

Date of meeting:	Thursday 17 th March 2022
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 results and feedback received from the recent consultation on the funding rates paid to early years' providers for the funded early education entitlement for 3 & 4 year olds and disadvantaged 2 year olds for the 2022/23 financial year. The report also details the 2022/23 Early Years DSG allocation and requests approval for the associated planned expenditure in respect of the LA retention of disadvantaged 2 year old funding, as informed by the outcome of the early years' funding consultation and the resultant decision on base provider funding rates for 2022/23.
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.
Recommendations:	The North Yorkshire Schools Forum is asked: <ul style="list-style-type: none"> • To note the outcome of the funding consultation undertaken with early years' providers within North Yorkshire on the level of the provider base funding rates for the 2022/23 financial year for 3.& 4 year olds and disadvantaged 2 year olds. • To note CYPS Executive Members and the Corporate Director – Children & Young People's Service approval of: <ul style="list-style-type: none"> - An increase in the provider base funding rate for the universal and extended funded entitlement for 3 & 4 year olds from £4.15 per hour to £4.31 per hour for the 2022/23 financial year. - An increase in the provider funding rate for disadvantaged 2 year olds from £5.36 to £5.51 for the 2022/23 financial year. • To note the 2022/23 Early Years DSG allocation and to approve the associated planned expenditure in respect of the LA retention of disadvantaged 2 year old funding
Voting Requirements	All Schools Forum Voting Members
Appendices:	Appendix 1 – Consultation Document on the provider funding base rate for 3 & 4 year olds and disadvantaged 2 year olds for the 2022/23 financial year. Appendix 2 – Comments from providers on the consultation

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1.0 PURPOSE OF THE REPORT

1.1. This report considers the following areas:

- The results and feedback received from the recent consultation on the funding rates paid to early years' providers for the funded early education entitlement for 3 & 4 year olds and disadvantaged 2 year olds for the 2022/23 financial year.
- The 2022/23 Early Years DSG allocation and approval request for the associated planned expenditure in respect of the LA retention of disadvantaged 2 year old funding , as informed by the outcome of the early years' funding consultation and the resultant decision on base provider funding rates for 2022/23.

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 £4.44 per hour. This funding rate provided the calculation basis for the 2021/22 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 16th December 2021, the DfE confirmed an increase in the early years' local authority funding rate for the 2022/23 financial year. The funding rate for three and four year olds in North Yorkshire will increase by 17p per hour, from £4.44 per hour to £4.61 per hour. The level of funding for disadvantaged two year olds will also increase by 21p per hour, from £5.36 per hour to £5.57 per hour. Early years' pupil premium will increase by 7p per hour (3 & 4 year universal entitlement hours only), from 53p per hour to 60p per hour and disability access funding will increase by £185 per annum, from £615 per annum to £800 per annum.

2.3 The regulations accompanying the Early Years National Funding Formula restrict the level of three and four year old funding that can be retained by the local authority for the delivery of centrally managed services associated with early years' provision. The level of funding allowed to be retained is 5%. There are no regulations restricting the level of two year old funding retained by a local authority.

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 2021/22 is £4.15 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 2022/23 FINANCIAL YEAR

- 3.1 A funding consultation has been held with early years' providers in order to gain views on the proposal to increase the 2022/23 base provider funding rates for three and four year olds by 16p; this equates to 95% of the of the 17p increase in the 2022/23 local authority funding rate for North Yorkshire.
- 3.2 NYCC has previously passed through 100% of the local authority funding rate for disadvantaged two year olds to providers through the base funding rate for disadvantaged two year olds. The local authority is seeking to further develop and strengthen the early years' strategy within North Yorkshire. In order to resource the planned developments, the funding consultation requested views from the early years' sector on the local authority proposal to retain a small proportion (1% - 2%) of the local authority disadvantaged two year old funding rate. LAs within the Yorkshire & Humber region have been surveyed with regard to LA retention of two year old funding. Ten LAs responded to the survey. Six of the LAs providing a response indicated that they retained a proportion of the local authority disadvantaged two year old rate for the provision of centrally managed early years' services. The proportion of funding retained by the LAs ranges from 1% to 5%.
- 3.3 The NYCC consultation was undertaken with early years' providers between 28th January 2022 and 18th February 2022. A copy of the consultation document can be found at Appendix 1 to this report.
- 3.4 The proposed funding rates consulted on were:

