | 21/11/2018 |