



NORTH YORKSHIRE SCHOOLS FORUM

Date of meeting:	Thursday 21 November 2024
Title of report:	Early Years Funding Update
Type of report: Delete as required	For information.
Executive summary: Including reason for submission	<p>This report considers the results and feedback received from:</p> <ul style="list-style-type: none"> • The principle-based consultation undertaken on the funding rates to be paid to early years' providers for the funded early years entitlement for disadvantaged 2-year-olds, the working parent entitlement for under 2-year-olds, 2-year-olds, and 3 & 4-year-olds and the universal entitlement for 3 & 4-year-olds for the 2025/26 financial year. • The consultation undertaken on the allocation methodology for the Early Years Budget Grant (EYBG) for the 2024/25 financial year.
Budget / Risk implications:	<p>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 years 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.</p>
Recommendations:	<p>The North Yorkshire Schools Forum is asked:</p> <ul style="list-style-type: none"> • To note the results from the principle-based funding consultation undertaken with early years' providers within North Yorkshire, on the funding rates to be paid to early years' providers for the funded early years entitlement for disadvantaged 2-year-olds, the working parent entitlement for under 2-year-olds, 2-year-olds, and 3 & 4-year-olds and the universal entitlement for 3 & 4-year-olds for the 2025-26 financial year. • To note the results from the funding consultation undertaken with early years' providers within North Yorkshire on the distribution methodology for the Early Years Budget Grant (EYBG) for the 2024-25 financial year.
Voting Requirements	N/A
Appendices:	Appendix 1 – 2025-26 Early Years Funding Consultation Document

	Appendix 2 – 2025-26 Early Years Funding Consultation – Provider Comments
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1.0 PURPOSE OF THE REPORT

1.1. This report considers the following areas:

- The results of a principle-based consultation undertaken on the funding rates to be paid to early years' providers for the funded early education and childcare entitlement for disadvantaged 2-year-olds, the working parent entitlement for under 2-year-olds, 2-year-olds, and 3 & 4-year-olds and the universal entitlement for 3 & 4-year-olds for the 2025-26 financial year.
- The results of a consultation undertaken on the funding methodology to be used for the allocation of the Early Years Budget Grant (EYBG) for the 2024-25 financial year.

2.0 BACKGROUND

2.1 In the 2023 Spring Budget, the Government announced the expansion of funded early education and childcare entitlements for working parents and additional investment to support the expansion programme from 2024-25. Funded education and childcare entitlement for working parents was announced to be expanded as follows:

- From April 2024, working parents of 2-year-olds being able to access 15 hours of funded childcare per week (38 weeks a year).
- From September 2024 this being extended to parents of 9 month to 3-year-olds.
- From September 2025 working parents of 9 month to 3-year-olds will be able to access 30 free hours per week (38 weeks a year).

2.2 The DfE introduced a number of key changes in response to the childcare expansion, as follows:

- introduction of a new national funding formula (NFF) covering both the existing 2-year-old entitlement for disadvantaged children and new working parent entitlements to be introduced in 2024 to 2025 for 2-year-olds and children aged 9 months to 2 years.
- new methodology for funding allocations for the new working parent entitlements for 2-year-old children and children aged 9 months to 2 years old for 2024 to 2025.
- extending the 95% pass-through requirement to the disadvantaged 2-year-old entitlement and the new working parent entitlements
- extending local funding rules to the disadvantaged 2-year-old entitlement and the new working parent entitlements
- a requirement for local authorities to have a disadvantaged 2-year-old rate that is at least equal to their rate for 2-year-old children of working parents.
- new deprivation supplement arrangements for the disadvantaged 2-year-old entitlement and the new working parent entitlements
- confirming the expectation that local authorities have special educational needs inclusion funds (SENIFs) for all children with special educational needs (SEN) eligible for or taking up the new and existing entitlements, regardless of the number of hours taken.



- extending eligibility for Early Years Pupil Premium (EYPP) and Disability Access Funding (DAF) to eligible children aged 2 years old and under accessing the entitlements from 2024 to 2025 and increases to the value of both funding streams.
- extending the facility to apply for a disapplication from the 95% pass through rule to the disadvantaged 2-year-old entitlement and the new working parent entitlements, and changes to the criteria against which a disapplication will be considered.

2.3 The regulations accompanying the Early Years National Funding Formula currently require local authorities to pass through at least 95% of the funding for each of the funded early years entitlements individually. The pass-through funding includes the following for each of the entitlements separately:

- base rate funding for all providers
- supplements for all providers
- lump sum funding for MNS (only applicable to 3 and 4-year-olds, and excluding any funding from DfE’s MNS supplementary allocation)
- the funding paid directly to providers from the special educational needs inclusion fund (SENIF)
- contingency funding

2.4 A summary of the early years funding formula and rates for the current financial year, is detailed below:

- The base provider funding rate for 3 & 4-year-olds (both universal and working family entitlement) is £5.13 per hour.
- The base provider funding rate for 2-year-olds (both disadvantaged and working family entitlement) is £7.01 per hour.
- The based provider funding rate for under 2-year-olds (working family entitlement) is £9.55 per hour.
- A continuation of the deprivation funding methodology used for 3 & 4-year-olds based on the IMD score of a child’s home address, with this methodology being extended to all early years’ funded entitlements. The deprivation funding rates being as follows:

<i>Band</i>	<i>2024/25 Deprivation Hourly Funding Rate</i>	<i>IMD Score</i>
Band A	54p	>34.17
Band B	7p	>20 <34.17
Band C	4p	>10 <20

- The funding for the SENIF is provided from the Early Years Block DSG
- A 3% funding retention rate for the provision of local authority centrally managed services for early years is applied for all funded entitlements.