	Proposed 2022/23 hourly base funding rate	<i>2022/23 proposed % increase in hourly base funding rate</i>	<i>2022/23 proposed increase in hourly base funding rate</i>	<i>2021/22 hourly base funding rate</i>
3 & 4 Year Olds Universal & Extended Entitlement	£4.31	3.86%	£0.16	£4.15
Disadvantaged 2 Year Olds				
Options:				
2% LA retention	£5.46	1.87%	£0.10	£5.36
1% LA retention	£5.51	2.80%	£0.15	£5.36
0% LA retention	£5.57	3.92%	£0.21	£5.36

3.5 103 responses were received to the consultation, as shown below.

LA Maintained Nursery School	2
LA Maintained Schools and Academies	17
Independent Schools	2
Full Day Care	27
Sessional Care	22
Child Minder	30
Primary School not currently offering early years' provision	2
No name or provider type	1
Total	103

(Response rate: 17% of funded early years' providers)

(2 responses did not state a provider name so have been excluded from the results analysis)

3.6 Providers were asked to indicate their agreement to the proposed funding rate increases. The consultation results are detailed in the table below:

In Agreement With Proposed Funding Rate Increase	2022/23 3 & 4 Year Old Provider Base Funding Rate £4.31 Per Hour	2022/23 Disadvantaged 2 Year Old Provider Funding Rate		
		Option 1 2% Retention £5.46 / Hour	Option 2 1% Retention £5.51 / Hour	Option 3 0% Retention £5.57 / Hour
Yes	65	11	42	42
No	35	-	-	-
Total	100	11	42	42

1 provider did not submit a view on the 2022/23 funding rate proposal for 3 & 4 year olds

6 providers did not submit a view on the 2022/23 funding rate proposals for disadvantaged two year olds.

Appendix 2 to this report provides details of the comments received from early years' providers to the consultation questions.

3.7 In respect of the base provider funding rate for 3 & 4 year olds, 65% of providers submitting a response to the proposal indicated support for a base funding rate of £4.31 per hour for the 2022/23 financial year.

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- 3.8 95 responses provided a view on the funding rate for disadvantaged two year olds for the 2022/23 financial year, and the associated proposals for the Local Authority to retain a small proportion of the funding to support the further development and strengthening of the early years' strategy within North Yorkshire. 56% (53 responses) of respondents supported the proposal for the Local Authority retention of funding. The majority (79%) of this support was for a 2022/23 funding rate of £5.51 per hour which equates to a funding retention of approx. 1%.
- 3.9 Based on the consultation responses received from early years' providers, CYPS Executive Members, in conjunction with the Corporate Director – Children & Young People's Service, have approved the following increases in the provider base funding rates for the 2022/23 financial year:
- An increase from £5.36 to £5.51 per hour for the funded entitlement for disadvantaged 2 year olds.
 - An increase from £4.15 per hour to £4.31 per hour for the funded entitlement for 3 & 4 year olds.

4.0 2022/23 EARLY YEARS DSG ALLOCATION – PLANNED EXPENDITURE

- 4.1 A summary of the 2022/23 Early Years DSG allocation, updated to reflect the LA retention of 1% of the LA disadvantaged 2 year old funding rate is detailed below:

	£'000
Funding Direct To Providers	
Universal entitlement 3&4 year old places (incl. Deprivation Funding Supplement, Sparsity Funding Supplement)	18,284
Extended entitlement 3&4 year old places (incl. Deprivation Funding Supplement, Sparsity Funding Supplement)	9,138
2 year old places	3,199
Early Years Pupil Premium	282
EY Disability Access Fund	118
Maintained Nursery Schools Transition	244
Sub Total	31,265
Centrally Managed Services – funded by 3&4 Year Old DSG Funding	1,443
Centrally Managed Services – funded by 2 Year Old DSG Funding	32
Expenditure Funded by Early Years DSG	32,740
Early Years Centrally Managed Services	103
TOTAL EXPENDITURE	32,843
Funded By:	
2021-22 baseline	32,555
EYNFF Funding Rate Increase	1,226

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Reduction in 3&4 year old universal entitlement	-1,186
Reduction in 3&4 year old extended entitlement	-94
Increase in 2 year old places	205
Early Years Pupil Premium	55
EY Disability Access Fund	13
Maintained Nursery Schools (MNS) Transition – Reduction in the universal 3 & 4 year old funded hours delivered by MNS between January 2020 and January 2021	-34
Total Early Years DSG	32,740
Early Years Centrally Managed Services	103
TOTAL INCOME	32,843

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.

