

**NORTH YORKSHIRE SCHOOLS
FORUM**

Date of meeting:	Thursday 21 September 2023
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 following areas:</p> <ul style="list-style-type: none"> • An update on the DfE Early Years Supplementary Grant and the operation of the Grant within North Yorkshire for the period September 2023 to March 2024, as approved by the North Yorkshire Council Executive on 22 August 2023. • An overview of the DfE “Early years funding – extension of the entitlements” consultation and the consultation response provided by North Yorkshire Council.
Budget / Risk implications:	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 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.
Recommendations:	<p>The North Yorkshire Schools Forum is asked:</p> <ul style="list-style-type: none"> • To note the operation of the DfE Early Years Supplementary Grant within North Yorkshire for the period September 2023 to March 2024, as approved by the North Yorkshire Council Executive on 22 August 2023. • To note the DfE “Early years funding – extension of the entitlements” consultation and the response provided by North Yorkshire Council.
Voting Requirements	N/A
Appendices:	Appendix 1 – North Yorkshire Council response to the DfE consultation “Early years funding – extension of the entitlements”.
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1.0 PURPOSE OF THE REPORT

1.1. This report considers the following areas:

- An update on the DfE Early Years Supplementary Grant and the operation of the Grant within North Yorkshire for the period September 2023 to March 2024.
- An overview of the DfE “Early years funding – extension of the entitlements” consultation and the consultation response provided by North Yorkshire Council.

2.0 BACKGROUND

2.1 In the Spring 2023 Budget, the Government announced planned funding increases, nationally, for early years provision for 3 and 4-year-olds (universal and extended entitlement) and disadvantaged 2-year-olds of £208m from September 2023 and a further £288m for 2024/25. The funding increases are in addition to the previous settlements for this period. The DfE indicated that further information on the funding increase for September 2023 would be published before the summer break. On the 7 July 2023, the DfE announced that the additional funding would be provided through the Early Years Supplementary Grant (EYSG) which would operate for the period 1 September 2023 to 31 March 2024. The DfE announcement provided details of the hourly funding rates payable to each local authority and guidance on how the DfE expect the grant to be utilised. However, at that stage, the DfE indicated that the grant conditions and the actual grant allocations for each local authority would not be published until September 2023. The 2024/25 additional funding will be included within the 2024/25 Early Years block of the Dedicated School Grant (DSG) funding allocation.

2.2 In the Spring 2023 Budget, the Government also announced significant reform of funded childcare whereby from April 2024, working parents of 2-year-olds will be able to access 15 hours of funded childcare per week for 38 weeks of the year from the term after their child’s 2nd birthday. This will be extended to working parents of 9 month to 3-year-olds from September 2024. From September 2025, all working parents of children aged 9 months up to 3 years will be able to access 30 hours of funded childcare per week. In response to the childcare reforms, the DfE are proposing a new funding formula for the distribution of entitlements funding for 2-year-olds and under from April 2024. The proposed new funding formula is presented in the DfE consultation “Early years funding – extension of the entitlements” which was launched on 21 July 2023, with the consultation period closure on 8 September 2023.

3.0 EARLY YEARS SUPPLEMENTARY GRANT

3.1 The DfE have confirmed the following additional funding hourly rates will be paid to North Yorkshire Council through the EYSG which will operate for the period 1 September to 31 March 2024:

	Early Years Supplementary Grant
Disadvantaged 2-Year-Olds	£1.85 / hour
3 & 4-Year Olds (Universal & Extended Entitlement)	£0.33 / hour
Early Years Pupil Premium	£0.04 / hour
Disability Access Funding	£53 / eligible child (£30.92 part year)
Maintained Nursery School Supplementary Grant	£0.21 / hour

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- 3.2 The effective combined early years funding rates received by the local authority from the DfE after receipt of the EYSG are as follows:

	Effective Combined Local Authority Early Years Funding Rates	
	North Yorkshire	<i>National Average</i>
Disadvantaged 2-Year-Olds	£7.55 / hour	£7.95 / hour
3 & 4-Year Olds (Universal & Extended Entitlement)	£5.20 / hour*	£5.62 / hour
Early Years Pupil Premium	£0.66 / hour	£0.66 / hour
Disability Access Funding	£881 / eligible child	£881 / <i>eligible child</i>
Maintained Nursery School Supplementary Grant	£4.01 / hour*	£4.63 / hour

*North Yorkshire Council receives funding at the national floor level

The table provides details of the effective combined national average local authority early years funding levels for comparison to the North Yorkshire local authority early years funding rates. The effective combined local authority early years funding rates received by North Yorkshire for 3 & 4-year-olds and the maintained nursery school supplementary funding grant remain at the national floor level.

- 3.3 The DfE stated that the grant conditions for the EYSG would not be published until September 2023. However, the DfE stated that their intention is that local authorities must pass on the EYSG, in full, to early years providers for each of the funding streams. The Department have also said that, to ensure that payments to providers can be made promptly, local authorities are not required to consult their schools' forum, but local authorities are encouraged to engage appropriately with their early years' providers about the funding amounts from September.
- 3.4 Initial local authority EYSG funding allocations will be based on the early years' hours data recorded on the January 2023 early years, schools and alternative provision censuses. The local authority will receive the EYSG funding initial allocation in September 2023. The DfE intend to make an adjustment to the initial funding received to reflect the actual numbers of children taking up the entitlements as recorded on the January 2024 censuses (as per the arrangement for the adjustment of the Early Years Dedicated Schools Grant (DSG) funding). The funding adjustment will be made to the local authority's funding payments in Summer 2024.
- 3.5 For the 2024/25 financial year, the additional £288 million will be allocated to local authorities through the Early Years' DSG. The local authority early years hourly funding rates for the 2024/25 financial year will be announced by the DfE through the annual DSG funding announcement in late Autumn 2023.
- 3.6 The EYSG grant conditions were received on 1 September 2023 and reflect the guidance previously provided by the DfE.
- 4.0 OPERATION OF THE EARLY YEARS SUPPLEMENTARY GRANT WITHIN NORTH YORKSHIRE

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- 4.1 Based on the funding information released by the DfE in respect of the EYSG to date, the local authority estimates the value of the initial grant funding to be approx. £1.8m; this amount will be subject to adjustment to reflect the early years hours recorded on the January 2024 pupil census.
- 4.2 In their guidance on the EYSG, the DfE have stated that local authorities must pass on, in full, the grant funding to early years providers. It is expected that the grant conditions, once published, will explicitly state this requirement. In this regard, NYC will pay the EYSG as follows through the payments made to early years providers for the period September 2023 to March 2024:

	Early Years Supplementary Grant	<i>Current 2023/34 NYC Early Years Provider Funding Rate</i>	<i>Effective Combined NYC Early Years Provider Funding Rate</i>
Disadvantaged 2-Year-Olds	£1.85 / hour	£5.64 / hour	£7.49 / hour
3 & 4-Year Olds (Universal Extended Entitlement)	£0.33 / hour	£4.57 / hour	£4.90 / hour
Early Years Pupil Premium	£0.04 / hour	£0.62 / hour	£0.66 / hour
Disability Access Funding	£30.92* / eligible child	£828 / eligible child	£858.92 / eligible child
Maintained Nursery School Supplementary Grant (3 & 4-year-old universal hours only)	£0.21 / hour	£3.80 / hour	£4.01 / hour