2.5 In respect of early years funding, section 3.15 of the Government’s Spring 2024 Budget of 6 March 2024 stated:



“To support the sector to deliver the expansion of childcare support, the government is confirming that the hourly rate providers are paid to deliver the free hours offers will increase in line with the metric used at Spring Budget 2023 for the next two years. This reflects that workforce costs are the most significant costs for childcare providers and represents an estimated additional £500 million of investment over two years. Along with planned reforms to local funding rules, whereby Local Authorities (LAs) will have an eight-week window to communicate final hourly funding rates to providers and will soon have to pass through at least 97% of funding to providers, this gives providers more certainty on future funding so they invest in expanding their business.”

- 2.6 In addition to the provision of the Core Schools Budget Grant for mainstream schools, special schools, and AP, the DfE have announced the additional grant funding to support early years providers with their overall costs, particularly in relation to pay increases, in delivering the Government’s early years entitlements in the 2024-25 financial year. Nationally, the DfE are providing additional grant funding of £34 million in respect of early years (split between the Early Years National Funding Formula (£29.2m) and Maintained Nursery Schools (£4.8m). The additional funding for early years settings covers the period September 2024 to March 2025 and will be distributed through the Early Years Budget Grant (EYBG). The EYBG funding allocation for North Yorkshire equates to an additional 7p per hour based on the on the universal and extended hours for three and four- year-olds for the period September 2024 to March 2025.

3.0 2025/26 EARLY YEARS FUNDING POLICY

- 3.1 In the 30 October 2024 Budget, the Government announced the following settlement in respect of early years:

“Allocating an additional £1.8 billion to continue the expansion of government funded childcare, providing young children with high-quality early education.”

- 3.2 At this stage, the DfE have not provided any detail in relation to the 2025-26 early years funding rates; the current indications are that this information will be provided late November/ early December 2024. The DfE have, however, confirmed a number of early years funding policy updates in terms of changes to local rules that they expect to apply in 2025-26. The expected changes are as follows:

- the pass-through requirement will increase to 96% in 2025-26, with plans to move to 97% once the new entitlements are sufficiently embedded. The maximum level of funding allowed to be retained by the local authority for the delivery of centrally managed services associated with early years’ provision will be 4% for each of the funded early years entitlements for the 2025-26 financial year. The pass-through rate applied by North Yorkshire Council is already set at 97%.
- On the timing local authorities announcing local funding rates to providers, the DfE will not be applying an 8-week window within which LAs need to communicate providers’ rates. Instead, in 2025-26, the DfE will be updating the Early Years funding operational guidance to say that all LAs should tell providers their rates no later than 28th February, a deadline that the Department

will be monitoring for 2025-26 and expect to formalise in regulations from 2026-27 onwards.

4.0 2025/26 EARLY YEARS FUNDING CONSULTATION

4.1 The local authority is seeking to ensure that providers receive timely notification of early years funding rates for the 2025-26 financial year within the DfE required timescale. In this respect, a principle-based funding consultation has been undertaken with early years providers within North Yorkshire on the following elements of the early years funding entitlements for the 2025-26 financial year:

- The provider base funding rates for 3 & 4-year-old universal and working parent entitlements, the 2-year-old entitlements for disadvantaged children and working parents, the under 2-year-old entitlement for working parents.
- The operation of a deprivation funding supplement for all funded entitlements
- The continued use of the Early Years DSG to fund the provision of the Early Years SENIF.

In addition, the funding consultation also sought the views of early years providers on the distribution of the Early Years Budget Grant (EYBG) for the 2024-25 financial year.

4.2 2025-26 Provider Base Funding Rates

The consultation proposals are based on a continuation of the principles adopted in respect of the 2024-25 provider base funding rates for the 2025-26 financial year as follows:

- The local authority funding retention rate for the provision of centrally managed service provision for early years is approx. 3% for all funded entitlements.
- The funding from the Early Years SENIF is provided from the Early Years DSG Block (approximately 2% of local authority funding rate for all funded entitlements)
- There is a single provider base funding rate for the 2-year-old entitlements for disadvantaged children and working parents.

In undertaking the principle-based consultation it has not been possible to provide base funding rates for the 2025-26 financial year. However, in agreeing the principles to be applied for the calculation of the base funding rates, it will enable an earlier notification of the actual funding rates to be given to providers once confirmation of the local authority 2025-26 early years funding rates has been received from the DfE.

4.3 Deprivation Funding Supplement

The DfE place a mandatory requirement on local authorities to include a deprivation funding supplement in their local early years funding formula for 3 & 4-year-olds. The DfE expect local authorities to ensure funding for deprivation is reflected in their approach to funding for all funded entitlements, recognising the additional costs associated with supporting children from disadvantaged backgrounds. The deprivation supplement for children aged two and under is discretionary.

Within North Yorkshire, the deprivation funding supplement is currently paid for all funded entitlements 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.

It is proposed to continue the current deprivation funding methodology and funding rates for all early years' funded entitlements for the 2025-26 financial year, as follows:

Band	2025/26 Deprivation Hourly Funding Rate	IMD Score
Band A	54p	>34.17
Band B	7p	>20 <34.17
Band C	4p	>10 <20

4.4 Early Years Special Educational Needs Inclusion Fund

The Local Authority is required to provide a Special Educational Needs Inclusion Fund (SENIF) which is intended to support providers in addressing the needs of children with lower or emerging levels of SEND. The SENIF funding covers early years children of all age groups accessing funded entitlements. The DSG funding regulations allow for the early years SENIF to be funded from either the High Needs or the Early Years Blocks of the DSG. In the 2024-25 financial year the funding of the SENIF transferred from the High Needs Block DSG to the Early Years Block DSG. It is proposed to continue this funding arrangement for the 2025-26 financial year, having regard to:

- The on-going significant financial pressures on the High Needs budget within North Yorkshire
- The achievement of parity between the schools and early years sectors in respect of funding the support for the children with lower or emerging levels of SEND. Within the school's sector, the funding for this support is provided through individual school budgets by the Schools Block DSG.

