

<h1>BRIEFING</h1>	TO:	Schools Forum
	DATE:	26 th April 2024
	LEAD OFFICER:	Aileen Chambers Head of Service – Early Years and Childcare
	TITLE:	Early Education Funding Update
1. Background		
1.1	<p>The purpose of this report is to follow up on the briefing submitted on 19th January 2024</p> <ul style="list-style-type: none"> • provide a supplementary briefing note to share information about in the proposal to move from retaining an initial 5% which would reduce to 3% in future years. • Provide an analysis to forum on nursery closures and numbers of places lost to support understanding of current provision in the local area. • Make a representation to the Department for Education (DfE) to implement a simplified system for the distribution of Inclusion Support Grant (ISG). 	
1.2	<p>The Department for Education (DfE) consulted on changes to the National Funding Formula for 2024-25 with the introduction of an entitlement for 2 year olds of working parents from April 2024 and children from 9 months from September 2024. One of changes implemented was to allow LA's to retain up to 5% across 3 / 4 year old, 2 year old and 9 month entitlements (reducing to 3% in future years when the new entitlements are embedded.). Previously LA's could retain up to 5% on 3 / 4 year entitlements only. This change reflects the increased activity that will be required by LA's in terms of distribution of the funding, supporting the sector to ensure sufficiency of places, supporting ongoing quality of delivery and supporting parents to access the free entitlements.</p>	
1.3	<p>EY Block Retention: The LA previously retained 5% of the EY Block to contribute to the cost of delivery of the Early Years & Childcare Service (EY&CS) . It is proposed to retain 5% from 3 / 4 year old funding and 3% from 2 year old and 9 month funding in 2024/25 to enable us to increase capacity within the Early Years and Childcare Team to meet the increased workload.</p>	
1.4	<p>The central retention is used to ensure delivery of the following functions to ensure childcare act statutory functions are met:</p> <ul style="list-style-type: none"> • Ensure availability of high-quality, substantiable childcare and early education provision and take-up of early education entitlement, leading to improved outcome for children • Delivery of a Families information service • Eligibility checks for two-year-old early education funded places. • Eligibility checks for 30 hour entitlement places • Eligibility checks for Early Years Pupil Premium. • Maintaining and promoting take up of two, three and four-year old early education places. • Contract with early education private, voluntary, academy and maintained school providers for the delivery of early education places. 	

- Managing EY Block, including processing claims and allocating funding for early education places appropriately.
- Advice, support and challenge to early education and childcare providers across all aspects of the Early Years Foundation Stage (teaching and learning, assessment and safeguarding and welfare).
- Provide SEND advice and support to private and voluntary early education providers to ensure children can access provision without barriers or delays, and support transition into Foundation for children with complex SEND.
- Promote and deliver priority training for early education and childcare providers.

1.5 The distribution of the EY block funding requires receipt of child level information to enable the accurate calculation and distribution of monthly payments as well as allocation of early years pupil premium and disability access fund payments.

1.6 Currently the total number of children funded each term is detailed below, with the projected increased numbers also shown:

	Autumn 22	Spring 23	Summer 23
2 year old	914	834	784
3 / 4 Universal	2747	3628	4177
3 / 4 Extended	1257	1661	2760

Date	April 2024	September 2024	September 2025
Projected number of additional children taking up a 'free' place	997	2YO's –1047 Under 2's - 919	2YO's –917 Under 2's - 919

1.9 The increased entitlements will increase the work of the team as detailed below:

- Increased parental enquiries to the Families Information Service
- Increased early education funding claims to process (twice termly child level data submissions from all schools / providers which informs monthly payments)
- Increased early years pupil premium checks to be processed (to ensure maximisation of funding)
- Increased support to childcare providers to ensure ongoing quality whilst increasing capacity
- Support to potential new providers and childminders
- Recruitment of new early years professionals into the sector and link to appropriate training
- Increased sufficiency analysis both for expanded entitlements and wraparound childcare offer

1.10 The increased EY block retention is required to increase capacity within the EY&C Service to carry out the additional workload.