*Part year funding allocation for September 2023 to March 2024

- 4.3 The stated expectation of the DfE is that local authorities seek to promptly start paying the grant funding in the Autumn 2023 term. The profile and the publicity associated with the announcement of the Early Years Supplementary Grant has also created this expectation within the early years sector. On the 22 August 2023, the North Yorkshire Council Executive provided approval for NYC to commence the payment of the additional grant to the early years sector through the monthly payment made to early years providers in September 2023, in advance of the receipt of the grant funding conditions. This aligns with the approach adopted by the majority of other local authorities in the Yorkshire & Humber region.
- 4.4 The Early Years Supplementary Grant funding paid to providers will be based on the hours claimed through the Autumn 2023 and Spring 2024 termly headcount submissions. The final Early Years Supplementary Grant funding allocation to the local authority will be based on the January 2024 early years' census data and will provide funding for a 7-month period. The DfE use this methodology to provide an average funding level across the two terms. The final overall position of the grant funding compared to the payments made to providers may result in a small under or overspend on the funding allocation. It is expected that the grant conditions will specify how any variance is managed. The local authority does retain an Early Years DSG Reserve contingency which could be utilised in the event of an overspend position on the EYSG as at 31 March 2024.

5.0 DFE CONSULTATION “EARLY YEARS FUNDING – EXTENSION OF THE ENTITLEMENTS”

5.1 On the 21 July 2023, the DfE launched the consultation “Early Years Funding – Extension of The Entitlements” in response to the Government’s expansion of funded childcare for working parents as follows:

- From April 2024, working parents of 2-year-olds will be able to access 15 hours of free childcare per week (38 weeks a year);
- From September 2024 this will be 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).

The consultation sets out the DfE’s proposed approach for funding local authorities for the new entitlements and the establishment of new local funding rules which local authorities must follow in setting their local early years funding formulae.

5.2 The consultation confirms that local authorities will continue to receive the funding for the extended entitlements and will continue to manage the distribution of the funding to providers offering the entitlements. The process for parents claiming the entitlements will be the same as under the current system, with eligibility checks processed through HMRC. Parents will remain able to check what childcare support they are entitled to via the Childcare Choices website

5.3 A summary of the consultation proposals is detailed below:

a. New national funding formula

The DfE propose the implementation of a new national funding formula to calculate funding rates for children aged 9 months up to (and including) 2 years, regardless of which entitlement they are accessing (the existing 2-year-old disadvantaged entitlement, or the new entitlements). The rates will vary by age, with higher rates for the younger age group reflecting the difference in costs, particularly due to differences in staffing ratio requirements. The new formula will feature:

- a universal base rate of funding for each child (89.5% of funding)
- additional needs factor (10.5% of funding), based on proxy measures of Free School Meals (nursery and primary school children), Income Deprivation Affecting Children Index (IDACI), English as an Additional Language (EAL) and Disability Living Allowance (DLA).
- an area cost adjustment applied as a multiplier to reflect variations in costs across England; based on General Labour Market (GLM) (2013/14) measure (80% weighting), nursery and infant primary rates cost adjustment (NIPRCA) to reflect premises costs (10% weighting), the remaining 10% of costs are assumed not to vary from authority to authority

b. Other funding streams

Disability Access Fund (DAF): DfE are proposing to extend DAF eligibility so that, from 2024/25, children accessing any of the funded entitlements (i.e. aged 9 months up to 4 years old) will be eligible for this funding if they are in receipt of DLA.

Early Years Pupil Premium (EYPP): DfE are proposing to extend EYPP eligibility to all children accessing the funded entitlements from April 2024.

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c. Impact of proposals

The DfE have provided illustrative 2024/25 local authority funding rates and allocations for the entitlements for 2-year-olds and under as follows:

- 2-year-olds: national average funding rate £8.17. Funding rate range £6.89 to £11.86.
- 9-month up to 2-year-old: national average funding rate £11.06. Funding rate range £9.33 to £16.17.