The budget requirement from Early Years Funding for the SENIF for the 2025-26 financial year is currently estimated to be approx. £1.4m; this equates to approximately 2% of the forecast 2025-26 Early Years allocation for funded entitlements.

4.5 The 2025-26 Early Years Funding consultation was undertaken between 20 September 2024 and 25 October 2024. A copy of the consultation document can be found at Appendix 1 to this report.

4.6 111 responses were received to the consultation, as shown below.

LA Maintained Nursery School

0

LA Maintained Schools and Academies	14
Independent Schools	1
Full Day Care	37
Sessional Care	12
Childminders	47
Total	111

(Response rate: 18.88% of funded early years' providers)

(2 responses did not state a provider name and 1 duplicate response was provided; these responses have been excluded from the results analysis)

4.7 Providers were asked to indicate their agreement to a number of proposed funding changes. The consultation results are detailed in the table below:

Proposal: provider base rate funding for the 2025/26 financial year to reflect:				
<ul style="list-style-type: none"> • local authority retention of approx. 3% of the early years funding allocation to support the delivery of central services related to early years' provision that are provided by the local authority free at the point of delivery. • use of the Early Years Funding allocation to fund the Early Years Special Educational Needs Inclusion Fund (SENIF) (approximately 2% of the funding) to support providers in addressing the needs of children with lower or emerging levels of Special Educational Needs (SEND) across all the funded entitlements. • the continued use of the current eligibility criteria and funding rates for the deprivation supplement. The funding supplement is based on the hours attended by the child and a banding using the postcode of the child attending the setting. 				
	In Agreement with Funding Proposals (No. Responses)			Total Responses
	Yes	No	No Response Provided	
2025-26 3- & 4-year-old base funding rate	93	18	0	111
2025-26 base funding rate for 2-year-olds of families receiving additional support and 2-year-olds of working parents	100	11	0	111
2025-26 base funding rate for under 2-year-olds of working parents	98	12	1	111

Proposal: Do you agree for the DfE Early Years Budget Grant for the period September 2024 to March 2025 to be passed on to providers based on the same funding rate as the DfE has used to distribute the Grant through the payment of an additional 7p per hour



based on the on the universal and extended hours for three and four- year-olds claimed for the Autumn 2024 and Spring 2025 terms for all providers.			
In Agreement with Funding Proposal (No. Responses)			
Yes	No	No Response Provided	Total Responses
99	11	1	111

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

- 4.8 Based on the consultation responses received from early years' providers, the proposed funding principles will be applied in the calculation of the 2025-26 early years base provider funding rates. The proposed 2025-26 early years funding rates will be presented to CYPS Executive Members for approval, in conjunction with the Corporate Director – Children & Young People's Service, in January 2025.

5.0 RECOMMENDATIONS

5.1 The North Yorkshire Schools Forum is asked:

- i. To note the latest information received from the DfE in respect of early years funding for the 2025-26 financial year.
- ii. To note the results from the principle-based funding consultation undertaken with early years' providers within North Yorkshire on the funding rates to be paid to early years' providers for the funded early years entitlement for disadvantaged 2-year-olds, the working parent entitlement for under 2-year-olds, 2-year-olds, and 3 & 4-year-olds and the universal entitlement for 3 & 4-year-olds for the 2025-26 financial year.
- iii. To note the results from the funding consultation undertaken with early years' providers within North Yorkshire on the distribution methodology for the Early Years Budget Grant (EYBG) for the 2024-25 financial year.

STUART CARLTON

Corporate Director – Children and Young People's Service





NORTH YORKSHIRE COUNCIL

2025/26

EARLY YEARS FUNDING RATES

(Under 2-year-olds, 2-year-olds and 3 & 4- year-olds)

A CONSULTATION PAPER

20 September 2024

Deadline for responses: 5pm, 25 October 2024

1.0 Background and Introduction

1.1 In the 2023 Spring Budget, the Government announced the expansion of funded early education and childcare entitlements for working parents from April 2024 and additional investment to support the expansion programme. The expansion of the funded education and childcare entitlement for working parents is as follows:

- From April 2024, working parents of 2-year-olds will be able to access 15 hours of free childcare per week (38 funded weeks over the financial year).
- From September 2024 this will be extended to working parents of under 2-year-olds (pro rata 38 funded weeks over the financial year)
- From September 2025 working parents of under 2-year-olds and 2-year-olds will be able to access 30 hours of free childcare per week (38 funded weeks over the financial year).

1.2 The Department for Education (DfE) introduced a number of changes to the early years funding arrangements for the 2024/25 financial year in response to the expansion of funded entitlements. These changes included:

- The introduction of a new funding formula to distribute entitlements funding for children aged two and under.
- To extend eligibility for the early years pupil premium (EYPP) and the disability access fund (DAF) to eligible children aged two-year-olds and under accessing the entitlements.
- To extend the rules for local authorities when setting their own local funding formulae to the entitlement for disadvantaged two-year olds and to the entitlements for working parents of children aged two years old and under.
- To set the local authority pass-through rate on each individual early years dedicated schools grant (DSG) funding stream at a minimum of 95% from 2024-25, rising to a minimum of 97% once the roll-out of the new entitlements has sufficiently progressed.
- To extend the list of allowable funding supplements, previously applicable to three and four-year old entitlements, to the entitlements of children aged two years and under. The deprivation funding supplement is mandatory for three and four-year old entitlements and discretionary for the entitlements for children aged two years and under. The maximum funding level able to be used for funding supplements is retained at 12%.
- The requirement the local authority Special Education Needs Inclusion Fund (SENIF) to include children aged nine months to two-years old who are taking up the funded entitlements.