5.0 CENTRALLY MANAGED SERVICE PROVISION RELATED TO EARLY YEARS

5.1 At the meeting of the Schools Forum in January 2022, approval was provided for the centrally retained service provision planned expenditure to be funded from the three and four year old early years DSG for the 2022/23 financial year. However, at that stage, the overall planned expenditure for LA centrally managed service provision related to early years for the 2022/23 financial year could not be finalised due to the consultation with early years' providers still being live.

5.2 A final breakdown of the centrally retained service provision planned expenditure to be funded from the three and four year old and the disadvantaged two year old early years DSG is shown below:

	2022/23
	£000's
Early Help	292.3
Early Years Sufficiency	80.1
School Improvement (includes Family Information Service)	321.0
Portage	290.9
Financial support (EY payments team, funding formula review etc)	196.7
Provider Email System	6.0
Other (e.g. data and performance, corporate overheads)	256.0
Total Early Years Centrally Retained Service Provision Funded By Three & Four Year Old Early Years DSG	1,443.0
Early Years Strategy Developments	32.0
Total Early Years Centrally Retained Service Provision Funded By Disadvantaged Two Year Old Early Years DSG	32.0

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Total Early Years Centrally Retained Service Provision Funded Early Years DSG	1475.0
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- 5.3 Updates will be provided to the Schools Forum during the forthcoming year in respect of the further development and strengthening of the Local Authority early years strategy.

6.0 RECOMMENDATIONS

6.1 The North Yorkshire Schools Forum is asked:

- i. To note the outcome of the funding consultation undertaken with early years' providers within North Yorkshire on the level of the provider base funding rate for the 2022/23 financial year for 3.& 4 year olds and disadvantaged 2 year olds.
- ii. To note CYPS Executive Members and the Corporate Director – Children & Young People's Service approval of:
 - An increase in the provider base funding rate for the universal and extended funded entitlement for 3 & 4 year olds from £4.15 per hour to £4.31 per hour for the 2022/23 financial year.
 - An increase the provider funding rate for disadvantaged 2 year olds from £5.36 to £5.51 for the 2022/23 financial year.
- iii. To note the 2022/23 Early Years DSG allocation and to approve the associated planned expenditure in respect of the LA retention of disadvantaged 2 year old funding.

STUART CARLTON

Corporate Director – Children and Young People's Service



NORTH YORKSHIRE COUNTY COUNCIL

EARLY YEARS FUNDING RATES

(Disadvantaged 2 year olds and 3 & 4 year olds)

A CONSULTATION PAPER

24 January 2022

Deadline for responses: 5pm, 18th February 2022

- 1.0 Background and introduction**
- 2.0 Disadvantaged two year old proposed 2022/23 provider funding rate**
- 3.0 Three and four year old proposed 2022/23 provider funding rate**
- 4.0 Three and four year old funding supplements**
- 5.0 Consultation process**

1.0 Background and Introduction

- 1.1 On 25th November 2021, the Department for Education (DfE) confirmed that the early years funding rates used to distribute funding to local authorities will increase in North Yorkshire for the 2022/23 financial year. The hourly funding rate paid to the local authority for disadvantaged two year olds will increase to £5.57 from £5.36, and the hourly funding rate for three and four years olds paid to the local authority will increase to £4.61 from £4.44.
- 1.2 The DfE have also confirmed that the national funding rate for the early years' pupil premium will increase from 53p to 60p per eligible child per hour, and the Disability Access Fund will increase from £615 to £800 per eligible child per year.
- 1.3 The funding for maintained nursery supplements will continue for 2022/23.

