



NORTH YORKSHIRE COUNCIL

EARLY YEARS FUNDING RATES

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

A CONSULTATION PAPER

15 January 2024

Deadline for responses: 5pm, 16 February 2024

1.0 Background and Introduction

1.1 In the 2023 Spring Budget, the Government announced the expansion of free early education and childcare entitlements for working parents from April 2024 and additional investment to support the expansion programme. The free education and childcare entitlement for working parents will be expanded 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).

1.3 A consultation was carried out by the Department for Education (DfE) between 21st July and 8th September 2023, on the proposed approach for distributing entitlements funding for two-year olds and under from 2024-25 regarding the expansion of the government childcare entitlements. The outcome of the consultation and Local Authority early years funding rates were published on 29th November 2023.

This has resulted in:

- The introduction of a new funding formula to distribute entitlements funding for children aged two and under in 2024-25, building on the existing formula used to fund the three-and-four-year-old entitlements
- 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 from 2024-25.
- To extend all current rules for local authorities when setting their own local funding formulae to the existing entitlement for disadvantaged two-year olds and to the new 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 existing list of allowable funding supplements, currently 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 that local authorities extend their Special Education Needs Inclusion Fund (SENIF) to include children aged nine months to two-years old who are taking up the funded entitlements.

The DfE consultation response can be found at: [Early years funding – extension of the entitlements - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/early-years-funding-extension)

- 1.4 The DfE have confirmed the early years local authority funding rates for North Yorkshire for the 2024/25 financial year as follows:

| Early Years Phase | Local Authority Hourly Funding Rate |
|---|--|
| 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 |

The DfE allows the local authority early years funding 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.

Additionally, the DfE has confirmed that Early Years Pupil Premium (EYPP) and Disability Access Funding (DAF) will be provided for eligible children for all funded entitlements. The 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. Currently within North Yorkshire, the mandatory funding supplement for deprivation is paid for three and four-year olds.

The DfE expect local authorities to ensure funding for deprivation is reflected in their approach to funding for all new entitlements, recognising the additional costs associated with supporting children from disadvantaged backgrounds. The deprivation supplement for children aged two and under is discretionary. It is proposed to include a deprivation supplement on all funded hours entitlements, regardless of age.

2.2 Deprivation Funding Supplement

Deprivation funding is currently paid for three and four-year olds 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.

It is proposed to extend the current deprivation funding methodology used for three and four-year olds to all early years' funding age groups.

The deprivation funding rates for the 2024/25 financial year are proposed to remain **unchanged** 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 |

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. Historically, within North Yorkshire, the SENIF has been funded from the High Needs budget. For the 2024/25 financial year it is proposed to fund the SENIF from the Early Years Funding allocation. The proposed approach would deliver 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 is £1.05m; this equates to approximately 2% of the 2024/25 Early Years Funding allocation.

4.0 Local Authority Centrally Retained Funding

As part of the new proposals, the 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 it is proposed to retain approx.3% for all entitlements.

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 Proposed 2024/25 Early Years Provider Funding Rates

a. 2024/25 Proposed Three and Four-Year-Old Funding

The DfE confirmed that the early years hourly local authority funding rate for North Yorkshire for three and four-year-olds will be £5.47 per hour. This is for the three and four-year-old universal (15 hours) and working parent (15 hours) entitlements.

It is proposed to utilise the three and four-year-old funding for the 2024/25 financial year as follows for providers:

- **To increase the provider base funding rate for three and four-year-olds (universal and working parent entitlement) to £5.13 per hour**

- **To continue to provide a deprivation funding supplement based on the methodology detailed in paragraph 2.2.**
- **The provision of a Special Educational Needs Inclusion Fund (SENIF) to support providers in addressing the needs of children with lower or emerging levels of SEND**

The local authority is proposing a centrally retained funding retention rate of 3% 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

b. 2024/25 Proposed Two-Year Old Funding

Following the introduction by the DfE of the new funding formula for two-year olds for the 2024/25 financial year, the DfE confirmed that the early years local authority funding rate for North Yorkshire for two-year-olds will be £7.45 per hour. This represents a funding reduction of £0.10 / hour from the September 2023 rate of £7.55 per hour.

From 2024/25, the two-year old free entitlement offer will be for disadvantaged two-year-olds (15 hours) and working parents of two-year-olds (15 hours).