1.3 The DfE provides early years funding to local authorities through the Early Years Block of the Dedicated Schools Grant (DSG). The DfE allows the early years funding allocated to local authorities to be used to cover the costs of early years provider funding (including funding supplements), any central services related to early years' provision that are provided by the Local Authority free at the point of delivery, and the provision of the SENIF. The early years local authority funding rates for North Yorkshire for the current 2024/25 financial year are as follows:

<i>Early Years Phase</i>	<i>Local Authority Hourly Funding Rate</i>
Three and four-year olds	£5.47
Two-year olds	£7.45
Under two-year-olds	£10.11

Maintained nursery school supplement (three and four-year old universal hours only)	£4.64
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1.4 North Yorkshire Council undertook consultation with the early years sector on the funding arrangements for the 2024/25 financial year. The following proposals were supported by providers through the consultation and implemented:

- A 3 & 4-year-old base provider hourly funding rate for universal and working parent entitlements of £5.13 per hour
- A 2-year-old base provider hourly funding rate for working parent and disadvantaged entitlements of £7.01 per hour
- An under 2-year-old base provider hourly funding rate for working parent entitlements of £9.55 per hour
- The extension of the deprivation funding supplement methodology used for 3 & 4-year-olds to all early years' funded entitlements.
- The provision of funding for the Early Years Special Educational Needs Inclusion Fund (SENIF) from the Early Years Block DSG (approx. 2% of the early years local authority funding).
- The application of a 3% funding retention rate for the provision of local authority centrally managed service provision for early years children and provision for all funded entitlements.

1.5 Additionally, the DfE provide Early Years Pupil Premium (EYPP) and Disability Access Funding (DAF) for eligible children for all funded entitlements. The 2024/25 national funding rates are:

Early Years Pupil Premium hourly funding rate for 3 & 4-Year-Old Universal Hours, Disadvantaged & Working Parent 2-Year-Old entitlements and the Under 2-Year-Old Working Parent entitlement. (Maximum funding based on 15 hours per funded week for eligible children)	£0.68 per hour
Disability Access Funding (annual rate)	£910 per annum

2.0 Funding Supplements

2.1 The funding rate paid to early years providers consists of a base hourly funding rate and funding supplements. Within North Yorkshire, the funding supplement for deprivation is paid for all funded entitlements.

The DfE expect local authorities to ensure funding for deprivation is reflected in their approach to funding for all entitlements, recognising the additional costs associated with supporting children from disadvantaged backgrounds. The deprivation supplement for three and four-year-old children is mandatory and discretionary for children aged two and under.

2.2 Deprivation Funding Supplement

Deprivation funding is paid at the end of each term and is based on the funded 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 2024/25 financial year are as follows:

Band	2024/25 Deprivation Hourly Funding Rate	IMD Score
Band A	54p	>34.17
Band B	7p	>20 <34.17
Band C	4p	>10 <20

3.0 Special Education Needs Inclusion Fund (SENIF)

The Local Authority is required to provide a Special Educational Needs Inclusion Fund (SENIF) which is intended to support providers in addressing the needs of children with lower or emerging levels of SEND. The SENIF funding covers early years children of all age groups accessing free entitlements. The funding for the SENIF was transferred from the High Needs budget to the Early Years Funding allocation for the 2024/25 financial year. This approach delivers parity between the schools and early years sectors; within the school’s sector, the funding to support the needs of children with lower or emerging levels of SEND is provided through the school budget allocation. The budget requirement from the Early Years Funding for the SENIF equates to approximately 2% of the local authority Early Years Funding allocation.

4.0 Local Authority Centrally Retained Funding

The DfE funding regulations accompanying the Early Years National Funding Formula (EYNFF) restrict the level of the funding which can be retained by the local authority for the delivery of centrally managed services associated with early years’ provision. The maximum level of funding allowed to be retained is 5% for all entitlements. In North Yorkshire approx.3% has been retained for all entitlements for the 2024/25 financial year,

This funding is used to support the delivery of central services related to early years’ provision that are provided by the local authority free at the point of delivery.

5.0 2025/26 Early Years Provider Funding Rate Proposals

5.1 In respect of early years funding, section 3.15 of the Government’s Spring 2024 Budget of 6 March 2024 stated:

“To support the sector to deliver the expansion of childcare support, the government is confirming that the hourly rate providers are paid to deliver the free hours offers will increase in line with the metric used at Spring Budget 2023 for the next two years. This reflects that workforce costs are the most significant costs for childcare providers and represents an estimated additional £500 million of investment over two years. Along with planned reforms to local funding rules, whereby Local Authorities (LAs) will have an eight-week window to communicate final hourly funding rates to providers

and will soon have to pass through at least 97% of funding to providers, this gives providers more certainty on future funding so they invest in expanding their business.”

5.2 At this stage, no details have been provided by the DfE on the 2025/26 Early Years DSG funding position; this information is not currently expected until the second half of the Autumn 2024 term. North Yorkshire Council wishes to ensure that providers receive timely notification of early years funding rates for the 2025/26 financial year and that there is compliance with the likely requirement for the local authority to communicate funding rates to the sector within eight weeks of the DfE funding announcement. In this respect, a **principle-based funding consultation** is being undertaken with early years providers within North Yorkshire on the following elements of the early years funding entitlements for the 2025/26 financial year:

- The provider base funding rates for 3 & 4-year-old universal and working parent entitlements, the 2-year-old entitlements for disadvantaged children and working parents, the under 2-year-old entitlement for working parents.
- The operation of a deprivation funding supplement for all funded entitlements
- The continued use of the Early Years DSG to fund the provision of the Early Years SENIF.

At this stage, indicative early years base provider funding rates cannot be provided for the 2025/26 financial as the DfE has not yet published the local authority 2025/26 early years funding rates. The results from this consultation will be used to inform the principles to be applied in calculating the early years provider base funding rates for North Yorkshire Council for the 2025/26 financial year.