2.0 Disadvantaged Two Year Old Proposed 2022/23 Provider Funding Rate

- 2.1 In respect of disadvantaged two year old funding, North Yorkshire will receive an increase in the local authority rate from £5.36 per hour to £5.57 from 1st April 2022. The LA is proposing to retain a small proportion (1% - 2%) of the disadvantaged 2 year old funding rate to further develop the early years strategy within North Yorkshire. These developments will focus on strengthening the local authority pre-birth to 5 strategy, including securing the engagement of all stakeholders in supporting families.
- 2.2 Providers are asked to consider the following options:

Option one – the Local Authority retains 11p per hour (approx. 2%) to further develop and strengthen the early years' strategy within North Yorkshire. The hourly funding rate for providers would be £5.46

Option two – the Local Authority retains 6p per hour (approx. 1%) to further develop and strengthen the early years' strategy within North Yorkshire. The hourly funding rate for providers would be £5.51

Option three – the Local Authority does not retain any funding from the local authority 2 year old funding rate. The hourly funding rate for providers would be £5.57.

3.0 Three and Four Year Old Proposed 2022/23 Provider Funding Rate

- 3.1 In respect of the three and four year old funding rates, North Yorkshire will receive an increase in the local authority rate from £4.44 per hour to £4.61 from 1st April 2022. 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 by the Local Authority free at the point of delivery.
- 3.2 The regulations accompanying the Early Years National Funding Formula (EYNFF) restrict the level of the three and four year old funding rate which can be retained by the local authority for the delivery of centrally managed services associated with early years' provision. The level of funding allowed to be retained is a maximum of 5%.

- 3.3 It is proposed to increase three and four year old universal and extended entitlement hourly funding rate paid to providers by 16p per hour from £4.15 to £4.31 for the 2022/23 financial year.

4.0 Three and Four Year Old Funding Supplements

- 4.1 The three and four year old funding rate paid to early years providers consists of a base funding rate hour and funding supplements. Within North Yorkshire the funding supplements are:

- deprivation (mandatory funding supplement), and
- sparsity (optional supplement)

- 4.2 Deprivation funding is paid at the end of each term, and is based on the hours attended by the child and a banding using the postcode of the child attending the setting. The methodology used by North Yorkshire is based on the Index of Multiple Deprivation (IMD). The IMD combines information from seven domain indices (which measure different types or dimensions of deprivation) to produce an overall relative measure of deprivation.

The deprivation funding rates for the 2022/23 financial year will be unchanged as follows:

Band	2022/23 Deprivation Hourly Funding Rate	IMD Score
Band A	54p	>34.17
Band B	7p	>20 <34.17
Band C	4p	>10 <20

- 4.3 Sparsity funding within North Yorkshire is used to support providers in areas where there is limited choice of early years' provision, and in circumstances where the provider would struggle to remain viable without additional interim financial support. Providers must apply for the funding and meet the following criteria:-

- There is not a similar provider within 3 miles, and where for at least 50% of children attending the setting it is their nearest similar provider within 3 miles
- Provider is projecting that they will be operating at a loss in the next 12 months
- Provider has less than 3 months operating costs within their reserves
- Funding is based on a financial assessment carried out by NYCC
- Maximum award £16k

An overall allocation of £50,000 will be available in the 2022/23 financial year to provide sparsity funding support.

5.0 Consultation Process

Providers are asked to complete the online survey at:

<https://consult.northyorks.gov.uk/snapwebhost/s.asp?k=164277030851> to tell us your views on the proposals for early years funding rates for the 2022/23 financial year detailed in sections 2 and 3 above. The survey will be open until 5.00pm on Wednesday, 18th February 2022.

The responses received to this consultation will be considered by the NYCC Executive Members for the Children & Young People's Service in their decision making process in relation to early years' funding rates for the 2022/23 financial year.

