



SURREY
COUNTY COUNCIL

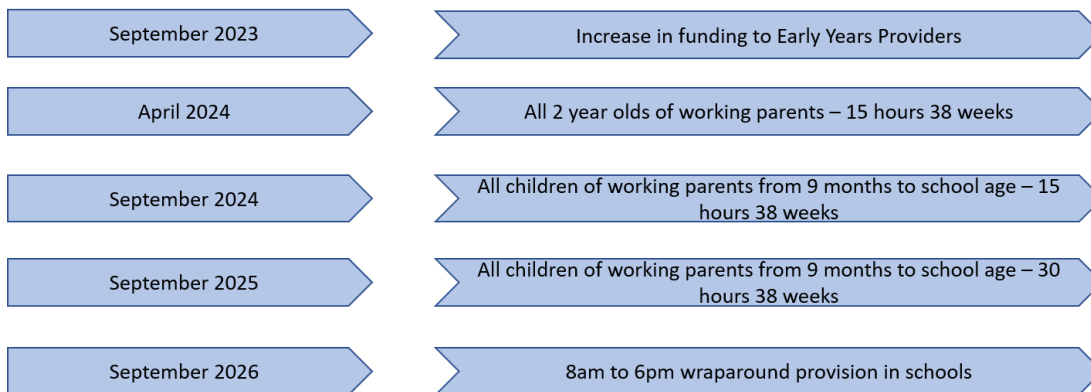
Early Years funding proposals for 2024/25



Summary

Due to the significant changes to the Early Years Funding Entitlement and the tight timescales for implementation, it has been agreed that for this year the funding consultation for Early Years will be carried out separately to the schools funding consultation. Surrey County Council will be seeking Early Years providers' views on the proposals for funding for 2024/25. Schools Forum have endorsed the proposals when they met on 4 July 2023

Below is a very brief summary of the expanded offer which will be implemented over the next 3 years.



Early Years Supplementary Grant Funding (EYSG) for 2023/24

The first element identified above has already been actioned in the form of the EYSG which is a supplement to the core hourly base rate to cover the period from September 2023 to the end of March 2024. The funding allocated to Surrey County Council represents a significant uplift to previous funding rates.

The DfE have advised that the full EYSG must be passed through to providers.

The provider funding rates which are inclusive of the 2023 base rate plus the EYSG supplement:

- 2 year old rate - £6.65 base rate, plus EYSG supplement of £2.38 per hour - £9.03
- 3 and 4 year old rate - £5.14 base rate, plus EYSG supplement of 58p per hour - £5.72
- Early Years Pupil Premium – 62p base rate, plus EYSG supplement of 4p per hour – 66p
- Disability Access Fund (DAF) - £828 per year, plus EYSG supplement of £53, equivalent to £30.92 for the period from September 2023 to March 2024 – one off payment per child. EYSG supplement paid to every setting who claimed DAF between April 2023 and March 2024.

We can confirm that payment of the EYSG supplement will be made with the autumn headcount payment and will be backdated to 1 September 2023. The base rate plus EYSG supplement will then continue to be paid on funded hours up to and including 31

March 2024. For maintained providers it will be made termly and for academy providers it will be monthly.

Should there be any projected underspend due to varying levels of take-up of the funded entitlement across the county, a reconciliation payment will be arranged to ensure that the maximum amount of the EYSG is passed through to providers.

Funding arrangements for 2024/25

It is very likely that the provider funding rate for 2024/25 for 2-year-olds will be lower than the allocation for the period covered by EYSG.

This is because we have passed through 100% of EYSG and are now proposing to create supplements for an Early Intervention Fund as well as retaining 5% centrally (see below). This pays for administration of the funds and support for the sector as well as Early Intervention Funding (EIF) which we expect to be extended to all funded 2-year-olds from April 2024.

This will obviously depend on the DfE response to their recent consultation and on the DfE funding rate for 2024/25 which is likely to be published in December 2023. We hope to publish the indicative Surrey funding rates by mid-February 2024.

Currently the only 2 year olds that are funded are those identified as disadvantaged. From April 2024, all 2 year olds whose parents meet the criteria as working parents (from the term after their 2nd birthday) will be entitled to 15 hours of funded Early Education for 38 weeks per year. This means that there will be 2 cohorts of 2 year olds with different eligibility criteria. Surrey County Council are fully committed to safeguarding the places for the most disadvantaged children.

Centrally Retained Funds

- All Local Authorities are permitted to retain up to 5% of the gross funding. This budget is used to fund the following teams which support the Early Years sector, make all the payments, ensure that Surrey and all providers are compliant with statutory requirements and ensure that there are sufficient places for Surrey families.
- Early Years Commissioning Team
- Early Year Educational Effectiveness Team
- Early Years SEND Team
- Early Years SEND, Education and EY Team
- Early Years Funding Team
- Contributions to other teams including Safeguarding, data and analysis etc

We also currently provide a budget for Early Intervention Fund for 2 year olds and a small budget for expenses for the Early Years Phase Council.