In addition, the funding consultation also seeks the views of early years providers on the distribution of the Early Years Budget Grant (EYBG) for the 2024/25 financial year.

a. 2025/26 Proposed Three and Four-Year-Old Funding

a. A principle-based proposal is made for the provider base rate funding for eligible 3 & 4-year olds' universal and working parent entitlement for the 2025/26 financial year to reflect:

- local authority retention of approx. 3% of the early years funding allocation to support the delivery central services related to early years' provision that are provided by the local authority free at the point of delivery.
- use of the Early Years Funding allocation to fund the Early Years Special Educational Needs Inclusion Fund (SENIF) (approximately 2% of the early funding allocation) to support providers in addressing the needs of children with lower or emerging levels of Special Education Needs (SEND) across all the funded entitlements.
- the continued use of the current eligibility criteria and funding rates for the deprivation supplement. The funding supplement is based on the hours attended by the child and a banding using the postcode of the child attending the setting.

b. 2025/26 Proposed Two-Year Old Funding

A principle-based proposal is made for the provider base rate funding for all eligible 2-year olds' (disadvantaged two-year-old entitlement and two-year-old children of working parents' entitlement) for the 2025/26 financial year to reflect:

- local authority retention of approx.3% of the early years funding allocation to support the delivery central services related to early years' provision that are provided by the local authority free at the point of delivery.
- use of the Early Years Funding allocation to fund the Early Years Special Educational Needs Inclusion Fund (SENIF) (approximately 2% of the funding) to support providers in addressing the needs of children with lower or emerging levels of Special Educational Needs (SEND) across all the funded entitlements.
- the continued use of the current eligibility criteria and funding rates for the deprivation supplement. The funding supplement is based on the hours attended by the child and a banding using the postcode of the child attending the setting.

c. 2025/26 Proposed Under Two-Year-Old Funding

A principle-based proposal is made for the provider base rate funding for eligible under 2-year-olds for the 2025/26 financial year to reflect:

- local authority retention of approx.3% of the early years funding allocation to support the delivery central services related to early years' provision that are provided by the local authority free at the point of delivery.
- use of the Early Years Funding allocation to fund the Early Years Special Educational Needs Inclusion Fund (SENIF) (approximately 2% of the funding) to support providers in addressing the needs of children with lower or emerging levels of Special Educational Needs (SEND) across all the funded entitlements.
- the continued use of the current eligibility criteria and funding rates for the deprivation supplement. The funding supplement is based on the hours attended by the child and a banding using the postcode of the child attending the setting.

6.0 2024/25 Early Years Budget Grant (September 2024 – March 2025)

The DfE have announced additional grant funding to support early years providers with their overall costs, particularly in relation to pay increases, in delivering the Government's early years entitlements in the 2024/2025 financial year. Nationally, the DfE are providing additional grant funding of £34 million in respect of early years (split between the Early Years National Funding Formula (£29.2m) and Maintained Nursery Schools (£4.8m)). The additional funding for early years settings covers the period September 2024 to March 2025 and will be distributed through the Early Years Budget Grant (EYBG).

North Yorkshire Council proposes to distribute the additional EYBG funding to early years providers using the same funding rate as the DfE has used to distribute the Grant to the local authority, through the payment of an additional 7p per hour based on the universal and extended hours for three and four- year-olds claimed for the Autumn 2024 and Spring 2025 terms for all providers.

7.0 Equalities

The Equalities Impact Assessment related to the proposals contained within this consultation is provided in Appendix 1 to this document.

8.0 Consultation Process

Providers are asked to complete the online survey at:
<https://online1.snapsurveys.com/a3cnch> to tell us your views on the principle-based proposals for early years funding rates for the 2025/26 financial year, as detailed in section 5 above, and the distribution of the DfE Early Years Budget Grant funding related to the period September 2024 to March 2025, as detailed in section 6 above.
The survey will be open until 5.00pm on Friday, 25 October 2024.

The responses received to this consultation will be considered by the North Yorkshire Council Executive Members for the Children & Young People's Service in their decision-making process in relation to early years' funding rates for the 2025/26 financial year and the distribution of the DfE Early Years Budget Grant funding related to the period September 2024 to March 2025.

North Yorkshire Council

2025/26 Early Years Funding Consultation – Provider Comments

Question 1

2025/26 Early Years Provider Base Funding Rates

- a. Do you agree with the principle-based proposal for the provider base rate funding for eligible 3 & 4-year olds' universal and working parent entitlement for the 2025/26 financial year

Provider Type	Comment
Childminder	The funding rate for 3-4 year olds is far too low.
Sessional Care	Banding using the postcode of the child attending is not a fair system - just a postcode lottery
Childminder	I personally think that there should be a separate budget for SEND and also the criteria for the deprivation supplement should not be a postcode lottery.
Full Day Care	I agree with the first 2 points, however, with regards to the 3rd point - the deprivation supplement doesn't really suit a purpose for us as a setting. I have some children with a particular postcode getting pennies more per hour, this has little impact and isn't targeted in delivery. I feel that this money could be grouped together and settings could apply for a deprivation grant based on need. There will be some settings who find delivery of funding more of a challenge. This could be because of few children paying private fees which supplement the shortfall in funding, or because of a setting being in a deprived area and who may struggle to provide additional services for children and families who are struggling. This is not across the board and not necessarily post code specific. Some of our most deprived children aren't living in a post code which gets deprivation supplement. Settings incur additional costs to attend TAF meetings, safeguarding meetings etc - these costs are difficult to cover , especially if a child is only attending for 15 funded hours. This represents a huge amount of time with no income coming in to cover admin tasks and meeting attendance. This money could be better allocated supporting settings in these situations. In terms of point 1 & 2 - I would be interested to know exactly what these central services are, as other than the Early Years Funding Team we get very little support in any other area of setting development, sufficiency, disadvantaged children care and SEN care. If a setting has low level need - ie, not a child who receives DAF or who has an EHCP, i currently dont know what help is available to support interventions, 1:1 care for short term medical problems other things involving a higher staff:child ratios. I understand support available through Early Help and through SENDIASS for example, but we do have a feeling that we are swimming a bit solo at the moment. In addition, the rate of funding paid for 3 & 4 year olds is too low and does not reflect the cost of delivering the childcare.

