

<b>Date of meeting:</b>	Thursday 13 <sup>th</sup> November 2019
<b>Title of report:</b>	<b>Early Years Funding Update</b>
<b>Type of report:</b> Delete as required	For information only
<b>Executive summary:</b> Including reason for submission	This report provides an overview of the 2020/21 local authority early years funding rates as per the DfE announcement on the 31 <sup>st</sup> October 2019. The report also sets out a proposal to consult on changes to provider funding rates and to review the Early Years Sparsity funding supplement and, as appropriate, consult on alternative distribution options.
<b>Budget / Risk implications:</b>	The agreed early years funding rates for 2020/21 will provide a significant proportion of the income for early providers within North Yorkshire. This results in an 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
<b>Recommendations:</b>	The Schools Forum is asked to note: <ul style="list-style-type: none"> <li>• The local authority early years funding rates for the 2020/21 financial year as per the recent announcement from the DfE.</li> <li>• The intention to consult early years providers with regard to funding rates for the 2020/21 financial year.</li> <li>• The intention to review the Early Years Sparsity funding supplement and, if considered appropriate consult providers on alternative distribution options.</li> </ul>
<b>Voting requirements:</b>	N/A
<b>Appendices:</b> To be attached	N/A
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<b>Presenting officer:</b> If not the originator	

**Early Years Funding Update**

1.0 PURPOSE OF THE REPORT

1.1 This report provides an overview of the announcement made by the DfE on the 31<sup>st</sup> October 2019 in relation to Early Years funding for 2020/21. The report also details the process which will be undertaken by the Local Authority to determine early years provider funding rates for the 2020/21 financial year.

2.0 BACKGROUND

2.1 The Early Years National Funding Formula (EYNFF) provides a local authority funding rate for three and four olds. North Yorkshire has received the local authority funding floor level rate of £4.30 per hour since the implementation of the EYNFF in April 2017. This funding rate provides the calculation basis for the 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 EYNFF restrict the level of the three and four year old funding rate 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%.

2.3 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.

2.4 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.

3.0 2020/21 EARLY YEARS FUNDING

3.1 On the 31<sup>st</sup> October 2019 the DfE announced local authority early years funding rates for the 2020/21 financial year. The funding rates for North Yorkshire are as follows:

	2019/20	2020/21	Funding Increase
Disadvantaged 2 year olds	£5.20 per hour	£5.28 per hour	£0.08 per hour
3 & 4 year olds (Universal & Extended Entitlement)	£4.30 per hour	£4.38 per hour	£0.08 per hour

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Early Years Pupil Premium	£0.53 per hour	£0.53 per hour	£0.00 per hour
Disability Access Funding	£615 per annum	£615 per annum	£0.00 per hour

3.2 North Yorkshire will continue to be funded in the 2020/21 financial year at the EYNFF national funding floor level rate for three and four year olds of £4.38 per hour.

3.3 The DfE announcement also confirmed that the supplementary funding for maintained nursery schools will continue for the 2020/21 financial year. This additional funding on top of the allocation based on the EYNFF for maintained nursery schools protects their funding for the universal 15 hours at their 2016/17 level (£5.67 per hour).

4.0 2020/21 EARLY YEARS PROVIDER FUNDING RATES

4.1 Over forthcoming weeks modelling will be undertaken to develop options for the distribution of the funding increase for the 2020/21. A funding consultation will be held with Early Years providers in order to gain views on the options developed. The results of the Early Years funding consultation will be presented to the meeting of the Schools Forum on the 23<sup>rd</sup> January 2020.

4.2 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. Within North Yorkshire spending on centrally managed service provision related to early years continues to be in excess of the 5% limit with the expenditure above this level being funded from Local Authority funding. In this regard, all the funding modelling undertaken will be based on the assumption that 5% of the three and four year funding rate will continue to be retained by the local authority.

4.3 In addition to the consideration of the 2020/21 provider funding rates, a review of the sparsity funding supplement will also be undertaken and, if considered appropriate, alternative distribution options developed. Any alternative options developed in relation to the sparsity funding supplement will also be included in the early years funding consultation.

5.0 RECOMMENDATIONS

5.1 The Schools Forum is asked to note:

- i. The local authority early years funding rates for the 2020/21 financial year as per the recent announcement from the DfE.
- ii. The intention to consult early years providers with regard to funding rates for the 2020/21 financial year.
- iii. The intention to review the Early Years Sparsity funding supplement and, if considered appropriate consult providers on alternative distribution options.

STUART CARLTON

Corporate Director – Children and Young People's Service