



# **NORTH YORKSHIRE COUNTY COUNCIL**

## **EARLY YEARS FUNDING RATES**

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

### **A CONSULTATION PAPER**

**13 January 2021**

Deadline for responses: 5pm

10<sup>th</sup> February 2021

- 1.0 Background and introduction**
- 2.0 Disadvantaged two year old proposed 2021/22 provider funding rate**
- 3.0 Three and four year old proposed 2021/22 provider funding rate**
- 4.0 Three and four year old funding supplements**
- 5.0 Consultation process**

## **1.0 Background and Introduction**

- 1.1 On 17th December 2020 the Department for Education (DfE) confirmed that the early years funding rates used to distribute funding to local authorities will increase in North Yorkshire by 8p per hour for disadvantaged two year olds and by 6p per hour for three and four year olds.
- 1.2 The DfE have also confirmed that the national funding rate for the early years' pupil premium is 53p per eligible child per hour, and the Disability Access Fund is £615 per eligible child per year. Both of these rates are unchanged from 2020-21. Indicative funding allocations have been received for the Maintained Nursery Schools Supplementary Funding Grant for the period April to August 2021 and conditional allocations, which may be subject to change, have been received for the period September 2021 to March 2022.

## **2.0 Disadvantaged Two Year Old Proposed 2021/22 Provider Funding Rate**

- 2.1 It is proposed to increase the disadvantaged two year old hourly funding rate paid to providers by 8p per hour from £5.28 to £5.36 for the 2021/22 financial year.

## **3.0 Three and Four Year Old Proposed 2021/22 Provider Funding Rate**

- 3.1 In respect of the three and four year old funding rates, North Yorkshire will receive an increase in the local authority rate from £4.38 per hour to £4.44 from 1<sup>st</sup> April 2020. The local authority hourly funding rate covers both the costs of provider funding and any central services related to early years' provision that are provided by the Local Authority free at the point of delivery.
- 3.2 The regulations accompanying the Early Years National Funding Formula (EYNFF) restrict the level of the three and four year old funding rate which can be retained by the local authority for the delivery of centrally managed services associated with early years' provision. The level of funding allowed to be retained is a maximum of 5%.
- 3.3 It is proposed to increase three and four year old universal and extended entitlement hourly funding rate paid to providers by 6p per hour from £4.09 to £4.15 for the 2021/22 financial year.

## **4.0 Three and Four Year Old Funding Supplements**

- 4.1 The three and four year old funding rate paid to early years providers consists of a base funding rate hour and funding supplements. Within North Yorkshire the funding supplements are:
  - deprivation (mandatory funding supplement), and
  - sparsity (optional supplement)

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

The deprivation funding rates for the 2021/22 financial year will be unchanged as follows:

<b>Band</b>	<b>2021/22 Deprivation Hourly Funding Rate</b>	<b>IMD Score</b>
Band A	54p	>34.17
Band B	7p	>20 <34.17
Band C	4p	>10 <20

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

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

An overall allocation of £50,000 will be available in the 2021/22 financial year to provide sparsity funding support.

**5.0 Consultation Process**

Providers are asked to complete the online survey at <https://consult.northyorks.gov.uk/snapwebhost/s.asp?k=161001788057> to tell us your views on the proposals for early years funding rates for the 2021/22 financial year detailed in sections 2 and 3 above. The survey will be open until 5.00pm on Wednesday, 10<sup>th</sup> February 2021.

The responses received to this consultation will be considered by the NYCC Executive Members for the Children & Young People’s Service in their decision making process in relation to early years’ funding rates for the 2021/22 financial year.