Childminder	I feel that the funding difference between the 3-4 years old and the categories is too vast! I think they should either all be paid the same at an amount of £7.50- £8.00 or you up the 3-4 year olds. Providers aren't going to want to facilitate places for 3-4year olds because of the low funding! We would charge a non funded child £6.50 an hour so you are still quite far under our original charge bracket. This issue needs to be considered greatly as 3-4 year olds are going to be hot potato's that nobody wants do to low funding.
Childminder	As long as the amount providers receive does not decrease. It is very hard to comment without actually knowing the figures!
Full Day Care	Element 2 funding needs to rise with the increased staffing costs to get the full benefit
Childminder	I feel 3% is very reasonable. Thank you
Full Day Care	We are already underfunded, so I don't believe any additional funds should be withheld. We also do not receive central services related to early years. Additionally, our SENIF funding is insufficient to support children who require one-to-one assistance, and it doesn't cover the full hours they attend. Early years settings are struggling with the funding especially on the hourly rate for 3 and 4 years children as it is and settings need every penny. it costs us the same to look after any child therefore the deprivation funding should be shared across all children which could potentially give us a higher hourly rate for all children, not just those in deprived areas.
Full Day Care	Anything to support more funding in SEND - especially the lower level children. Think the rate could be slightly more for this age band
Full Day Care	The services the local authority are a priority, especially if it does not happen yearly.
Childminder	North Yorkshire has one of the lowest funding rates
Sessional Care	The rate of funding does not cover costs and outting settings in financial difficulties and restrictions on consumables charges also hinder buinesss especailly when the setting is solely funded and the funding rate is dictated to us and is very very low
Full Day Care	For the area in which we live in, the funding rate for 3 and 4 year olds is too low.
Full Day Care	I agree with how you are managing the rates with what you have, but the rates are historically low and are only going to fall further and further behind what it costs us to provide this service, especially with the proposed increase in min wage and the government announcing they are going to be "cracking down" on providers charging additional fees for food etc. It is a very scary time for us as providers and it feels like everything is against us.
Childminder	This needs to increase otherwise childminders will not be able to continue caring for 3& 4 year olds at this price and still be able to afford costs/ outgoing etc which will mean they will stop offering the places for that age group due to the number of children to ratios they are allocated by ofsted they will not be able to manage costs.
Full Day Care	Without knowing the proposed rates, new NI rates and new Min wage it is impossible to agree that any proposal will ensure our viability. In addition we cannot receive support for children with very high SEN needs in a timely manner. Given the dearth of available funding it would make more sense to concentrate funding on children with high needs identified by health.
Childminder	The 3 and 4 year olds are underfunded

Sessional Care	I feel the rate for 3 and four year old children should be higher than what is due to the quality of teaching that is needed to prepare these children for school.
Childminder	The 3/4 year old funding is so low its not possible as childminders to be able to provide good quality care for only a ratio of 3 children.
Full Day Care	The need for SEN support is more than ever and needs to be accounted for. And we require the on-going support of the central services.
Full Day Care	We are already underfunded so it's not fair this retention is kept from provider and North Yorkshire is on of the lowest paid in the country

- b. Do you agree with the principle-based proposal for the provider base rate funding for all eligible 2-year olds' (disadvantaged two-year-old entitlement and two-year-old children of working parents' entitlement) for the 2025/26 financial year

Provider Type	Comment
Sessional Care	Banding using the postcode of the child attending - postcode lottery
School	However, if you are holding money back to support with SENIF, then SENIF needs to be more available and quicker. It is very difficult to get any additional funding for SEND in early years
Childminder	Sane as my answer before. Seperate fund for SEND support and deprivation not based on postcode lottery
Full Day Care	I agree with the first 2 points, however, with regards to the 3rd point - the deprivation supplement doesn't really suit a purpose for us as a setting. I have some children with a particular postcode getting pennies more per hour, this has little impact and isn't targeted in delivery. I feel that this money could be grouped together and settings could apply for a deprivation grant based on need. There will be some settings who find delivery of funding more of a challenge. This could be because of few children paying private fees which supplement the shortfall in funding, or because of a setting being in a deprived area and who may struggle to provide additional services for children and families who are struggling. This is not across the board and not necessarily post code specific. Some of our most deprived children aren't living in a post code which gets deprivation supplement. Settings incur additional costs to attend TAF meetings, safeguarding meetings etc - these costs are difficult to cover , especially if a child is only attending for 15 funded hours. This represents a huge amount of time with no income coming in to cover admin tasks and meeting attendance. This money could be better allocated supporting settings in these situations. In terms of point 1 & 2 - I would be interested to know exactly what these central services are, as other than the Early Years Funding Team we get very little support in any other area of setting development, sufficiency, disadvantaged children care and SEN care. If a setting has low level need - ie, not a child who receives DAF or who has an EHCP, i currently dont know what help is available to support interventions, 1:1 care for short term medical problems other things involving a higher staff:child ratios. I understand support available through Early Help and through SENDIASS for example, but we do have a feeling that we are swimming a bit solo at the moment.

