

Committee:	Schools Forum
Meeting Date:	9 January 2025
Title:	Early Years Funding Rates for 2025-26
Author:	Christina Lewis, Head of Service – Early Years & Childcare
Decision making / consultative / information:	Decision making
Who can vote?	All members with voting rights

What is the Forum being asked to decide?

1. The funding rates for the early education entitlements (existing and expansion) for 2025-26
2. The agreed rates will be implemented, in April 2024. The entitlements are being extended to include up to 30 hours a week for children from 9 months from with working parents from September 2025 and the rate agreed for 15 hours currently for these children will be applied to the expanded offer in the autumn term.

Reason for recommendation

3. The DfE have published the amounts Local Authorities will receive. SCC needs to establish what the rates for the providers will be and to publish the revised rates by 28 February 2025, to enable providers to plan for the new financial year.
4. The model being recommended ensures that early year's providers receive the maximum available in the hourly rate and that SCC retains enough to meet their statutory duties.

Alternative options

5. SCC retains a higher percentage, which is permissible, to expand its offer to providers. However, this would result in less being passed through to the providers.
6. More supplements are introduced which will distribute the available funding in a different way. Some providers would benefit others would be disadvantaged. This will also increase the administrative burden on the LA.

Who will be affected by this decision?

7. All early years providers who offer the early education funded entitlements
8. Suffolk County Council

Main body of the Report

9. The early years & childcare providers consultative forum have been consulted with and they unanimously support the proposal being put forward. However, as in previous years, they remain disappointed with the rates available especially as the DfE tend to quote the average rates and in Suffolk we are funded below average.

10. The proposed funding rates are:

Total hourly rate 3+	5.72
Deprivation (2.2%)	13p
SEND (0.5%)	3p
LA retained (2.75%)	16p
Providers hourly rate (94.55%)	5.40 increased from 5.21
Total hourly rate 2s	7.95
Deprivation (1.6%)	13p
SEND (0.4%)	3p
LA retained (2.75%)	22p
Providers hourly rate (95.25%)	7.57 increased from 7.38
Total hourly rate under 2	10.78
Deprivation (1.2%)	13p
SEND (0.3%)	3p
LA retained (2.75%)	30p
Providers hourly rate (95.65%)	10.32 increased from 10.08

11. The key points to note are:

- Providers feel that the 3+ rate is too low but the DfE allocation is made in the age bands and the LA does not have the ability to redistribute the funding across the age bandings.
- SCC currently retains 3% of the funding rates. In this model SCC will retain 2.75%. The LA is allowed to retain 4% but, as we now retain a percentage of all funded offers, this seems equitable and will enable us to have capacity to meet our statutory duties. This is an assumption as we do not know yet what take up rates will be for the extended entitlement being introduced in September.

- We could have 2 different rates for 2 year olds. One for those who are eligible due to their poor economic circumstances, being a child in need or having a disability. Another for those eligible for the working parent entitlement. This proposal has 1 hourly funding rate with a supplement for deprivation which will benefit children who are eligible due to their poor economic circumstances. This will also be easier to administer enabling us to keep the retained element low.
- All funded offers will have deprivation and inclusion supplements. The monetary amount for these will remain consistent across the funding rates so represent a different percentage for each.
- All funded age ranges will be eligible for Disability Access fund (DAF) and EYPP in addition to the funding available above.
- For your information: DAF & EYPP are paid in addition to the funded entitlements and are not taken from the hourly rate. The amount for EYPP is increasing from 68p to £1. The amount for DAF is increasing to £938, however we currently pay £1,000 and will be increasing this to £1,250.
- Early years surplus.

Due to the way in which the DfE reconciles LA funding for the early years entitlements, there is always a final figure available in the summer for the previous financial year. We need to retain any surplus until this reconciliation is complete as the DfE could request a claw back. We now have the final outturn for last year and a £300K surplus was identified. As, in previous years, this will be distributed to providers.