1.11 It is proposed to decrease the percentage retention as the EY block budget increases to maintain the required budget. It is anticipated that the percentage retained will be decreased to 3% across each funding stream by 2026/27.

1.12 **Childcare / Early Education Sufficiency in Rotherham:**

Despite the challenging environment for the early years sector, provision in Rotherham has been relatively stable.

Financial Year	Early Years Settings	Childminders
2021/22	60	190
2022/23	59	163
2023/24	56	149

**In addition 14 schools deliver funded 2 year old places

1.14 2 new Day Nurseries have opened since data capture for 2023/24 (The Fun Hub and All Children Great and Small Maltby)

1.15 The decrease in childminders is also mirrored nationally, Ofsted reported in March 2023 that there were 27,900 Childminders, down by 3,500 (11%) since 31 March 2022. This continues a downward trend in number of Childminders, with 20,000 fewer than on 31 August 2015. Source: [Main findings: Childcare providers and inspections as at 31 March 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/main-findings-childcare-providers-and-inspections-as-at-31-march-2023)

1.16 The full childcare sufficiency report is also attached for information.

1.17 **Appendices 1 – 4** show the capacity position as at Summer 2023. The data indicates that there is some capacity in the sector across each geographical area, although there is a limited out of school offer in some areas. We also appreciate that there would be further pressure if all eligible early education children chose to take up their full entitlement.

1.18 **Appendices 10 – 12** show the potential capacity position for April 2024 and September 2025 when the expanded entitlements are available. These tables show a number of areas of capacity pressure, particularly for the under 2's entitlement where additional places would be needed to meet the projected demand.

1.19 The DfE have provided capital funding for the LA to support expansion of provision. Commissioning processes are currently being developed to enable providers to apply for this funding.

1.20 One of the biggest challenges which affects number of places available is recruitment of early years professionals.

1.21 The Early Years and Childcare Service have recruited an additional post to support recruitment of early years professionals in Rotherham through liaising with training providers to ensure the training offer is appropriate; promoting early years as a career; taking part in careers events; promoting job vacancies.

1.22 **Inclusion Support Grant (ISG) (Special educational needs inclusion fund (SENIF))**

The following is an extract from DfE guidance:

1.23 With the introduction of the new working parent entitlements for 2024 to 2025, local authorities were required to establish SENIFs for all children with SEN eligible for or taking up the entitlements, regardless of the number of hours taken. These funds are intended to support local authorities to work with providers to address the needs of individual children with SEN who are taking up the entitlements. This fund will also

<p>1.24</p> <p>1.25</p> <p>1.26</p> <p>1.27</p> <p>1.28</p> <p>1.29</p>	<p>support local authorities to undertake their responsibilities to strategically commission SEN services as required under the Children and Families Act 2014.</p> <p>Eligibility: Local authorities should target SENIFs at children with lower level or emerging SEN. Children with more complex needs and with an education, health and care plan (EHC) plan continue to be eligible to receive funding via the high needs block of the DSG. Further information on the high needs funding system can be found in the high needs funding arrangements: 2024 to 2025. As with other elements of early years funding, SENIFs should apply to children attending settings in the relevant local authority area, regardless of where they live.</p> <p>Value: The value of the fund should consider the number of children with SEN in the local area, their level of need, and the overall capacity of the local childcare market to support these children. Local authorities should consult with early years providers to set the value of their local SENIF sources of funding: Local authorities should establish their SENIFs using funding from the early years block and/or the high needs block of their DSG allocation.</p> <p>Local authorities should pass the majority of their SENIF to providers in the form of top-up grants on a case-by-case basis. Local authorities can also support specialist SEN services in their local area. Funding used for these local authority-wide support services will not count towards the 95% pass-through; they will be counted within the 5% centrally retained funding.</p> <p>Eligible providers: All early years providers that are eligible to receive funding for the entitlements are eligible to receive funding from the SENIF to support children with SEN attending their settings.</p> <p>A Rotherham review of ISG funding was carried out in 2019/20 including a benchmarking exercise across Yorkshire and Humber. A further consultation was carried out with schools / providers in 2023 to inform implementation of the 3 tier model from September 2023.</p> <p>The DfE included the SENIF within a consultation carried out between July and September 23 on the extension of the early education entitlements. The results of the consultation are attached at Appendix 1. The DfE have committed to</p> <ul style="list-style-type: none"> • <i>conduct a detailed assessment of the SENIF arrangements that local authorities currently have in place, looking at how SENIFs are being used nationally and how far they are meeting current need. We will look to draw examples of best practice together, with a view to sector-wide dissemination, and recommend longer term changes that we think will improve the extent to which SENIFs can meet the needs of children taking up the entitlements</i> • <i>consider current local authority arrangements and what longer term changes could be made</i>
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3. Key Actions and Timelines

