

Date of meeting:	Thursday 15 th March 2018
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 2018/19 Early Years DSG Allocation and requests approval of the associated planned expenditure. The report also gives an overview of provider participation in the delivery of the national roll out of the 30 hours extended entitlement for the working parents of 3 & 4 year olds from September 2017.
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 review of Early Years central service provision is likely to have staffing implications.
Recommendations:	The Education Partnership is asked: <ul style="list-style-type: none"> • To note the 2018/19 Early Years DSG allocation and approve the associated planned expenditure • To note the levels of provider participation in the national roll out of the 30 hours extended entitlement for working parents of 3 & 4 year olds.
Voting Requirements	
Appendices:	Appendix 1 - Provider Participation in The Delivery of The 30 Hours Extended Entitlement
Report originator and contact details:	Sally Dunn, Head of Finance – Schools & Early Years sally.dunn@northyorks.gov.uk
Presenting officer:	Sally Dunn

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1.0 PURPOSE OF THE REPORT

- 1.1. This report presents the 2018/19 Early Years DSG allocation and requests approval for the associated planned expenditure. The report also provides an update on the delivery of the national roll out of the 30 Hours Extended Entitlement in North Yorkshire from September 2017 in relation to early years' provider participation in the delivery of the entitlement in the autumn 2017 and spring 2018 terms.

2.0 BACKGROUND

- 2.1 In 2017/18 there were two significant national developments within the Early Years sector in relation to the introduction of an Early Years National Funding Formula for three and four year olds from April 2017 and the roll out of the extended entitlement of 30 hours funded childcare for working parents of three and four year olds from September 2017.
- 2.2 Within North Yorkshire, the Early Years National Funding Formula provided a local authority funding rate for three and four olds at the funding floor level of £4.30 per hour. This funding rate provides the calculation basis for the 2018/19 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 delivered to early years' providers which are free at the point of delivery.
- 2.3 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 during 2017/18 was 7% of the three and four year funding allocation and this reduces to 5% for the 2018/19 financial year.
- 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 transitional funding.
- 2.5 The extended entitlement of 30 hours funded childcare for working parents of three and four year olds was rolled out nationally from September 2017, however the DfE requested North Yorkshire to participate in an Early Rollout pilot for the Extended Entitlement during the Summer 2017 term. This enabled working parents within North Yorkshire to access up to 15 hours of additional funded childcare provision one term earlier than the national roll out. It also provided the opportunity for both providers and the Local Authority to gain experience of the delivery of the extended entitlement.

3.0 2018/19 EARLY YEARS DSG ALLOCATION – PLANNED EXPENDITURE

- 3.1 A summary of the 2018/19 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)	18,286

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Extended entitlement 3&4 year old places (incl. Deprivation Funding Supplement, Sparsity Funding Supplement)	6,963
2 year old places	3,295
Early Years Pupil Premium	213
EY Disability Access Fund	104
Maintained Nursery Schools Transition	289
Sub Total	29,150
Centrally Managed Services	1,329
TOTAL EXPENDITURE	30,479
Funded By:	
2017-18 revised baseline	27,280
3&4 year old extended entitlement – full year funding	3,208
EY Disability Access Fund	1
Maintained Nursery Schools (MNS) Transition – Reduction in the universal 3 & 4 year old funded hours delivered by MNS between January 2016 and January 2017	-10
Total Early Years DSG	30,479
TOTAL INCOME	30,479

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.

At the meeting of the Education Partnership in October 2017, the early years' provider funding rates were approved for the 2018/19 financial year.

4.0 CENTRALLY MANAGED SERVICE PROVISION RELATED TO EARLY YEARS

4.1 As stated above, the local authority is allowed to retain no more than 7% of the three and four year old Early Years DSG funding allocation for early years centrally managed service provision in 2017/18 and this reduces to no more than 5% of the allocation in 2018/19. This has required the local authority to reduce the level of expenditure related to this service provision funded from the early years DSG from £2.17m in 2016/17 to £1.715m in 2017/18 to £1.329m in 2018/19.

4.2 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. The current target date for full implementation of the changes agreed through the review process is October 2018.

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Whilst a number of savings have already been implemented, any expenditure above the DfE allowed retention level will be funded from County Council reserves in 2017/18 and 2018/19. A more detailed update on the progress of the review and the centrally managed expenditure provision will be provided at the next meeting of the Partnership.

5.0 FUNDING ARRANGEMENTS FOR MAINTAINED NURSERY SCHOOLS

- 5.1 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.
- 5.2 Work was undertaken with the three Maintained Nursery Schools (MNS) in North Yorkshire in order to determine the most appropriate methodology for the distribution of the MNS funding supplement in 2017/18. It is planned to continue with this methodology for the allocation of the funding in 2018/19 subject to any feedback from the three MNS.

6.0 PROVIDER PARTICIPATION IN THE DELIVERY OF THE 30 HOURS EXTENDED ENTITLEMENT

- 6.1 Appendix 1 to this report provides an overview of provider participation levels in the delivery of the 30 hours extended entitlement post national roll out for the autumn 2017 and spring 2018 terms. The early roll out pilot data for the summer 2017 term is included for comparative purposes. There was concern that the provider participation in the pilot may not be fully representative as the 2016/17 provider funding rates were retained for the period April – August 2017 in order to support providers in having sufficient time to restructure their operations to accommodate the lower funding rate resulting from the implementation of the Early Years National Funding Formula. At this stage providers are engaging with the delivery of extended entitlement funded provision, however it is very much recognised that they continue to face significant financial challenges with a static funding rate and increasing cost pressures particularly in relation to staff pay.

7.0 RECOMMENDATIONS

- 7.1 The Education Partnership is asked:
- To note the 2018/19 Early Years DSG allocation and to approve the associated planned expenditure
 - To note the levels of provider participation in the national roll out of the 30 hours extended entitlement for working parents of 3 & 4 year olds.

STUART CARLTON

Corporate Director – Children and Young People's Service

Provider Participation In The Delivery of The 30 Hours Extended Entitlement

	<i>Summer 2017 (Early Roll Out Pilot)</i>			Autumn 2017			Spring 2018		
Provider Type	<i>Providers Delivering Ext. Entitlement Hours</i> No. Providers	<i>Total No. Providers Registered for Funding</i> No. Providers	<i>Extended Entitlement Providers v Registered for Funding Providers</i> %	Providers Delivering Ext. Entitlement Hours No. Providers	Total No. Providers Registered for Funding No. Providers	Extended Entitlement Providers v Registered for Funding Providers %	Providers Delivering Ext. Entitlement Hours No. Providers	Total No. Providers Registered for Funding No. Providers	Extended Entitlement Providers v Registered for Funding Providers %
Maintained Nursery School	3	3	100%	3	3	100%	3	3	100%
Maintained School / Academy Nursery Class	65	107	61%	82	97	85%	94	112	84%
Independent School Nursery Class	5	15	33%	5	15	33%	6	15	40%
Childminder	164	251	65%	117	283	41%	144	247	58%
Full Day Care	118	131	90%	120	129	93%	122	128	95%
Sessional	96	132	72%	104	122	85%	111	123	90%
Total Providers	451	639	71%	431	649	66%	480	628	76%