

<b>Date of meeting:</b>	Thursday 17 September 2020
<b>Title of report:</b>	<b>Covid-19 Early Years Funding Update</b>
<b>Type of report:</b> Delete as required	For information
<b>Executive summary:</b> Including reason for submission	<p>This report provides an overview of:</p> <ul style="list-style-type: none"> <li>i. The additional financial support which has been provided to the early years' sector within North Yorkshire during the Covid-19 crisis for the Summer 2020 term.</li> <li>ii. The national guidance issued by the DfE in relation to the funding of early years' provision during the Autumn 2020 term and the associated local consultation which will be undertaken with the early years' sector within North Yorkshire in relation to the operation of the guidance.</li> <li>iii. Consideration of the next phase of the potential deployment of the NYCC Covid-19 Early Years Support Fund and the associated local consultation which will be undertaken with the early years' sector within North Yorkshire in relation to the potential deployment of the Fund.</li> </ul>
<b>Budget / Risk implications:</b>	N/A
<b>Recommendations:</b>	<p>The North Yorkshire Schools Forum is asked:</p> <ul style="list-style-type: none"> <li>i. to note the consultation with early years' providers on the local operation of the DfE national guidance on the funding of early years' provision in the Autumn 2020 term;</li> <li>ii. to note the consultation with early years' providers on the next phase of the potential deployment of the NYCC Covid-19 Early Years Financial Support Fund.</li> <li>iii. to consider the establishment of a reference group of Schools Forum members to provide comment on the consultation feedback in order to support the decision making process of CYPS Executive Members in conjunction with the Strategic Director – CYPS on the two proposals consulted on.</li> </ul>
<b>Voting requirements:</b>	N/A
<b>Appendices:</b> To be attached	Appendix 1. Early Years Funding: Autumn 2020 Funding Arrangements & potential use of the NYCC covid-19 Early Years Financial Support Fund Consultation – Equalities Impact Assessment

**NORTH YORKSHIRE  
SCHOOLS FORUM**

<b>Report originator and contact details:</b>	Sally Dunn, Head of Schools and Early Years Finance <a href="mailto:Sally.Dunn@northyorks.gov.uk">Sally.Dunn@northyorks.gov.uk</a>
<b>Presenting officer:</b> If not the originator	Howard Emmett, Assistant Director – Strategic Resources <a href="mailto:howard.emmett@northyorks.gov.uk">howard.emmett@northyorks.gov.uk</a> 01609 532118

## 1.0 PURPOSE OF THE REPORT

- 1.1 This report provides an overview of the Covid-19 funding arrangements and additional financial support considerations associated with the early years' sector within North Yorkshire for the remainder of the 2020/21 financial year. The report considers the updated DfE guidance received in July 2020 on the use of funded early education entitlements during Covid-19. The report also considers options for the next phase of the potential deployment of additional financial support to the early years' sector.

## 2.0 BACKGROUND

- 2.1 Within North Yorkshire there are a total of 729 Early Years Providers; the sector is made up of the following:

- 343 Childminders
- 141 Day Nurseries
- 88 Pre Schools
- 2 Childcare on Domestic Premises
- 13 Independent Schools
- 139 School Nurseries (LA Maintained – 98, Academy 41)
- 3 LA Maintained Nursery Schools
- 

- 2.2 The strategic requirements of NYCC in relation to this sector are:

- Over the Summer 2020 during the Covid-19 period – requirement for childcare places for children of key workers and vulnerable children;
- On return to the wider re-opening of provision – requirement to ensure sufficient funded childcare places are available in localities.

- 2.3 In addition to the Government financial support provided to the early years' sector during the summer 2020 term, NYCC provided a number of additional local financial support measures to early years' providers within the Authority.

The package of local financial support measures included:

- An up-front payment to registered funded providers of 80% of the Summer 2020 term funding payment in April 2020, with the 20% balance being paid in August 2020; this is in place of the monthly payment that is usually made.
- Payments to registered funded providers remaining open over the Easter holidays for the children of key workers.
- The provision of temporary “double funding” for vulnerable children and the children of key workers who attended an alternative provider due to their normal being closed during April and May 2020 with no clawback of funding from any provider.
- The provision of additional financial support to the early years' sector to continue the delivery of provision during the Covid-19 crisis and to support the sector on the removal of the current restrictions. The initial phase provided financial support to those private, voluntary and independent sector providers and

**Covid-19 Early Years Funding Update**

- childminders who remained open during the Summer 2020 term where a potential financial disincentive existed for providers to remain open.