Provider comments received on the proposals related to the provider base funding rate for disadvantaged 2 years	
Provider Type	Comment
Full Day Care	As cost continue to rises in tall sectors and in education, the amount that is currently allocated to settings is vastly below settings hourly rate - which in term mains we have to increase the general fees charged to families to compensate this, staffing is harder to find and keep due to rates of pay, but because all costs helped are less, this has an overall effect across the board and effects staffing rates of pay. Major changes need to happen within this area
Full Day Care	The funding rates are so low for 3 and 4 year olds we need this amount to make up some of the short fall. Nursery's need to be paid correctly for the work we do. the under funding is crippling nurseries every where we need help. <i>(The provider submitted this response for each of the three businesses that they own)</i>
Childminder	I would have voted for option 1 but the cost of living has raised above where it would be expect to be when Provider base rate was set.
Sessional Care	Element 2 funding also needs to increase inline to increase to National Minimum Wage and Living Wage
Sessional Care	I feel the additional funding would be better spent by settings, as I feel we already receive good support from NYCC. I believe this would be more beneficial to the disadvantaged 2 year olds.
Sessional Care	Option 2 at a minimum. This is only just on a level with what we charge parents for private hours so we make a loss on every funded child's place for anything less than option 2
Full Day Care	Unfortunately our business needs as much funding from the government, due to the ongoing shortfall of funding v's wage/ business costs
Full Day Care	We do have limited 2 year olds currently attending but fully appreciate the support the local authority does give for these children particularly when a lot of ours are out of county as well.
Full Day Care	The national minimum wage increase is having a massive detrimental affect and we cannot continue to increase paying customers fees for this when the funding isn't covering the needs of the funded children. It is unfair for the LA to retain money when nothing is provided for them in this area. We are the only point of contact that the majority of these families have as the health visitor clinics have finished and there are no groups provided in our area.
Childminder	I would be happy with LA retention of 2% if this meant that we had some more face to face support events.
Sessional Care	We feel that we all need help with keeping funding for both NYCC and for the Early Years. Selecting Option 1 means that both areas get some extra funding to hopefully keep our support in place for each other and for the families now and in the future. Thank you

Full Day Care	Not enough clarity on what "develop and strengthen the early years strategy" means and therefore can't support. After years of significantly below cost funding increases and a large NLW increase in April, every penny of this increase will be spent in our setting on meeting increased wage costs.
Full Day Care	We operate at a loss on hour hourly rate already so its not fair that more money is held back from us . it's been a difficult time and we could use the money inside the setting to support the children further and meeting childrens individual needs. If the money is retained by the LA for supporting families then it is more that likely we will need to refer families the LA for the help and this in itself would increase work load for staff making referrals . all referall processes take an element of time and lots of paperwork which takes the staff away from the children and there time needs to be covered, and we are working at a loss on funded children as it is.
Maintained Nursery School	Although I understand the intention to use the funding to contribute to the development of an EY strategy in NYCC and the importance of a comprehensive plan going forward, it concerns me that at a time of unparalleled financial pressure on Nurseries the additional funding could not be alternatively sourced (for example from the DSG more generally). A high quality early years strategy is to the advantage of all schools in NYCC and Nurseries already receive very poor funding in comparison. There are no equivalent support grants - such as Covid recovery / National Insurance support or equitable pupil premium rates. I know from first hand experience that there is a huge amount of need that has come from the Pandemic which is not being adequately addressed - such as therapeutic intervention (SALT / CDC waiting times) and universal services. There is a recruitment crisis and the lift to the minimum wage will hit most early years settings hard. The group that the funding is designated to are already by definition vulnerable and we need to find ways of closing this gap for these children. With a reduction in funding (although not yet received) it would feel wrong to agree to this given current circumstances.
Childminder	I'm hoping that the actual money all comes in to the provider. It is becoming more and more expensive to run a childcare business and to provide everything required to meet all requirements that Ofsted stipulate costs and that needs to be offset somewhere so every penny goes towards providing all the tools necessary to deliver this to the children.
Maintained Nursery School	We are on our knees. Completely and utterly. Every single penny counts. We can only survive by operating at the minimum ratios, so every penny is needed by MNS to ensure staff working with children are highly skilled and trained. Every single penny goes straight back into quality staffing to support the children.
Sessional Care	We would like as much as possible for as many children as possible, especially give the huge rise in costs of living.
Maintained Nursery Class	Currently inflation is running at 5.4% and the expected rate increase is 3.7%. Retaining 2% would only allow for a small inflation rise for schools of 1.7%. The expected rising energy costs for 2022-2023 are in excess of 50%.
Academy	I may have gone for other options, but as an academy with 2 year old and 3 year old provision we hear very little from NYCC in terms of early years at all, therefore, it seemed inappropriate to select an option that meant we didn't feel any benefit to our provision.