Childminder	As long as the amount providers receive does not decrease. It is very hard to comment without actually knowing the figures!
Full Day Care	We are already underfunded, so I don't believe any additional funds should be withheld. We also do not receive central services related to early years. Additionally, our SENIF funding is insufficient to support children who require one-to-one assistance, and it doesn't cover the full hours they attend. Early years settings are struggling with the funding especially on the hourly rate for 3 and 4 years children as it is and settings need every penny. It costs us the same to look after any child therefore the deprivation funding should be shared across all children which could potentially give us a higher hourly rate for all children, not just those in deprived areas.
Childminder	North Yorkshire has one of the lowest funding rates
Sessional Care	same as with the 3 and 4 year old rate it does not cover costs and as a fully funded setting we have no other source of income and are a charity setting
Full Day Care	I agree with the rate at present and how you are allocating what you have, but as per the previous question - the rate will not be sustainable for much longer once minimum wage rises and our costs continue to soar.
Sessional Care	We desperately need SEN support for more children each year so it is important money is allocated to ensure the resources are available.
Full Day Care	Without knowing the proposed rates, new NI rates and new Min wage it is impossible to agree that any proposal will ensure our viability. In addition we cannot receive support for children with very high SEN needs in a timely manner. Given the dearth of available funding it would make more sense to concentrate funding on children with high needs identified by health.

- c. Do you agree with the principle-based proposal for the provider base rate funding for eligible children aged 9 months to 2-year-olds for the 2025/26 financial year

Provider Type	Comment
Sessional Care	Banding using the postcode of the child attending - postcode lottery
Childminder	Same answer as before. Separate SEND pot and no postcode lottery for deprivation

Full Day Care	<p>I agree with the first 2 points, however, with regards to the 3rd point - the deprivation supplement doesn't really suit a purpose for us as a setting. I have some children with a particular postcode getting pennies more per hour, this has little impact and isn't targeted in delivery. I feel that this money could be grouped together and settings could apply for a deprivation grant based on need. There will be some settings who find delivery of funding more of a challenge. This could be because of few children paying private fees which supplement the shortfall in funding, or because of a setting being in a deprived area and who may struggle to provide additional services for children and families who are struggling. This is not across the board and not necessarily post code specific. Some of our most deprived children aren't living in a post code which gets deprivation supplement. Settings incur additional costs to attend TAF meetings, safeguarding meetings etc - these costs are difficult to cover, especially if a child is only attending for 15 funded hours. This represents a huge amount of time with no income coming in to cover admin tasks and meeting attendance. This money could be better allocated supporting settings in these situations. In terms of point 1 & 2 - I would be interested to know exactly what these central services are, as other than the Early Years Funding Team we get very little support in any other area of setting development, sufficiency, disadvantaged children care and SEN care. If a setting has low level need - ie, not a child who receives DAF or who has an EHCP, I currently don't know what help is available to support interventions, 1:1 care for short term medical problems other things involving a higher staff:child ratios. I understand support available through Early Help and through SENDIASS for example, but we do have a feeling that we are swimming a bit solo at the moment. In addition, the rate paid for Under 2s funded care is too high and does not reflect the actual cost of providing the space and is not good use of tax payers money. I think further scrutiny of how this is used/applied in some settings is required.</p>
Childminder	As long as the amount providers receive does not decrease. It is very hard to comment without actually knowing the figures!
Full Day Care	<p>We are already underfunded, so I don't believe any additional funds should be withheld. We also do not receive central services related to early years. Additionally, our SENIF funding is insufficient to support children who require one-to-one assistance, and it doesn't cover the full hours they attend. Early years settings are struggling with the funding especially on the hourly rate for 3 and 4 years children as it is and settings need every penny. It costs us the same to look after any child therefore the deprivation funding should be shared across all children which could potentially give us a higher hourly rate for all children, not just those in deprived areas.</p>
School	This doesn't actually affect our setting so neither agree nor disagree really but had to choose an option.
Childminder	North Yorkshire has one of the lowest funding rates
Sessional Care	n/a for our setting
Full Day Care	Providers are unable to obtain E2 or E3 funding for children under the age of two, furthermore, the need for SEND services typically starts further up the setting. I would expect the percentage to be lower for this age group.
Full Day Care	As per previous comments

Full Day Care	Without knowing the proposed rates, new NI rates and new Min wage it is impossible to agree that any proposal will ensure our viability. In addition we cannot receive support for children with very high SEN needs in a timely manner. Given the dearth of available funding it would make more sense to concentrate funding on children with high needs identified by health.
Sessional Care	We currently do not offer places to 9 months to years however I do believe that this rate should be lower and and increase on 3 and 4 years old funding should be higher.

Question 2

2024/25 Early Years Budget Grant (September 2024 – March 2025)

Do you agree for the DfE Early Years Budget Grant for the period September 2024 to March 2025 to be passed on to providers based on the same funding rate as the DfE has used to distribute the Grant through the payment of an additional 7p per hour based on the on the universal and extended hours for three and four- year-olds claimed for the Autumn 2024 and Spring 2025 terms for all providers.

Provider Type	Comment
Childminder	7p an hour doesn't cover anything! The cost of food has rocketed up.
Full Day Care	We need every penny we can get to cover the running costs to deliver this service as utility and wages continue to rise and we struggle to find staff due to the poor wage we can offer through our budget. School staff are paid much better and do the same job.
Full Day Care	yes, but i would like more information about this.
Childminder	As a childminder in a rural setting/area this is almost impossible to do
Sessional Care	as stated previously it does not cover costs and the funding rate is extremely low and settings cannot survive on this and especially when all children will be funded there is no option for a top up fee or restricted on consumables
Full Day Care	An increase of 7p per hour does not support the costs that we are incurring
Full Day Care	Without knowing the proposed rates, new NI rates and new Min wage it is impossible to agree that any proposal will ensure our viability. In addition we cannot receive support for children with very high SEN needs in a timely manner. Given the dearth of available funding it would make more sense to concentrate funding on children with high needs identified by health.
Full Day Care	The funding is not enough
Sessional Care	It will not cover costs

Question 3

Do you have any further comments relating to the local authority proposals for early years funding for 2025/26?