2.4 NYCC has provided additional financial support as follows during the summer 2020 term:

	£'000
Phase 1: financial support to early years providers who remained open during the Summer 2020 term	194.8
Payments to early years providers for the provision of childcare for the children of key workers over the Easter holiday period	23.9
The provision of "double funding" for vulnerable children and the children of key workers who attended alternative provision due to their normal provider being closed.	37.1
<b>Total Costs for Summer 2020</b>	<b>255.8</b>

3.0 DFE GUIDANCE UPDATE: AUTUMN 2020 & SPRING 2021

3.1 In July 2020 the DfE provided updated guidance on the "Use of free early education entitlements funding during coronavirus (COVID-19)". The updated guidance related to the following areas:

- Funding from the DfE to local authorities in the Autumn term 2020
- Funding from local authorities to early years' providers in the Autumn term 2020
- When local authorities are able to use funding flexibility in the Autumn term 2020
- Funding arrangements for the 2021 Spring term

3.2 The normal process for the DfE in determining early years' funding allocations for local authorities is the number of hours taken up by children in each local authority which are recorded on the January census each year. This being the mid-point of the academic year and so deemed to balance the relatively lower numbers of children eligible for funded early years' provision in the Autumn term and the higher numbers in the Summer term. This means that local authorities would in normal circumstances be paid for the Autumn term 2020 based on the January 2021 census data. The DfE have recognised that the number of children attending childcare may not have returned to normal levels by the time of the January 2021 census. In light of the Covid-19 outbreak, the DfE have announced that the final funding allocation to local authorities for the 2020 Autumn term will, exceptionally, be based on their January 2020 census count.

3.3 From the start of the Autumn term 2020 the DfE have stated that:

- Local authorities should continue to fund providers which are open at broadly the levels they would have expected to see in the 2020 Autumn term had there been no Covid-19 outbreak.
- Local authorities should continue to fund providers which have been advised to close, or left with no option but to close, due to public health reasons.

**Covid-19 Early Years Funding Update**

- Local authorities should not fund providers which are closed, without public health reason, from the start of the Autumn term.

In order to fund providers 'as if Autumn term 2020 were happening normally', the DfE have suggested that local authorities might wish to consider using the numbers of children in place in Autumn 2019 to inform funding levels for Autumn 2020. Local authorities should take into account any changes in demographics which may impact in demand for early years' provision within a local area. Local authorities are requested to be transparent in the approaches they take.

3.4 In the Autumn term 2020, the DfE expect the demand for childcare to increase. They recognise the importance of local authorities ensuring sufficiency of childcare for all children, not just vulnerable children and children of critical workers. They also recognise that local authorities are best placed to monitor and manage their local childcare market and have responsibility for ensuring sufficient childcare places.

3.5 The DfE have stated that local authorities should:

- Aim to fund providers which are open and offering the entitlements as far as providers are able and providers that are closed due to public health reasons at broadly the same level they would have expected to if Covid-19 had not happened.
- Not fund providers which are closed, without public health reason, from the start of the Autumn term.

Local authorities are able to use early years DSG funding which has not been spent on providers which are closed for non-public health reasons to address local sufficiency gaps.

3.6 The DfE have requested that local authorities consider whether their scheduling of payments to early years' providers offers flexibility to respond to any funding changes required during the term and supports providers in managing their cash-flow.

3.7 The DfE have indicated that they expect to return to the normal early years funding process and use the January 2021 census count to determine funding allocations for the 2021 spring term. They have also indicated that they expect that local authorities return to their normal methodology for the funding of early years' providers from 1<sup>st</sup> January 2021. In the case of the North Yorkshire, this will be the use of the January 2021 census / headcount data to determine provider funding levels for the spring 2021 term. This approach will be kept under review by the DfE and further guidance will be provided in Autumn 2020. There is a potential risk with this approach that the use of the January 2021 census data, which the DfE have identified may be reduced compared to normal levels, provides insufficient funding to the LA to fund the summer 2021 term. This situation could potentially arise if parents take up of early years funded provision rises significantly, beyond the usual increase due to child age related eligibility, in the summer 2021 term.