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4. Recommendations

<p>4.1</p>	<p>It is recommended that the content of the report is noted.</p>
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Appendix 1

Extract from Early years funding - extension of the entitlements Government consultation response: November 2023

Question 11:

Local authorities currently should have a special educational needs inclusion fund (SENIF) in place for all 3-and-4-year-olds with special educational needs and disabilities (SEND) who are accessing the free entitlements. These funds are intended to support providers in addressing the needs of children with lower or emerging levels of SEND. In the consultation, we proposed that local authorities should extend their SENIF to cover children aged 9 months to 2-years-old.

Do you agree with our proposal that local authorities should establish a special educational needs inclusion fund for children aged 9 months to 2-years-old who are taking up the entitlements?

Answer	Total	Percent
Yes	854	87%
No	42	4%
Unsure	78	8%
Not Answered	9	1%

Government response: We will proceed as set out in the consultation. This means that for 2024-25, LAs should extend SENIFs to children aged 9 months to 2 years with special educational needs and disabilities (SEND) who are eligible for the free entitlements.

Question 12:

We recognise the challenges faced by the early years sector in meeting the needs of children with SEND. We have already committed to working with stakeholders across the sector to understand whether changes may be required to the SENIF, and other associated elements of the wider current early years funding system, as part of the Special Educational Needs and Disabilities and Alternative Provision Improvement Plan.

We are considering ways in which we can support local authorities to improve the administrative processes around the SENIF, particularly to reduce bureaucracy and ensure funding is made available in a timely manner. Therefore, questions 12 and 13 were used to gather views and feedback on the current process for SENIF funding and options for potential change.

What more can be done to support local authorities and providers to reduce bureaucracy and streamline SENIF processes whilst also ensuring the system remains fair and financially sustainable.

Responses: From local authorities, the primary suggestion made was for the Department for Education to set a standardised, national criteria or process for local authorities to follow as opposed to having different processes in place in different areas of the country. It was felt this would reduce the expectation for local authorities to create their own process, ensure parity between each local authority, and streamline the process overall

Government response: We have reviewed all feedback received in response to this question. Building on the feedback received, we intend to conduct a detailed assessment of the SENIF arrangements that local authorities currently have in place, looking at how SENIFs are being used

nationally and how far they are meeting current need. We will look to draw examples of best practice together, with a view to sector-wide dissemination, and recommend longer term changes that we think will improve the extent to which SENIFs can meet the needs of children taking up the entitlements

Question 13:

As stated above, this question was used to gather views and feedback on the current process for SEND funding and options for potential change. Would local authorities and providers find it helpful for the department to be more prescriptive about the operation of local SENIFs?

Answer	Total	Percent
Yes	551	56%
No	97	10%
Unsure	305	31%
Not Answered	30	3%

Government response: Our planned assessment of the SENIF arrangements mentioned above will consider current local authority arrangements and what longer term changes could be made. In doing this we will take full account of the range of views reflected in the responses to this question, noting that some LAs would welcome something more prescriptive whilst others would not. Our priority is to see SENIFs operate in a way that is consistent and of greatest benefit to early years children with SEND.

[Early years funding - extension of the entitlements Consultation response \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)