It is proposed to utilise the two-year-old funding for the 2024/25 financial year as follows for providers:

- **The provision of a single hourly provider base funding rate of £7.01 per hour for both the disadvantaged two-year-olds and the two-year-olds of working parents**
- **The introduction of a deprivation funding supplement based on the same methodology used in the three and four-year old funding, as detailed in paragraph 2.2.**
- **The provision of a Special Educational Needs Inclusion Fund (SENIF) to support providers in addressing the needs of children with lower or emerging levels of SEND**

The local authority is proposing centrally retained funding retention rate of 3% 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.

c. 2024/25 Proposed Under Two-Year-Old Funding

The DfE have introduced a new early years' funding formula for the free entitlement for under two-year olds which commences from 1 September 2024. The DfE have confirmed that the early years local authority funding rate for North Yorkshire for under two-year-olds will be £10.11 per hour.

It is proposed to utilise the under two-year-old funding for the 2024/25 financial year as follows for providers:

- **The provision of a provider base funding rate of £9.55 per hour for the under two-year-olds of working parents from 1 September 2024**
- **The introduction of a deprivation funding supplement based on the same methodology used in the three and four-year old funding, as detailed in paragraph 2.2.**

- **The provision of a Special Educational Needs Inclusion Fund (SENIF) to support providers in addressing the needs of children with lower or emerging levels of SEND**

The local authority is proposing a centrally retained funding retention rate of 3% 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

6.0 2023/24 Teachers Pay Grant (September 2023 – March 2024)

In 2023/24 additional funding of 5p per hour for three and four-year-olds was paid to the local authority relating to the teachers' pay and pension grant for the 2023/24 financial year; previously this funding had been paid as a separate grant to schools and academies operating early years' provision where the early years' children are on the school roll. Following the outcome of the 2023/24 North Yorkshire consultation with early years providers, this funding was included within the provider base rate funding for three and four-year-olds.

The DfE have provided further additional grant funding to recognise the increased costs for teachers' pay for the period September 2023 to March 2024. The value of the additional grant funding is 3p per hour based on the universal and extended hours for three and four-year-olds.

It is proposed to pass this additional grant funding for the period September 2023 to March 2024 on to providers, based on the same methodology as previously used, with the payment of an additional 3p per hour on the universal and extended hours for three and four-year-olds for the Autumn 2023 and Spring 2024 terms.

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/7n6lfa> to tell us your views on the proposals for early years funding rates for the 2024/25 financial year, as detailed in section 5 above, and the distribution of the DfE teachers' pay additional grant funding related to the period September 2023 to March 2024, as detailed in section 6 above. **The survey will be open until 5.00pm on Friday, 16 February 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 2024/25 financial year and the distribution of the DfE teachers' pay additional grant funding related to the period September 2023 to March 2024.

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

(form updated June 2023)

2024/25 Early Years Funding Consultation

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.



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 پوچھئے۔

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 find completed EIAs, we also publish them in our website's Equality and Diversity section. 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 - Resources |
| Lead Officer and contact details | Howard Emmett – Assistant Director – Resources howard.emmett@northyorks.gov.uk |
| Names and roles of other people involved in carrying out the EIA | Sally Dunn – Head of Finance – Schools. Early Years & High Needs sally.dunn@northyorks.gov.uk |
| How will you pay due regard? for example, working group, individual officer | The proposal will be subject to an early years' sector wide consultation process from 15 th January 2024 to 16 th February 2024. This EIA will be updated during and following the consultation responses. The item will be discussed at the North Yorkshire School Forum |
| When did the due regard process start? | In setting Early Years Budget each year, it is necessary to consider the level of the funding rates paid to early years providers in respect of the funded entitlements for 3 & 4-year-olds and disadvantaged 2-year-olds |

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| | <p>within the parameters determined by the DfE. The funding entitlements will be expanded for 2024/25 to include working parents of 2-year-olds from April 2024 and working parents of children aged over 9 months from September 2024. This EIA considers this issue in respect of 2024-25 Early Years provider rates.</p> |
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Section 1. Please describe briefly what this EIA is about. (for example, are you starting a new service, changing how you do something, stopping doing something?)

The EIA considers the review of early years provider funding rates for the 2024/25 financial year.

The local authority determines the provider funding rates to be paid to early years providers for the delivery of funded entitlements. This covers the funded entitlements for 3 & 4-year-old children, disadvantaged 2- year-old children, the 2-year-old children of working parents and the under 2-year-old children of working parents.