3.8 Within the DfE guidance there are a number of areas where local decisions are required in relation to the operation of early years funding during the Autumn 2020 term. These areas relate to:

- The basis for the calculation of early years funding for the Autumn 2020 term, including consideration of any specific requirements related to childminders.

**Covid-19 Early Years Funding Update**

- The methodology for the funding of providers who for non-public health reasons have chosen to remain fully closed at the start of the Autumn 2020 term and then decide to re-open part way through the term.
- The methodology for the funding of providers who for non-public health reasons have chosen to only partially re-open in Autumn 2020 with reduced opening hours compared to their Autumn 2019 opening hours.
- The schedule of payments to early years' providers for the Autumn 2020 term.
- Consideration of exceptional circumstances where it would be appropriate to provide "double funding".

NYCC will consult early years' providers on the proposed operation of the Autumn 2020 term funding in early September 2020. The associated Equalities Impact Assessment associated with the consultation can be found at Appendix 1.

3.9 The CYPS Executive Members, in conjunction with the Corporate Director – CYPS, will provide the decision on the early years funding methodology for the Autumn 2020 term in late-October 2020 having regard to the feedback received through the consultation with providers. Unfortunately, timescales do not allow for the consultation feedback to be considered by the Schools Forum prior to the CYPS Executive Members meeting. However, if felt appropriate, the feedback could be shared with a "reference group" of Schools Forum members for their comments prior to decision.

#### 4.0 NYCC COVID-19 EARLY YEARS SUPPORT

4.1 It is expected that there will be continued uncertainty and turbulence over the next 6 – 12 month period within the early years' sector in terms of the level of demand for both funded and chargeable childcare as a result of the Covid-19 pandemic. Key underlying reasons for these concerns relate to:

- The impact of the ending of the Coronavirus Job Retention Scheme (CJRS) at the end of October 2020, both in relation to parents' employment and in relation to the financial impact on early years' providers who have utilised the Scheme to manage their staffing resource requirements
- The potential for rising unemployment as a result of a downturn in the national economy and the resultant reduced demand for childcare from parents.
- Changed ways of working for parents e.g. more homeworking, with an associated reduction in the levels of childcare required.
- Reduced levels of chargeable early years provisions required due to changes in parents' employment and affordability for parents.
- Reduced early years' provision required due to parents' reluctance and nervousness of using external childcare.

4.2 The DfE are continuing to provide additional financial support to the early years' sector during the Autumn 2020 term as detailed in section 3 above. However, it is expected that the sector will continue to experience financial viability challenges well beyond the Autumn 2020 term. Throughout the pandemic period local authority officers have regularly met with a small stakeholder group of early years' providers to listen to their concerns in relation to continuing to operate through the initial months

**Covid-19 Early Years Funding Update**

of the Covid-19 pandemic and also their concerns for the future operations for their provision. Key concerns relate to the significant uncertainties in the levels of demand for childcare in the future and the resultant impact of this on business viability.

4.3 NYCC is seeking to continue to support, wherever possible, the early years' sector within North Yorkshire. Initial financial support focused on those providers who remained open and continued to provide childcare to vulnerable and key worker children during April 2020 and May 2020. The Local Authority is now considering how to support the sector over the forthcoming 6 – 12 month period. Consultation will be undertaken with early years' providers within North Yorkshire to seek views on potential deployment of financial support. The feedback obtained from the consultation will be used to develop a flexible range of options which the Local Authority could apply in response to the continued evolving Covid-19 situation within North Yorkshire. This consultation will form part of the exercise detailed in 3.8 – 3.9 above. Possible options for the deployment of support include:

- A contingency fund to support the continuation of early years' provision during future spikes in the virus or local lock downs.
- The provision of sustainability funding in order to ensure sufficiency of early years' provision in localities where there is a risk of local provision being no longer available
- A specific fund for providers operating in areas where there are high levels of deprivation to bid to support initiatives to ensure that the children in the most vulnerable families are again accessing early years' provision following the wider re-opening of the sector.
- The provision of one-off financial support to the maintained nursery schools where there is considered to be a significant, adverse financial impact on an individual establishment due to Covid-19.
- The provision of business planning workshops and business planning consultancy to support providers who are considering the financial and operational implications for their business of any short to medium term reductions in the demand for provision.

## 5.0 CONSULTATION PROCESS

5.1 A 4-week consultation will be undertaken. It is proposed that the consultation feedback is shared with a "reference group" of Schools Forum members for their comments prior to consideration and decision by CYPS Executive Members, in conjunction with the Corporate Director – CYPS in late October 2020.