Provider Type	Comment
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Full Day Care	I think the local authority needs to proceed very carefully if the commitment to provide 30 funded hours for under 3s goes forward. I think there is a lot of room for error and potential profiteering at the moment in some settings and after years of drastic underfunding for 3 & 4 year olds, settings are using the same systems developed to deal with this for under 2s funded spaces - which are by no means underfunded. As a setting manager I need more support, this is in terms of having LA team to help in ensuring that provision continues to be a high quality and we are challenged at a local level to deliver good childcare and we have advisors to turn to for questions. At the moment I feel that North Yorkshire has forgotten about early years a bit - not in terms of funding it - more in terms of the quality and consistency of what is being offered across the sector. When staff join us from other settings, the stories I hear about understaffing and lack of respect for the staff and the profession makes me sad and makes me worry about the future for the sector. This is something which clearly needs addressing and I'm assuming that part of that is that it needs budgeting for through the early years funding team. So, in terms of answering the question above - the comment I'm making is that we need to make sure that the quality element of the funding is present, to enable settings to have accountability for what they are doing with tax payers money and the quality of the service it is paying for. In addition, now that over 60% of our provision is Government funded - I really think this provides the opportunity to look at a reduction in business rates and to re look at the fact that we pay VAT on everything we buy/use - be it for a privately paid for space or a government funded space. I know that this isn't the job or under the remit of the funding team, or part of the LA proposal, however, it is really important to small businesses. (maybe not big chains who manager to find ways of mitigating against the VAT on purchases). We need help. - not necessarily only financial help, but the sector needs quality and accountability back.
Childminder	I feel the funding rates should be the same for every child 9 months to 4 years, rather than the huge difference in rates. Also, given the local authority retain 3% of the funding, some free training should be provided,. For example, the Early Years Leadership Forum, the cost has gone from £35 in March this year to £65 this term. The updates are helpful but should be provided free of charge.
Full Day Care	no
Full Day Care	Hourly rates should be increased, as North Yorkshire currently has some of the lowest rates in the country, which is unfair. Rates should be standardized across the country, with the exception of London.
Childminder	North Yorkshire has one of the lowest funding rates
Sessional Care	As a setting we would like clearer guidance as to what we can charge for regarding the consumables - As a predominantly funded setting we have little left over for extra curricula activities such as outside activities coming into setting to broaden the childrens cultural capital. With the funding being not even a staffs wage a top fee would be good to consider as we have some children who access funding 30hours free but do not contribute to the voluntary consumables fee - it works out at 17p per day. the funding is good in that it has encouraged families to join our setting we have a 2 year waiting list. But as a charity run setting we do have our limitations which is not helped by the funding restrictions.

Full Day Care	I feel that the local authority are extremely supportive and use the monies from the funding in a great way. We just need to see an improvement in the funding rate for 3&4 year olds. It is great for the government to increase the number of children from aged 9 months but then the funding rate drops off a cliff once they reach 3&4 and it is hard to see this as sustainable.
Full Day Care	We have concerns that the hourly funding rates are not increasing in line with minimum wage increases, causing difficulty in finding and hiring staff and may become a serious concern down the line. We are also finding that as it becomes harder to increase wages to be satisfactorily above NMW, less and less people seem to be interested in joining the sector/more qualified staff are leaving the sector making it difficult to find qualified staff.
Full Day Care	This is a very scary time for providers. The majority of our private business has been taken from us and is now monopolised by the government, who can dictate what we charge. Each provider has different costs, e.g I employ qualified teachers, have an extensive barn conversion building with lots outdoor space, we have lots of additional costs which add quality to what we provide which is how I want to run my business and why I set it up. Previous to so much funding I could charge what I needed to so that my costs were covered and I could provide an amazing space for children to thrive. I have different costs to say a pre-school in a village hall paying minimal rent, no business rates etc, yet we are all funded the same. Now I worry that the government will chronically underfund us once wages increase so significantly and will restrict further what we are allowed to charge for to ensure our business are sustainable. I worry they don't grasp that we are the ones who risk it all to do what we do, and have spent our money to build our businesses. They are also now putting more nurseries in schools which could impact us due to our sector already having a staffing crisis - they will leave for higher wages (which we can't afford due to underfunding), better pensions and term time only school hours. I feel like our sector is so under appreciated and it is a really worrying time to be a provided. We are lucky that north yorkshire are very supportive as an LA (there are lots of horror stories from other areas of the country) but ultimately, Government policy will impact our setting and our livelihoods. We are not out to make millions, we are out to provide wonderful childhoods for our children and to support families, but we also have to run as businesses and be profitable - we cannot simply do it for nothing. I feel that this would never happen in any other sector where the government would have monopoly over an entire sector and dictate what a private sector can charge.
Full Day Care	Without knowing the funding, NI changes and min wage it is impossible to agree if proposals will ensure our viability. Support for children with high SEN needs is far too slow. Given the dearth of available funding it would make more sense to concentrate funding on children with high needs identified by health. We receive much lower rate for 2-yr-olds than we charge parents (we receive 18% less; 40% less for 3&4 yr olds), and we don't know how parents of younger children will react to 30 hours per week funding, but is almost certain that going forward we will be funded almost entirely by LA, Our funding-rate is sig. lower than most other LAs despite same staffing costs, making our business highly vulnerable, highly dependent on

	exact rates of funding and indeed the exact birth dates of children attending the Centre at any one time.
Sessional Care	The national living wage is due to increase in April 2025 and I feel that the funding rates need to reflect this more so that settings do not have to close.
Childminder	I just wish we could accept the funding for established family members. The upset it causes when they have to leave our care isn't fair on them
Childminder	No
Full Day Care	The funding needs to be increased significantly . We have childcare spaces but we can't get the staff. If we have 4 babies we have 2 staff to pay for, it isn't workable. We are limited as to what we can charge over and above the funding due to the restrictions placed on us.