In the 2023 Spring Budget, the Government announced significant new investments to expand the early education entitlements from 2024-25, This expansion is designed to support more working families to access high-quality, affordable early education and childcare.

For 2024/25 there will be three funding streams

- the 3- & 4-year-old universal (15 hours) and working parents (15 hours) entitlements
- the 2-year-old disadvantaged (15 hours) and working parents (15 hours) entitlements
- and from September 2024, the 9 months to 2-year-old working parents (15 hours) entitlement

The funding consists of the provider base funding rates and provider funding supplements.

The determination of the early years provider funding rates is undertaken within the parameters of the funding levels provided by the DfE through the Early Years Dedicated Schools Grant and the associated grant conditions.

In addition to the provision of funding to early years providers, the Early Years DSG can also be used for the provision of an early years Special Educational Needs Inclusion Fund (SENIF) and the provision of local authority centrally managed service provision for early years.

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

The DfE require each local authority to determine the level of the provider funding rates to be used within their local early years funding formula each financial year.

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

The impact on individual early years providers may vary in relation to the proposed level of early years funding rates and the operating profiles of the settings. Following significant changes to include funding for the working parents of 2-year-olds, the overall funding rate for 2-year-olds from the DfE has been updated to reflect the new national funding formula. In addition, from September 2024, funding will be available for over 9 months – 2 years of eligible working parents.

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?)

The DfE released their 2024/25 funding announcement and the associated detailed funding information for the Early Years DSG on 29th November 2023. The North Yorkshire Schools Forum will be updated on the 2024/25 funding arrangements and notified of the consultation with the early years sector at its meeting on the 18 January 2024.

A consultation will be undertaken with the early years sector within North Yorkshire between 15th January 2024 and 16th February 2024.

The responses and results from the consultation exercise will be presented at the Schools Forum on 14th March 2024. This EIA will be updated during and following the consultation process. Early years providers will be notified of the outcome of this process before the end of March 2024.

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 specific proposal in the EIA is cost neutral as all costs will be contained within the ring-fence of the 2024/25 Early Years DSG.

| Section 6. How will this proposal affect people with protected characteristics? | No impact | Make things better | Make things worse | Why will it have this effect? Provide evidence from engagement, consultation and/or service user data or demographic information etc. |
|--|------------------|---------------------------|--------------------------|--|
| Age | | ✓ | | It is anticipated that the national expansion of funded entitlements for the children, of working parents, aged 2 years |

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| | | | | and under will provide opportunity for a greater number of children to access early years education and childcare provision. The funding proposals support the childcare expansion programme within North Yorkshire, with provision of the associated benefits for the younger children within the county. |
| Disability | | ✓ | | It is anticipated the coverage expansion of SEN Inclusion Fund budget, in line with the expansion of early years funded entitlements, will provide greater opportunity for those younger children with lower or emerging levels of SEND to access appropriate additional SEND support. |
| Sex | ✓ | | | It is anticipated there will be no specific identifiable impact as a result of this proposal for this characteristic. |
| Race | ✓ | | | It is anticipated there will be no specific identifiable impact as a result of this proposal for this characteristic |
| Gender reassignment | ✓ | | | It is anticipated there will be no specific identifiable impact as a result of this proposal for this characteristic |
| Sexual orientation | ✓ | | | It is anticipated there will be no specific identifiable impact as a result of this proposal for this characteristic |
| Religion or belief | ✓ | | | It is anticipated there will be no specific identifiable impact as a result of this proposal for this characteristic |
| Pregnancy or maternity | ✓ | | | It is anticipated there will be no specific identifiable impact as a result of this proposal for this characteristic |
| Marriage or civil partnership | ✓ | | | It is anticipated there will be no specific identifiable impact as a result of this proposal for this characteristic |

| Section 7. How will this proposal affect people who... | No impact | Make things better | Make things worse | Why will it have this effect? Provide evidence from engagement, consultation and/or service user data or demographic information etc. |
|---|------------------|---------------------------|--------------------------|--|
| ..live in a rural area? | ✓ | | | It is anticipated there will be no specific identifiable impact as a result of this proposal for this characteristic |
| ...have a low income? | | ✓ | | It is anticipated that the national expansion of funded entitlements for the children, of working parents, aged 2 years and under will provide opportunity for a greater number of children in low-income working families to access early years education and |