Proposal for Early Years Funding for all ages from 9 months to 4 years for 2024/2025

Funding will be treated in the same way for all children who are eligible for Early Years Funded Entitlement as described below.

- We will pass through 95% of the DfE funding to providers and will retain 5% centrally retained funds to be used as described above.
- If affordable, pass through the value of any uplift from DfE plus equivalent of 3p per hour for 3-4 year olds to address the structural underspend for 3 and 4 year olds budget
- We will manage and distribute an Early Intervention Fund (EIF) for each age group for children experiencing barriers to learning.
- All eligible children will access Early Years Pupil Premium and Deprivation Funding.

Early Intervention Funding (EIF)

In Surrey, we call our Inclusion funding, Early Intervention Funding and have operated a very successful process since April 2020 which continues to evolve and develop. Up until now the fund has only been available for 3 and 4 year olds and in the financial year 2022/23 we distributed over £4,400,000 to support children with additional needs. This can include any barriers to learning including social, economic, environmental, early trauma or special educational needs and disabilities in order to support our ambition for a truly inclusive Early Years sector. We have also had a very modest budget to support funded 2 year olds of £215,000 as DfE have not previously required inclusion funding for this age group however we recognise the need and therefore provided this budget from centrally retained funds. We were able to top-up this funding if needed from any unspent Disability Access Funding.

With the planned expansion to the Early Years Entitlements we now have the opportunity to provide EIF for all funded children who meet the criteria.

- We propose to maintain the 3 and 4 year old EIF budget at the current rate of 5.7%
- We propose to create an EIF budget for 2 year olds at a rate of 3% of total 2 year olds budget to be reviewed after year one.
- We propose to create an EIF budget for under 2 year olds at a rate of 1% of the under 2 year olds budget to be reviewed after year one.

The rationale for setting a lower rate for the younger age groups is based on the predicted levels of need and the associated additional provision that they might require.

As this is a period of significant change we will monitor demand and impact over this first year of operation and will carry out end of year review to inform future funding proposals.

Maintained nursery school supplementary funding

This is a separate funding stream within Designated Schools Grant (DSG), which provides additional support for maintained nursery schools, recognising that they incur higher costs than other providers through, for example, needing their own premises and a headteacher it is proposed to maintain the same principles of allocation as in previous years:

- Distribute all of it to maintained nursery schools
- Use first to fund business rates at actual cost (excluding cost of community focused space)
- Continue split site funding for Guildford nursery on the current basis
- Maintain the additional hourly rate for teacher pay and pension costs for maintained nursery schools
- Divide the remainder equally between the four maintained nursery schools.

Early years pupil premium (EYPP) and disability access fund (DAF)

These funding rates are set directly by DfE and may not be varied by the LA.

Surrey Deprivation Funding

Deprivation funding for 3 and 4 year olds is currently funded at £2.81 per hour linked to eligibility for Early Years Pupil Premium on economic deprivation factors (mainly eligibility for FSM). Two year olds are not currently eligible for EYPP or deprivation funding as all eligible children have been identified as disadvantaged and therefore the current rationale is that the basic hourly rate takes this into account.

For this implementation year (2024/25) we propose to continue to fund deprivation according to FSM eligibility criteria. DfE have confirmed that all eligible children from 9 months will be able to access EYPP. Deprivation funding will still be linked to EYPP however the rates will vary to reflect the projected levels of deprivation within each age group. This is necessary due to the current cohort of funded 2 year olds who are primarily eligible due to their disadvantaged status.

This means that as the 2 year olds who are eligible due to the new criteria for working parents join this cohort, there will initially be a disproportionate number of funded 2 year olds who will receive EYPP and deprivation. This would mean that 2 year olds who were not identified as disadvantaged would receive a significantly reduced hourly rate and the disadvantage rate would not be affordable. Please note that not all children who meet the criteria for FEET under the economic grounds will also be eligible for FSMs as the criteria are not the same. It should be noted that the level of funding for 2 year olds provided by EYSG reflected an increase of 42.5% in order to accommodate the make-up of this age group compared to an increase of 10.2% for 3 and 4 year olds funding rate.

Proposed rates for Deprivation supplement

- 3 and 4 year olds - 2.81 per hour — This the current level for this cohort which includes the universal offer and the working parents offer and is well established – represents expected levels of EYPP and deprivation.
- 2 year olds - £1.00 per hour – to start with the majority of this cohort will be eligible for EYPP and disadvantaged supplement. Therefore funding at the higher rate would be unaffordable as it would reduce the basic hourly rate (for non-deprived children) by too much. We will monitor take-up carefully over this year and adjust deprivation funding according to take-up for future years.
- Under 2 year olds – £1.00 per hour – there are likely to be fewer children who meet the criteria in this age group as eligibility is related to working status.

Free School Meals Funding

Free school meals funding for eligible children in state-maintained nursery schools/classes will continue and can be accessed when a child accesses funded entitlement at a maintained nursery before and after the lunch period. We propose to continue with this approach.

The supplement in lieu of the former teacher pay and pension costs will continue for maintained providers for 3-4 year olds only and stay at 27p/hr.