

Date of meeting:	Thursday 21 May 2020
Title of report:	Covid-19 Early Years Funding Update
Type of report: Delete as required	For information
Executive summary: Including reason for submission	This report provides an overview of the additional financial support which has been provided to the early years' sector within North Yorkshire during the Covid-19 crisis to date. The report particularly focuses on the development and operation of the NYCC Covid-19 Early Years Financial Support Fund and the associated utilisation of <u>up to</u> £1.4m of the Early Years DSG Reserve.
Budget / Risk implications:	N/A
Recommendations:	The North Yorkshire Schools Forum is asked to note the additional financial support which is being provided to the early years' sector within North Yorkshire and the associated use of the Early Years DSG Reserve.
Voting requirements:	N/A
Appendices: To be attached	None
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1.0 PURPOSE OF THE REPORT

- 1.1 This report provides an overview of the additional financial support which has been provided to the early years' sector within North Yorkshire during the Covid-19 crisis to date. The report particularly focuses on the development and operation of the NYCC Covid-19 Early Years Financial Support Fund and the associated utilisation of up to £1.4m of the Early Years DSG Reserve.

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

- Short term during the Covid-19 period – requirement for childcare places for children of key workers and vulnerable children;
- Once back to business as usual – requirement to ensure sufficient funded childcare places are available in localities.

- 2.3 The Chief Executive and the Executive Members of the County Council approved a financial support package for early years' providers within the Authority over and above the financial support provided by Central Government.

The financial support package consists of:

- An up-front payment to registered funded providers of 80% of the Summer 2020 term funding payment which was made on 14th 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 a Financial Support Fund of up to £1.4 million to support 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 financial support fund is cash limited and is available for those private, voluntary and independent sector providers and childminders who have remained open where a potential financial disincentive exists for providers to remain open.

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2.4 The local authority reserve on Early Years DSG as at 31st March 2020 is estimated to be £1.8m. This funding is ring-fenced to Early Years and officers discussed the intention to consider the deployment of the Early Years reserve with Schools Forum in January 2020. The intention was to review the deployment of this funding in Summer Term 2020 following the closure of accounts. Given the potential impact of COVID-19 on the Early Years sector, the intention is to ensure available funds are deployed to support the sector at this point, rather than waiting to undertake a review later in Summer. Up to £1.4m of the Early Years reserve will be utilised through the NYCC Covid-19 Early Years Financial Support Fund.

3.0 NYCC COVID-19 EARLY YEARS FINANCIAL SUPPORT FUND

3.1 A multi-disciplinary group of officers has worked on the development of governance arrangements for the NYCC Covid-19 Early Years Financial Support Fund and the arrangements for the distribution of the main and initial tranche of funding. This work has included discussion with sector representatives, developing the required operational processes related to applications to the Fund, validation of applications, payment of funds and follow up audit process.

3.2 An application process was developed and distributed to all PVI early years' providers and childminders within the local authority area. The timeframe for applications to be made was from the 17th April 2020 to 29th April 2020. 103 applications were received to the Fund.

3.3 An initial validation process was undertaken on the applications received with checks in relation to:

- Verification of the applicant details to the local authority register of early years' providers
- Verification that the provider is open for vulnerable children and the children of key workers to other data sources held by the LA
- A check of the reasonableness of the opening hours and child numbers attending a setting.

This initial validation process identified 3 applications which were deemed to be ineligible as they did not meet the threshold criteria for the Fund. From the initial checks undertaken it was identified that a second validation process was required for further verification of the application data provided in relation to opening hours and child numbers. Providers were requested to provide this additional information. The second stage of validation highlighted a further 7 providers who did not meet the threshold criteria.

3.4 Financial modelling has been undertaken to develop a funding allocation methodology the levels of funding awarded to individual providers from the Fund. The methodology has regard to:

- The type of provision and associated operating overheads
- Industry intelligence on the levels of financial loss currently being incurred
- The opening hours and operational weeks for a provider.
- The numbers, ages and patterns of attendance of vulnerable children and key worker children
- The LA funding levels currently provided for funded entitlement.

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- Maximum funding allocations of £20k for a day nursery and pre-school / playgroup and £5k for childminders and independent schools.
- 3.5 Based on the financial modelling undertaken to date approx. £190k would be allocated through the main tranche of funding from the Fund for the full 20 week period of the 20th April – 6th September 2020. The maximum allocation is £1k per week for a day nursery / pre-school/playgroup and £250 per week for a childminder.
- 3.6 Initial payments from the Fund will be for the 6 week period from 20th April – 31st May 2020. After this initial period a review will be undertaken as to consider the implications of DfE policy on the re-opening of educational settings and the associated impact on the operations of early years' providers. This review could potentially result in changes to the payments from the Fund to providers who received payments through the initial tranche allocations and possibly offering a further funding round as a result of the planned re-opening of early years' provision from 1st June 2020.
- 3.7 In order to receive an award from the Fund, providers will be required to sign a formal funding agreement produced by NYCC Legal Services prior to any payment being released.
- 3.8 In addition to the provision of financial support to the private, voluntary and independent sector and childminders, it is also recognised that the 3 maintained nursery schools within North Yorkshire are also facing significant financial challenges. 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. Once it is possible to obtain a complete picture of the financial impact of the Covid-19 crisis on the maintained nursery schools, consideration will be given as to whether it is appropriate to provide additional financial support to assist with the recovery of any budget deficits incurred as a result the Covid-19 restrictions.
- 4.0 RECOMMENDATIONS
- 4.1 The North Yorkshire Schools Forum is asked to note the additional financial support which is being provided to the early years' sector within North Yorkshire and the associated use of the Early Years DSG Reserve.

STUART CARLTON

Corporate Director – Children and Young People's Service