The funding rates, calculated using a new funding formula, are for a new working parent entitlement for under 2s, and for a new mixed cohort of the disadvantaged 2-year-old entitlement and the new working parent entitlement for 2-year-olds. The DfE consider that there is no baseline against which the funding rates can be compared, and no funding protection arrangements are proposed to be applicable for 2024/25.

d. Local authority funding formulae for childcare entitlements

The DfE propose that the existing framework that local authorities are required to comply with for the distribution of 3- & 4-year-old funding should be extended to the funding streams for 2-year-olds and under. The proposed key features are as follows:

- Universal Base Rate - LAs must set a universal base rate of funding for all providers, regardless of type.
- Pass Through Rate - In order to provide some certainty, and ensure that vital local authority central services such as SEND services and eligibility checking continue, DfE propose to maintain the pass through rate for each funding stream at 95% from 2024/25. However, given the increases in the quantum of funding in the early years block as the new entitlements are implemented, the DfE indicate that the pass through rate will be increased to 97% once the roll-out of the new entitlements is sufficiently progressed.
- The DfE will continue to have a policy of considering requests from local authorities to dis-apply the pass-through rate where the stated exceptional circumstance conditions are met.

e. Supplements

The DfE propose that LAs should be allowed to use their discretion to apply the same supplements, as those currently available for 3 & 4-year-olds, to the hourly rates for the new entitlements and existing entitlement for disadvantaged 2-year-olds. The supplements are as follows:

- Deprivation (mandatory): Local authorities must use this supplement to recognise deprivation in their areas and support children in those areas in taking up the early years' entitlements
- Flexibility: to support providers offering flexible provision for parents – e.g. out of hours / wraparound;
- Rurality / Sparsity: to enable local authorities to support providers serving rural areas less likely to benefit from economies of scale;
- Quality: to support workforce qualifications or system leadership;
- English as an additional language: to recognise differences in attainment in the Early Years Foundation Stage between children whose first language is English, and those who have English as an additional language (EAL)

As per the current arrangements, LAs will determine the size and eligibility for supplements, in line with locally determined criteria, and supplements will be capped at 12% of planned funding for providers for each entitlement in 2024/25.

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f) Special Educational Needs Inclusion Fund (SENIF)

The DfE propose that local authorities should have a SENIF for children aged 9 months to 2-years-old who are taking up the funded entitlements, as per the current requirement for local authorities to have a SENIF for all 3-and-4-year-olds with special educational needs who are taking up the funded entitlements. Where funded through the early years block, the SENIF is counted as part of the pass-through rate where the funding is paid to providers.

g) Local consultation on early years budgets

LAs will be required to consult with their Schools Forum, maintained schools and early years providers on their formulae for the new entitlements in 2024/25. The normal annual timetable for consultation and publication of planned budgets will apply.

h) Monitoring compliance

The DfE will continue to monitor local authorities' compliance with all local funding rules through annual s251 returns.

- 5.4 The DfE consultation "Early Years Funding – Extension of The Entitlements" was launched on 21 July 2023 and closes on 8 September 2023. The consultation can be found at: [Early years funding - extension of the entitlements - Department for Education - Citizen Space](#)

6.0 IMPACT OF CONSULTATION PROPOSALS ON FUNDING FOR NORTH YORKSHIRE COUNCIL

- 6.1 The impact of the DfE "Early Years Funding – Extension of The Entitlements" consultation proposals have been analysed and considered in the context of the North Yorkshire local authority funding levels and the associated funding levels for the early years sector within North Yorkshire. The illustrative funding rates for North Yorkshire are detailed in the table below:

	April 2023 NYC LA Early Years Funding Rate £ / hour	Sept 2023 NYC LA Early Years Funding Rate £ / hour	April 2024 NYC LA Early Years Funding Rate £ / hour	Sept 2024 NYC LA Early Years Funding Rate £ / hour	Sept 2024 <i>National Average Years Funding Rate £ / hour</i>
2-Year-Olds	£5.70	£7.55	£7.35	£7.35	£8.17
Under 2-Year-Olds	N/A	N/A	N/A	£9.97	£11.06

- 6.2 A summary of the local authority findings from the analysis undertaken and the associated concerns is detailed below:

- a) The local authority is concerned that there will be a reduction in the North Yorkshire funding rate received for 2-year-olds between the September 2023 effective combined local authority funding rate of £7.55 per hour and the April 2024 illustrative funding rate of £7.35 per hour. This reduction is likely to be further compounded for early years provider base rate funding level after the mandatory

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deprivation funding supplement has been accounted for, alongside funding requirements for the provision of a SENIF and local authority centrally managed early years' service provision. The DfE are proposing no funding protection arrangements in respect of mitigating this reduction.