Sessional Care	Childcare settings are in a position where if the maximum funding is not gained then they will face closure. And the less the funding is the more working parents are having to compensate through higher fees.
Maintained Nursery Class	It would be good if OPTION 1 or 2 are selected that it was evidenced with what the extra funding was invested in as significant need in early years.
Full Day Care	We feel this is an acceptable rate. <i>(Option 1)</i>
Full Day Care	We are struggling to offer funded childcare due to escalating costs primarily in staffing NI, min living wage, pensions, but also in all our other expenditure. Our 1/2 day rate, the rate most funded children 2 yr olds opt for, is almost 30% higher than £5.57. There is also a huge disparity in rate costs across NYorks, for example a village setting same size as us in Harrogate area, is paying 1/10th rates that we do. We obviously are committed to offering funded places, but if this becomes financially impossible we will have no choice but to stop doing so. Fee rates also need to cover for SEND costs that we incur because NYorks will not give any additional funding to children who are not in receipt of 2 or 3 yr old funding. For August born children with significant needs this could be interpreted as going against their human rights. We have several children who could not attend here without 1:1 provision, I am not happy about turning them away, but obviously will have to re-direct them to maintained settings should the situation worsens any further what so ever. Some LAs do not retain and funding allocated to 2 yr olds (eg Surrey)

Provider comments received on the proposed increase in the provider base funding rate for 3 & 4 year olds	
Provider Type	Comment
Childminder	I think that it is a good time for providers to be recognised as professional childcare givers, obviously we would all like it to be more but understand that it is set by the government, for us like many we have an assistant and with minimum wage increase being so big each year and the increase in funding only being so small it makes it a little easier to continue.
Full Day Care	I agree that the rate needs to be increased however , the government announced a 8-9% increases to the living wage and yet only 4% increase has been given to allocation of fees from NYCC - who knows what 2022 will bring
Sessional Care	Although I agree that the county council has to keep a proportion of this money I still truly believe this amount per hour is not what settings should be getting per child when the costs of providing this care across a lot of settings are much higher.
Childminder	It is way below my own hourly rate of £5.50...we should be allowed to charge a top up fee that us NOT voluntary or get a reasonable hourly rate, which reflects our charges
Childminder	The funded rate of £4.31 is still significantly lower than normal unfunded hours and is therefore less of an incentive to offer funding.
Sessional Care	Increase is welcomed but higher amount would have been preferable
Childminder	Provider rate doesn't cover my hourly rate
Sessional Care	Min wage will be £9.50 and this funding will not even sustain the cost of this.
Full Day Care	Absolutely not it is a disgrace to all nursery providers. It is 60p less per hour, per child than we charge how can we possibly stay open with such a massive loss. <i>(The provider submitted this response for each of the three businesses that they own)</i>
Full Day Care	Its actually shocking that the funding comes no where near our actual (breakeven) costs per child per hour. This will be even worse come April. As we have a high number of funded children it means we are constantly balancing the books and 'profit' or 'owner pay' seem to be dirty words. We work for literally nothing yet take all the risks, headaches, audits etc. At present we fund the shortfall from our younger children but we cannot keep increasing those prices as it makes childcare unaffordable for parents of our younger children.
Sessional Care	Funding could be more in line with financial running costs
Sessional Care	Doesn't reflect the cost of running a setting, especially with the increased costs of cleaning materials throughout the pandemic.