## 6.0 MAINTAINED NURSERY SCHOOLS

6.1 The Local Authority is aware of the significant financial challenges which are being faced by the three maintained nursery schools within North Yorkshire as a result of the Covid-19 crisis. The maintained nursery schools are wholly reliant on early years' income for their operations. In addition to offering funded provision, these establishments also offer privately funded provision which can form a major proportion of their income. Whilst the maintained nursery schools have been able to access the CJRS, they have been unable to access other Government Covid-19 financial support mechanisms e.g. business rates holiday and business support grants, which have been available to the wider sector. It is proposed to undertake a

**Covid-19 Early Years Funding Update**

financial review with each of the three maintained nursery schools in early Spring 2021 in order to determine the financial impact of the Covid-19 crisis on each individual establishment. If deemed appropriate, consideration will be given as to the provision of additional financial support to assist with the recovery of any budget deficits incurred as a result the Covid-19 restrictions.

**7.0 RECOMMENDATIONS**

- 7.1 The North Yorkshire Schools Forum is asked:
- i. to note the intention to consult with early years' providers on the local operation of the DfE national guidance on the funding of early years' provision in the Autumn 2020 term;
  - ii. to note the intention to consult with early years' providers on options for the potential deployment of additional financial support to the sector.
  - iii. to consider the establishment of a reference group of Schools Forum members to provide comment on the consultation feedback in order to support the decision making process of CYPS Executive Members in conjunction with the Strategic Director – CYPS on the two proposals.

STUART CARLTON

Corporate Director – Children and Young People's Service

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

(Form updated April 2019)

EARLY YEARS FUNDING – COVID-19

AUTUMN 2020 FUNDING ARRANGEMENTS

&

FUTURE USE OF THE NYCC EARLY YEARS SUPPORT FUND

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



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

如欲索取以另一語文印製或另一格式製作的資料，請與我們聯絡。

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

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

Name of Directorate and Service Area	Central Services – Strategic Resources
Lead Officer and contact details	Sally Dunn Head of Finance – Schools, Early Years & High Needs <a href="mailto:sally.dunn@northyorks.gov.uk">sally.dunn@northyorks.gov.uk</a>
Names and roles of other people involved in carrying out the EIA	N/A

How will you pay due regard? e.g. working group, individual officer	Individual Officer
When did the due regard process start?	09/09/2020

**Section 1. Please describe briefly what this EIA is about.** (e.g. are you starting a new service, changing how you do something, stopping doing something?)

Proposals are being developed in relation to:

- funding arrangements for early years' providers during the Autumn 2020 term in response to updated guidance issued by the DfE
- the future potential deployment of additional financial support to early years' providers during the Covid-19 recovery period

The proposals are subject to a consultation exercise with early years' providers within North Yorkshire

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

The proposals seek to provide potential additional financial support to the early years' sector within North Yorkshire in order to assist them in continuing to deliver childcare during the Covid-19 recovery period. The proposals seek to ensure continued availability of local early years' provision across North Yorkshire for parents to access. Ensuring sufficiency of early years' provision is a statutory duty of the local authority.

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

The proposals seek to ensure that pre-Covid levels of early years' provision continue to be available within the local authority

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

There have been regular meetings with a stakeholder group of early years' providers which has informed the development of the proposals. Early years' providers within North Yorkshire will be consulted on the proposals through a four-week period of consultation. If possible, virtual briefing sessions will be held with providers to discuss the proposals.

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

Please explain briefly why this will be the result.

The funding arrangements for the Autumn 2020 term should be cost neutral with the DfE announcing that the LA funding for the Autumn 2020 term will be based on the pre-Covid January 2020 census numbers.

DSG early years' reserve funding, subject to appropriate approval, is able to be utilised to provide additional local financial support to the early years' sector within North Yorkshire in response to the Covid-19 crisis and the associated recovery period. Costs and funding awards to providers will be contained within the limits of this funding.