- b) The local authority is concerned about the continued lack of recognition in the early years national funding formula for the additional cost pressures associated the delivery of early years provision in rural and sparsely populated areas. This approach is at odds with that taken within the school national funding formula.
- c) Continued concern on the low levels of early years funding received in North Yorkshire compared to national average funding levels. The impact of the proposed new funding formula for 2-year-olds is of particular concern where in September 2023 the NYC effective combined local authority funding level is ranked 88th lowest out of 151 local authorities; in April 2024, under the proposed new formula, the illustrative NYC local authority 2-year-old funding rate is ranked 142nd lowest out of 151 local authorities. The illustrative under 2-year-old funding rate (£9.97) for NYC is also ranked 142nd lowest out of 151 local authorities and the current 3 & 4-year old funding rate is at national floor level. For comparison, the 2024/25 primary school funding level for North Yorkshire is ranked 34th lowest out of 151 local authorities.
- d) Concerns about the apparent lack of additional funding recognition, especially in those local authorities in receipt low levels of both early years and high needs funding, to appropriately resource the SENIF requirement. The consultation proposals appear to lack recognition of the significant national disparity in individual local authority funding levels and the affordability of proposals against the background of the financial pressures faced by the early years sector and by local authorities in both the early years and high needs budgets.
- e) The timing of the consultation is concerning as there has been very limited opportunity over the summer school holiday period to discuss local findings and implications with the early years sector and the schools' forum.

6.3 The North Yorkshire Council response to the DfE “Early Years Funding – Extension of The Entitlements” is provided in Appendix 1.

7.0 RECOMMENDATIONS

7.1 The North Yorkshire Schools Forum is asked:

- i. The operation of the Early Years Supplementary Grant within North Yorkshire for the period September 2023 to March 2024, as approved by the North Yorkshire Council Executive on 22 August 2023.
- ii. To note the DfE “Early years funding – extension of the entitlements” consultation and the response provided by North Yorkshire Council.

STUART CARLTON

Corporate Director – Children and Young People's Service

DfE 2024/25 Early Years Funding Consultation

Section 1 National funding distribution for the entitlements for 2-year-olds and under

Question 1: Do you agree that we should introduce IDACI as a new proxy, and use it alongside FSM as a basket of measures for deprivation in the additional needs factor in the new national funding formula for 9-month-olds to 2-year-olds?

Yes.

The use of IDACI provides a wider measure of deprivation than purely the use of FSM. The recognition of deprivation related to low income working households is important in a large, diversely socio-economic, rural local authority area.

Question 2: Do you agree that we should continue to use EAL and DLA as proxies in the additional needs factor in the new funding formula?

Yes

Question 3: Do you agree with our proposed approach to the area cost adjustment in the new national funding formula?

No.

The area cost adjustment should be widened to recognise the additional cost pressures and limited economies of scale achievable by early years provision operating in sparsely populated rural areas. The School NFF provides additional funding for small rural schools in recognition of the necessity of this provision to the rural communities served and the additional cost pressures faced by these establishments, which are simply small due to their location rather than unpopularity. The same recognition should be provided in the EYNFF of the challenges of delivering early years provision in rural areas. Families living in rural areas have the same equal rights as their urban counterparts “to high quality, affordable childcare – both to help children to learn in their earliest years and to support parents to continue working”.

The 2013/14 General Labour Market data is outdated and does not reflect the national minimum wage increases which have significantly narrowed regional disparity in pay levels within the early years sector which generally, out of financial necessity, employs lower paid staff. This is identified in the Social Mobility Commission’s research report “The stability of the early years workforce in England – An examination of national, regional and organisation barriers” (August 2020).

Question 4: Overall, do you agree with our proposed approach of following the same structure and weightings for the new national funding formula as in the existing 3-and-4-year-old formula?

No

The 3 & 4-year-old early years national funding formula is fundamentally flawed in terms of the lack of recognition of the additional cost pressures of providing early years education and childcare in sparsely populated rural areas. The continuation of this approach in the expansion of funded early years provision for younger children significantly threatens the future of childcare in rural areas and

jeopardises the ability of working families in these areas to access local, affordable childcare with the associated benefits for the rural economy and tackling labour shortages in rural industries.

Question 5: Do you agree that we should extend DAF eligibility to all children accessing the entitlements from April 2024?

Yes

Question 6: Do you agree that we should extend EYPP eligibility to all children accessing a free childcare entitlement from April 2024?

Yes

Section 2: Impact of proposals

Question 7: Do you agree with this approach?

No

In determining the funding levels and distribution methodology for the 2023/24 EYSG, DfE have created an expectation of the funding levels that early years' providers will receive from April 2024. For around 40 LAs (typically serving rural populations), the 2024/25 illustrative funding rate for 2-year-olds is reduced by up to 5.36% compared to the September 2023 rate. Undoubtedly, this will not be well received by the early years' providers in these areas, especially when viewed against the continuing impact of pay rises, inflation, and labour market pressures. It is difficult to understand Government rationale of delivering a funding reduction for the launch of their flagship policy to revolutionise childcare.

It is incomprehensible that DfE is considering delivering such a "roller-coaster" funding situation to a sector, already widely recognised as experiencing significant operating pressures, which is fundamental to the delivery of this national transformational policy change. In undertaking funding policy changes, DfE have consistently provided funding protection where a detrimental impact on previous funding levels has been experienced. The rationale that there is no baseline to which the 2 year-old funding rate can be compared to is disingenuous and at odds with the approach previously taken by DfE on EYNFF.

Section 3: Local authority funding formulae for childcare entitlements

Question 8: Do you agree a pass-through rate of 95% should be applied to each funding stream in 2024-25: the 3-and-4-year-old universal and 30 hours offer; the 2-year-old disadvantaged and working parent offers; and the 9 month to two year old offer?

Yes

LAs will be required to deliver a significant amount of additional work to support the Government's expansion of funded childcare; this needs to be appropriately funded and resourced. LAs have statutory duties under Childcare Act 2006 Sections 6, 7, 12 and 13 around sufficiency of places and information duties. The Impact of additional work in preparation of the expanded offer will put additional strain on LA early years teams who have reduced resources and capacity because of previous government cuts to LA funding. Whilst the proposed pass-through rate and associated provision of funding to the local authority is supported, the effective top-slice of the provider

funding level for 2-year-olds when set against the mandated Government requirements on the payment of the Early Years Supplementary Grant will mean a reduction in this funding rate for providers from April 2024. This position is further accentuated for providers in those local authorities where the 2024/25 2-year-old funding rate is likely to be less than the September 2023 effective local authority combined funding rate. Again, a difficult message for early years providers to understand when they are being required to deliver such a transformational national policy against a background of major operational cost pressures.

Question 9: Do you agree that the same list of allowable supplements should be applied to every entitlement funding stream, capped at a maximum 12 percent of planned funding for that entitlement?

Yes

The principle of local authorities having the flexibility to target funding, through the use of supplements, to the areas of need is supported. However, the reality is that for local authorities with the lowest funding rates it is difficult to utilise this funding flexibility as the funding requirement would result in the provision of a financially unsustainable overall base rate funding level for all providers.

Question 10: Do you agree that the deprivation supplement should be mandatory for every entitlement funding stream?

Yes

The mandatory use of the deprivation supplement to support providers with the additional costs of delivering funded provision in areas of disadvantage is supported. However, the effective top-slice of the provider funding level for 2-year-olds to fund the deprivation funding supplement means a further reduction in base funding rates for providers from April 2024 when set against the September 2023 effective local authority combined funding rate. This position is further accentuated for providers in those local authorities where the 2024/25 2-year-old funding rate is likely to be less than the September 2023 rate. As previously stated, a difficult message for early years providers to understand when they are being required to deliver such a transformational national policy against a background of major operational cost pressures.