Appendix 2 - 2022/23 Early Years Funding – Provider Comments

Sessional Care	Just a little confused, if the rate NYCC is getting is going to be £4.61 and pass on a rate of £4.31 this means the amount of funding retained is actually closer to 6.5% (30p)? If 5% were retained we would receive £4.38. Can you please explain the discrepancy of 1.5%? Thank you
Childminder	It is still incredibly low! I charge £4.80 per hour.
Sessional Care	I think we should get £4.32 at a minimum which is the same difference as currently get. We make a loss for every child as it is and we have additional overheads that we have had to provide to keep our setting open
Full Day Care	Percentage rates on wage and NI are higher than the increase on funding. A match on the percentages of funding v's wage increase would have been better.
Childminder	Considering my hourly rate is £5 per hour the under funding for 3 and 4 year olds is ridiculous. You wouldn't go into a supermarket, see a cake for £5 and then only pay £4.31! Pay providers the hourly rate they charge and maybe more providers would be willing to offer funding
Full Day Care	As a local authority the funds from central government really do need to be unpicked and be more realistic to cover costs for early years providers. This has been and continues to be a huge topic of conversation, those making these decisions at the top (central government) are they really understanding the challenges of the early years sector. With the uplift to the living wage, energy costs, insurances, etc.
Full Day Care	The national minimum wage increase is having a massive detrimental affect and we cannot continue to increase paying customers fees for this when the funding isn't covering the needs of the funded children. It is unfair for the LA to retain money when nothing is provided for them in this area. We are the only point of contact that the majority of these families have as the health visitor clinics have finished and there are no groups provided in our area.
Full Day Care	The funding rate is not in line with the inflation of raising costs ie. wages utilities ect
Independent School	Although this is an increase, this continues to not go far enough enable settings to provide the level of education and childcare they aspire to.
Full Day Care	This goes nowhere close to covering our costs relating to staff pay, utility and food increases. It reduces our ability to continue investing in our staff through additional training. This impacts on the teaching and learning opportunities for children in our care.
Full Day Care	This still does not cover our hourly rate . it needs to be increased further , then we may be able to pay staff a higher rate of pay so they can be recognised that their profession is valuable , and recruitment and retention of staff may start to stabilise.
Full Day Care	Increase is not enough to meet wage costs but no options available,
Maintained Nursery School	I understand the requirement for this given the statutory duty on NYCC to support sufficiency and improvement.

Appendix 2 - 2022/23 Early Years Funding – Provider Comments

Sessional Care	I feel the rate should be higher. Independent settings have been hit hard since the introduction of the 30 hours for 3 & 4 year old funding as it is without the hourly rate not meeting no where near the private hourly rate which is required for settings to meet overhead costs.
Childminder	I would still be working at a loss for those funded children. I find that when telling parents they have extras to pay for they chose not to pay and provide there own or find someone who does not charge extras.
Childminder	Although I have agreed to the increase, it is based on 'something is better than nothing'. I am sure I am not alone in feeling this is still a low figure for what we offer.
Full Day Care	We have already been advised that a least one other local authority has increased the rate to £4.35
Sessional Care	It should more nowhere near enough
Full Day Care	Not enough to cover cost so fee payers are paying more
Childminder	The amount should be higher for the older age range as they use more resources, food .
Full Day Care	I believe that this funding rate is far too low.
Childminder	I don't agree because in line with providing for 2 year olds, 3 and 4 year olds require the same, it's continuity and again costs are increasing constantly and to be able to provide the diversity required I'm unfortunately feeling that all of the funding increase needs to go to the childcare provider so £4.61 should be given not £4.31
Maintained Nursery Class	A higher increase to cover staff costs would have been welcomed.
Sessional Care	We agree that we need an increase but think it should be higher as this could affect our ability to offer funded places as freely as we do, especially given the huge living wage increase from April 2022.
Sessional Care	As a small setting retaining any money from us impacts the service we can offer. With the increase in running costs and the impact of Covid, funding as it is, just about covers our daily expenses. Some free services have not been of any benefit to us, due to their lack of knowledge and experience, in comparison to the staff already in our setting. With these costs increasing in April, we are concerned that the money retained is being used on services that are "a tick box exercise", rather than services that offer a true benefit to early years (in the politest possible way). We should be given the option for a smaller percentage of funding to be retained, so as a setting, we can provide training to our already experienced and qualified team for their continued development and the services we offer as a setting.
Maintained Nursery Class	The authority are retaining 6.5% of the funding received from the Dfe . I believe that a fairer rate of £4.37 in line with inflation of 5.4%
Childminder	My hourly fee is £4.50 an hour so this is less but better than it has been