<b>Section 6. How will this proposal affect people with protected characteristics?</b>	<b>No impact</b>	<b>Make things better</b>	<b>Make things worse</b>	<b>Why will it have this effect? Provide evidence from engagement, consultation and/or service user data or demographic information etc.</b>
Age		X		To seek to ensure that local early years' provision continues to be available for children and their parents.
Disability	X			
Sex	X			
Race	X			
Gender reassignment	X			
Sexual orientation	X			
Religion or belief	X			
Pregnancy or maternity	X			
Marriage or civil partnership	X			

<b>Section 7. How will this proposal affect people who...</b>	<b>No impact</b>	<b>Make things better</b>	<b>Make things worse</b>	<b>Why will it have this effect? Provide evidence from engagement, consultation and/or service user data or demographic information etc.</b>
..live in a rural area?		X		To seek to ensure that local early years' provision continues to be available for children and their parents in rural areas.
...have a low income?		X		To seek to ensure that local early years' provision continues to be available for children whose parents have a low income.
...are carers (unpaid family or friend)?		X		To seek to ensure that local early years' provision continues to be available for children whose parents are carers.

<b>Section 8. Geographic impact – Please detail where the impact will be (please tick all that apply)</b>	
North Yorkshire wide	X
Craven district	X
Hambleton district	X
Harrogate district	X
Richmondshire district	X
Ryedale district	X
Scarborough district	X
Selby district	X
<b>If you have ticked one or more districts, will specific town(s)/village(s) be particularly impacted? If so, please specify below.</b>	
No	

<b>Section 9. Will the proposal affect anyone more because of a combination of protected characteristics? (e.g. older women or young gay men) State what you think the effect may be and why, providing evidence from engagement, consultation and/or service user data or demographic information etc.</b>
No identified impact on anyone because of a combination of protected characteristics.

<b>Section 10. Next steps to address the anticipated impact. Select one of the following options and explain why this has been chosen. (Remember: we have an anticipatory duty to make reasonable adjustments so that disabled people can access services and work for us)</b>	<b>Tick option chosen</b>
<b>1. No adverse impact - no major change needed to the proposal.</b> There is no potential for discrimination or adverse impact identified.	X
<b>2. Adverse impact - adjust the proposal</b> - The EIA identifies potential problems or missed opportunities. We will change our proposal to reduce or remove these adverse impacts, or we will achieve our aim in another way which will not make things worse for people.	
<b>3. Adverse impact - continue the proposal</b> - The EIA identifies potential problems or missed opportunities. We cannot change our proposal to reduce or remove these adverse impacts, nor can we achieve our aim in another way which will not make things worse for people. (There must be compelling reasons for continuing with proposals which will have the most adverse impacts. Get advice from Legal Services)	
<b>4. Actual or potential unlawful discrimination - stop and remove the proposal</b> – The EIA identifies actual or potential unlawful discrimination. It must be stopped.	
<b>Explanation of why option has been chosen.</b> (Include any advice given by Legal Services.)	
The impact of the proposals which are currently being consulted on is to strengthen the operating position of early years' providers within North Yorkshire during the current period of Covid-19 uncertainties and thus seek to ensure that availability local early years' provision is maintained.	

<b>Section 11. If the proposal is to be implemented how will you find out how it is really affecting people?</b> (How will you monitor and review the changes?)
Ongoing monitoring of the delivery of early years' provision within North Yorkshire through analysis of termly headcount data and provider funding claims. Direct feedback from early years' providers will be invited through surveys and continued meetings with the stakeholder group.

<b>Section 12. Action plan.</b> List any actions you need to take which have been identified in this EIA, including post implementation review to find out how the outcomes have been achieved in practice and what impacts there have actually been on people with protected characteristics.				
Action	Lead	By when	Progress	Monitoring arrangements
No actions identified				

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

The EIA has identified no adverse impact of the Early Years funding proposals related to:

- funding arrangements for early years' providers during the Autumn 2020 term in response to updated guidance issued by the DfE
- the future potential deployment of additional financial support to early years' providers during the Covid-19 recovery period

The proposals are subject to a consultation exercise with early years' providers within North Yorkshire which will take place between 23<sup>rd</sup> September 2020 and 21<sup>st</sup> October 2020. The EIA will be updated to reflect any relevant feedback and amendments to the proposals as a result of the consideration of the consultation responses received.

#### **Section 14. Sign off section**

This full EIA was completed by:

**Name:** Sally Dunn

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

**Directorate:** Central Services

**Signature:** Sally Dunn

**Completion date:** 09/09/2020

**Authorised by relevant Assistant Director (signature):** Howard Emmett

**Date:** 09/09/20