| | | | | |
|---|---|--|--|---|
| | | | | childcare provision. The funding proposals support the childcare expansion programme within North Yorkshire, with provision of the associated benefits for lower income working families within the county. |
| ...are carers (unpaid family or friend)? | ✓ | | | It is anticipated there will be no specific identifiable impact as a result of this proposal for this characteristic |
| are from the Armed Forces Community | ✓ | | | It is anticipated there will be no specific identifiable impact as a result of this proposal for this characteristic |

| | |
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| Section 8. Geographic impact – Please detail where the impact will be (please tick all that apply) | |
| North Yorkshire wide | ✓ |
| Craven district | |
| Hambleton district | |
| Harrogate district | |
| Richmondshire district | |
| Ryedale district | |
| Scarborough district | |
| Selby district | |
| If you have ticked one or more districts, will specific town(s)/village(s) be particularly impacted? If so, please specify below. | |
| | |

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| <p>Section 9. Will the proposal affect anyone more because of a combination of protected characteristics? (for example, 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.</p> <p>The funding proposals support the DfE national expansion of funded early education and childcare entitlements for the younger children of working parents. In this respect the funding proposals are expected to a) benefit younger children in respect of providing greater opportunity to access funded childcare, and b) benefit younger children accessing funded</p> |
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childcare with lower or emerging levels of SEND to access appropriate additional funded SEND support.

| 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) | Tick option chosen |
|--|--------------------|
| 1. No adverse impact - no major change is needed to the proposal. There is no potential for discrimination or adverse impact identified. | ✓ |
| 2. Adverse impact - adjust the proposal - 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. | |
| 3. Adverse impact - continue the proposal - 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) | |
| 4. Actual or potential unlawful discrimination - stop and remove the proposal – The EIA identifies actual or potential unlawful discrimination. It must be stopped. | |
| <p>Explanation of why the option has been chosen (include any advice given by Legal Services.)</p> <p>No significant adverse impacts have been identified from the EIA affecting one or more protected characteristic. Whilst it is acknowledged that the proposed transfer of the funding of the early years SEN Inclusion Fund from the High Needs Block DSG to the Early Years Block DSG will impact the funding available for provider funding rates, the local authority has sought to mitigate the financial impact on base provider funding rates by only retaining 3% of early years funding for the funding of local authority centrally managed early years' services provided free at the point of delivery. This is below the DfE maximum allowable retention rate of 5%. The proposed funding rates and arrangements will be implemented proportionately across all early years providers within North Yorkshire</p> <p>The consultation with early years providers will conclude on the 16 February 2024. This EIA will be updated during and following the consultation process should this be required.</p> | |

Section 11. If the proposal is to be implemented how will you find out how it is really affecting people? (How will you monitor and review the changes?)

The processes operating in the LA with regard to monitoring the sufficiency of early years provision and the monitoring of the termly early years headcount claims used to calculate

payments to early years providers allow the LA to monitor the impact of funding rate changes on the early years sector within North Yorkshire.

Section 12. Action plan. 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 |
|--|--------------------------------|-----------------|----------|-------------------------|
| 1.To undertake a formal consultation with early years providers | Howard Emmett – Asst. Director | 15 January 2024 | | |
| 2.To obtain approval for any changes to the early years funding rates for the 2024/25 financial year from CYPS Executive Members | Howard Emmett – Asst. Director | 5 March 2024 | | |
| 3.To report outcomes to School Forum | Howard Emmett – Asst. Director | 14 March 2024 | | |

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 Equality Impact Assessment has assessed the impact of the proposal namely:

- To consider the early years provider base funding rates for the 2024/25 financial year: three and four-year olds
- the introduction of a single hourly rate for disadvantaged two-year olds and the new entitlements for working families of 2-year-olds
- the hourly rate for the new entitlement of eligible working parents of children 9 month to 2 years from September 2024
- the introduction of a single deprivation methodology for all entitlements
- the funding of the SEN Inclusion Fund from the Early Years DSG
- the local authority retention of 3% of early years funding to support the provision of central services for Early Years
- To hold a consultation with all early years’ providers in North Yorkshire on these proposals

- To report findings, conclusions and recommendations to CYPS Executive Members (for decision) and to the Schools Forum (for information).

At this stage of the EIA there is no evidence to suggest that the proposal made will significantly disadvantage one or more protected characteristics

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 - Resources

Signature: *Sally Dunn*

Completion date: 11/01/2024

Authorised by relevant Assistant Director (signature):

Date: