

## Determination of FEEE rates 2024/25

Date: February 2024

Report of: Lead for Admissions and Family Information Service

Report to: Director of Children and Families

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

- The local authority receives annual funding via the DSG Early Years Block for the Funded Early Education Entitlement (FEEE). For 2024/25, FEEE consists of the existing early years entitlements, for 3 and 4-year-olds and disadvantaged 2-year-olds, and the new working parent entitlements for children aged 2 years old, from April 2024, and 9 months and above, from September 2024.
- The local authority has consulted with providers and Schools Forum on the proposed rates for 2024/25 and this report sets out the recommended rates taking into account the consultation responses.
- Schools Forum have agreed the proposed allocation of the centrally retained element of the 3 & 4-year-olds funding.

## Recommendations

- a) The Director of Children & Families is recommended to approve the breakdown of the Funded Early Education Entitlement for eligible children aged 9 – 23 months (from September 2024) as follows:

£10.67 base rate paid to all providers (new for 2024/25)  
£ 0.32 centrally retained services (new for 2024/25)  
£ 0.10 deprivation supplement (new for 2024/25)  
£ 0.09 SENDIF (new for 2024/25)  
**£11.18** funding allocated to the local authority from the DfE

- b) The Director of Children & Families is recommended to approve the breakdown of the Funded Early Education Entitlement for eligible children aged 2 years old (from April 2024) as follows:

£ 7.78 base rate paid to all providers (up £1.91 from April 2023)  
£ 0.24 centrally retained services (new for 2024/25)  
£ 0.10 deprivation supplement (new for 2024/25)  
£ 0.09 SENDIF (new for 2024/25)  
**£ 8.21** funding allocated to the local authority from the DfE

- c) The Director of Children & Families is recommended to approve the breakdown of the Funded Early Education Entitlement for 3 and 4-year-olds (from April 2024) as follows:

£ 5.20 base rate paid to all providers (up £0.28 from April 2023)  
£ 0.22 centrally retained services (increase of 2p from 2023/24)  
£ 0.19 deprivation supplement (no change from 2023/24)  
£ 0.09 SENDIF (increase of 4p from 2023/24)  
+£ 0.08 uplift from LA to providers  
**£ 5.62** funding allocated to the local authority from the DfE

- d) The Director of Children and Families is recommended to approve the increase of the SENDIF supplement from a maximum of £1,800 per year to £2,088 for a child attending 15 hours and from £3,600 to £4,176 for a child attending 30 hours.

### **What is this report about?**

- 1 Each year the Director of Children and Families is required to determine the local formula for distributing the DfE Early Years Block Funded Early Education Entitlement (FEEE) funding. This report and appendix outline the proposals, consultation outcomes and recommended rates to be paid to childcare providers during the financial year 2024/25.
- 2 As in previous years, the allocation for FEEE in 2024/25 will be paid to Leeds City Council by the DfE based on the per pupil per hour rates, confirmed in December 2023, allocated to the authority according to census returns.
- 3 All types of childcare provider in the Local Authority area (Childminders, Private, Voluntary, Independent, School and Little Owls) will receive the same rates as per the formulae set out in this paper, to ensure fairness across the sector.
- 4 The recommendations consider feedback from providers and Schools Forum.

### **What impact will this proposal have?**

- 5 Providers will access the funding rates detailed earlier in this report, which are based on the local authority's aim to balance the wish to maximise base funding rates for providers and the need to help children with greater needs, whilst offering support services to the early years providers.

### **How does this proposal impact the three pillars of the Best City Ambition?**

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 6 The Local Authority is responsible for ensuring that sufficient places are available for children aged 9 months to 4-year-olds for those families who choose to take up their free early education entitlement. The funding rates are one way of the LA supporting providers to ensure that they can continue to offer places under the FEEE programme in all areas across the city.
- 7 Widespread access to funded early education places supports children and families to have their best start in life, supporting school readiness and engagement in early learning and development opportunities.

### **What consultation and engagement has taken place?**

- 8 A consultation on the proposed local funding formula commenced for providers on 8<sup>th</sup> January 2024. The consultation was sent to all registered childcare providers in Leeds, setting out proposals for the FEEE rates that would come into force from April 2024. The consultation closed on 4<sup>th</sup> February 2024. The responses were reviewed and considered prior to determination of the funding arrangements, which is a decision taken by the Director of Children and Families.
- 9 On the whole, respondents were positive about the funding formula proposed in the consultation. Several providers expressed that they felt the DfE's rates for all age ranges should be more consistent to prevent providers opting to offer certain age ranges only, and to prevent parents from having a significant increase in fees as their child gets older. The consultation responses also raised concerns about closures of settings due to financial difficulties impacted by NI

contribution increases, minimum wage and national living wage increases, increases in utility and food bills, reintroduction of business rates and increases in agency costs.

Wards affected:

Have ward members been consulted?       Yes  No

### **What are the resource implications?**

- 10 The DfE will allocate the DSG Early Years Block funding to the local authority using the national Early Years funding formulae, based on census information.
- 11 The DSG grant income for 24/25 will only be confirmed in July 2025 following those January 2024 and January 2025 censuses. The early years block value is therefore currently projected based on previous allocations and patterns of take-up.

### **What are the key risks and how are they being managed?**

- 12 The allocation of funding from DfE to the Local Authority for 2024/25 is based on the January 2024 census and the January 2025 census, which means the budget is projected and is always at risk of being over or understated. The projection is informed by population projections, historical claim patterns and early January 2024 census indications.
- 13 There is a risk that in anticipating the ongoing funding surplus and proposing that this is included in the local formula, this will lead to an overspend on the EY (Early Years) block funding and removes the option of offsetting overspends on other elements of the DSG. We do recognise the concern that the surplus may not arise has been held for over five years and has never yet been realised.
- 14 With the introduction of the extended entitlements this year, the local authority is also holding a contingency for unforeseen circumstances.

### **What are the legal implications?**

- 15 The funding regulations require that at least 95% of the DfE hourly funding is passed through to childcare providers. The LCC (Leeds City Council) rates and arrangements for the use of this funding aim to pass through to childcare providers 97.1% of the hourly rate per pupil funding received for 9-months-2-year-olds, and 96.1% of the hourly rate per pupil funding received for 3 and 4-year-olds.
- 16 The Local Authority is required by law to inform the DfE of the locally agreed funding rates for 2, 3 and 4-year-old places and to ensure this is a universal base rate for all types of providers. Leeds City Council has been meeting this requirement since 2017.

### **Options, timescales and measuring success**

#### **What other options were considered?**

- 17 Consideration was given to both a higher or lower proportion of the allocated funding to be used for the deprivation and SENDIF supplements. As mentioned earlier in the report, the final proposal was made considering the wishes to maximise base funding rates for providers and the need to help children with greater needs, whilst offering support services to the early years providers.

#### **How will success be measured?**

- 18 One measure of success can be taken from the responses to the consultation, the majority of which were positive with regards to the proposed, rates and supplements. Some providers did offer feedback that funding from the DfE is insufficient when considering the rising cost of living, particularly for the 3 & 4 year old cohort.

## **What is the timetable and who will be responsible for implementation?**

19 The first payments will be made to providers from 1 April based on the 2024/25 rates.

### **Appendices**

- Appendix 1: Overview and background.
- Appendix 2: EDCI Screening

### **Background papers**

- None.