Whilst DfE are considering the provision of additional support for children to take up childcare in deprived areas, consideration needs to be given to the inter-relationship between the expansion of childcare for working families' policy and eligibility criteria for disadvantaged 2-year-old entitlement. It needs to be ensured that there are no unintended gaps in household income eligibility thresholds in the respective policies resulting in some low-income families being unable to access 2-year-old childcare entitlement.

Question 11: 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?

Yes

The principle of local authorities establishing special educational needs inclusion fund (SENIF) for children aged 9 months to 2-years-old who are taking up funded entitlements is supported. However, the management and administration of the funding will place significant additional administrative burden on local authority services. All applications will require processing, assessment by specialists and funding where appropriate; robust LA processes must be in place which are monitored, quality assured and have clear guidelines in terms of eligibility/ criteria and are delivered in a timely way. The funding requirement and pressures associated with the operation of a SENIF should not be underestimated and needs to be recognised, particularly in respect of those local authorities that receive low levels of both early years and high needs funding, when compared to national averages, yet have average or above average levels of children assessed as requiring additional SEND support.

Question 12: 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?

It would be beneficial for clear process guidance and templates to be provided, which are used nationally to prevent a postcode lottery and ensure that any pupil movement across authorities does not hinder processes. Any additional SENIF processes need to have recognition of national staffing shortages, high levels of staff turnover, and staff capacities within the early years sector

Question 13: Would local authorities and providers find it helpful for the Department to be more prescriptive about the operation of local SENIFs?

Unsure

The Department need to recognise that any prescription must be appropriately funded. Any requirements must have recognition of the significant national disparity in individual local authority high needs and early years funding levels. There must be regard to affordability against a background of the financial pressures faced by the early years sector and by local authorities in both the early years and high needs budgets.

Section 4: Equalities Impact Assessment

Question 14: Do you have any comments about the potential impact, both positive and negative, of our proposals on individuals on the basis of their protected characteristics? Where any negative impacts have been identified, do you know how these might be mitigated?

Lack of recognition in the EYNFF of the additional cost pressures of providing early years education and childcare in sparsely populated rural areas has equalities implications. Unless appropriately funded, the expansion of funded childcare policy development threatens the future of childcare in rural areas and the ability of parents, especially those with children with SEND, to access local, high quality early years provision; this equalities risk must be identified and considered. This risk is recognised in the LGA & ISOS Partnership Research: Nursery Closures - Research on the nature, impact and drivers of nursery closures in England (July 2023) *“Reasonable stability in the number of settings and places at the national level masks substantial local variation, with closures heavily*

impacting some areas, differences by provider type and signs of an overall worsening trend. And, whilst it is not immediately evident from geographical patterns of closures, the impacts are likely more pronounced for lower income families and communities due to weaker local starting points in terms of sufficiency, the types of setting affected and the lack of alternative options for those families. Those in rural areas or where children have emerging SEN or complex needs are particularly vulnerable. “

Question 15: Are there any other comments that you would like to make about our proposals set out in this consultation?

The proposed EYNFF reforms give no recognition of the pressures of operating early years’ provision in large, sparsely populated rural areas. DfE recognise the necessity, importance and additional cost pressures of small schools operating in rural communities through additional funding provision in the School NFF. The lack of this recognition in the EYNFF risks the sustainability of rural childcare provision and the ability of working families living in rural areas to access local, high quality, affordable childcare.

DfE have created significant expectation within the early years sector of the funding rates associated with the expansion of funded childcare. The quoting of average national funding rates is unhelpful when over 60% of LAs are receiving rates of up to 15.6% less than the averages quoted. Base provider funding rates will be further impacted by supplement, SENIF and LA central service funding requirements; DfE fail to mention this in their headline announcements, leaving LAs to deliver the difficult funding messages to the early years sector. This challenge is further accentuated for LAs facing a reduced 2-year-old funding rate for 2024/25. There appears to be a significant and disappointing gap between DfE rhetoric and funding reality for many in the early years sector!