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Sessional Care	We would like more to cover the costs we are going to incur in rent and minimum wage but understand the rationale around the proposals
Sessional Care	Under no circumstances does this rate cover the NMW increase, Energy increases and overall inflation rates.
Full Day Care	This is way below the hourly rate we need to operate.
Full Day Care	£4.31 is too low to be sustainable. See previous comment relating to escalating costs. NYorks funding levels are the lowest in the country, presumably due to historically low figures when the system was set up, and despite living wage being the same in for example Surrey whose rate is almost 20% (16.55% higher) and NYorks rates are over 25% less than the highest funded LA outside London (Slough). Funded 3 yr olds generally access longer sessions which we offer at a lower rate, however, £4.31 is still only 68% of our 9am-3pm session rate, and only 74% of our full day rate. With increasing costs due in April we may be forced to increase our rates further. The maximum 5% retention of funding equates to a payment of £4.38 and not £4.31. I understand the formula to protect rural settings, but given the fragility in all settings viability, it could be argued that it is not an appropriate use of funding. Also, from our experience, the deprivation index, which also explains the lower rate does not accurately target funding to children who need it and again threatens the viability of settings who may well have higher SEN needs to fund. On one return to the DfE I completed for the DfE I was asked to check the funding rate I had entered, because it was too low to be accepted by their survey!

Providers were invited to provider comments about the consultation overall	
Provider Type	Comment
Childminder	Many childminders are now stopping and having talked with many of them...the hourly funded rate was one of the main reasons for their decision
Full Day Care	I feel the proposal is once again a joke at our expense. My staff deserve better. They stay open to all key worker children throughout this pandemic and for what ? to be insulted once again.
Full Day Care	This amount is an absolute joke. We supported the government throughout this pandemic and for what ? to be insulted once again. <i>(The provider submitted this response for two of the three businesses that they own)</i>
Full Day Care	As previous. BUT We also get no funding for the additional (copious amounts of) admin required for grant funded children, we can't charge for their visits prior to starting despite that also taking staff time. A major review would be appreciated by the vast majority of EY providers.
Sessional Care	Deprivation funding still does not truly reflect the families who should qualify
Childminder	Childminders are undervalued and under paid by the local authority. This is probably the reason why childminders are leaving the profession.
Full Day Care	No, have really ranted in the previous box !
Full Day care	Funding levels are way too low and settings are struggling to stay viable.
Full Day Care	The national minimum wage increase is having a massive detrimental affect and we cannot continue to increase paying customers fees for this when the funding isn't covering the needs of the funded children. It is unfair for the LA to retain money when nothing is provided for them in this area. We are the only point of contact that the majority of these families have as the health visitor clinics have finished and there are no groups provided in our area.
Full Day Care	Please consider my previous comments, and value the service we provide to our children and families. please do not retain any monies from us.
Childminder	We are working at a loss with funded children and feel it is unfair. An increase in the funded hourly rate would be very much appreciated.

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Childminder	I feel the changes are a move forward and welcome them. However with the cost of living and energy price hikes I do feel we will not see the difference and those extra charges to parents rise to accommodate this.
Childminder	Only to re-iterate that the full increase should be given to the provider - that is the only way resources can be made fully available for their learning and development. I purchase goods each month and have noticed a big price increase, something will have to give and unfortunately to be able to run a business it will be resources that will not be purchased or replaced if broken. This is the same for all childminders I have spoken to. You can't push us over the limit, it all has to be workable and for that to happen the funding needs to be in place in full.
Sessional Care	We cannot keep absorbing the huge rises in wages, utilities and resource costs when the annual funding rate increases remain as such a low level. We are having to consider how we will offer funded places going forward to deal with our shortfall.
Maintained Nursery Class	The Pupil premium rate is a welcome increase. We have seen an increase in the number of disadvantaged 3 and 4 year olds who are eligible for the increased premium. I do fully appreciate the funding levels are tight and there are many needs to be met.
Sessional Care	We would all like more money but its not going happen. The increase in the minimum wage will be a challenge for providers like us. I think the proposals we have chosen gives a bit to everyone.
Sessional Care	As stated previously, unless all providers are paid at a rate that covers inflation and NMW increases, they will cease to run. Overall in the previous 6 years NMW has increased by 46% whereas 2 yr funding has increased by 4.8% and providers continue to provide care and learning for the deprived families.
Full Day Care	North Yorkshire County Council and or the government need to urgently review both funding and costs incurred by early years settings to enable us to continue to provide full funded early years education for 2.3 and 4 year olds.
Sessional Care	While any increase in funding is welcome, this one is only 3.8% compared to the national minimum wage increase of 6.6% coming in April and the significant increase in other bills such as electricity which are also going to come. Therefore, in real terms it's a cut in funding, which in the long term will only hasten the demise of preschool provision.