

## Appendix A: Background to determined FEEE Arrangements 2024/25

- 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.
- Last year's entitlements will be extended from April 2024 when eligible working parents of two-year-olds will be able to access 15 hours of free childcare. From September 2024, 15 hours of free childcare will be extended down to the age of nine months for eligible working parents. Working parents who individually earn more than £15,400 (from April 2024) but less than £100,000 per year are eligible. If in a couple, the rules apply to both.
- The local authority has consulted with providers and Schools Forum on the proposed rates for 2024/25 and this paper sets out the recommended rates considering the consultation responses.
- Schools Forum have agreed the proposed allocation of the centrally retained element of the 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.

## Background to the recommendations

1. A consultation with providers commenced 8<sup>th</sup> January 2024. The consultation was sent to all early years' providers in Leeds, setting out proposals for the rates that come into place from April 2024. This consultation closed on 4<sup>th</sup> February 2024. In addition, Schools Forum were asked for their views on the proposed funding rates. The responses were collated and analysed to inform the recommendations.
2. The Early Years (EY) DSG allocation for Leeds is calculated by the DfE under the EY National Funding Formula. For 2024/25, Leeds will receive the following total hourly allocation per eligible child from the DfE for the three age ranges:

3 and 4-year-olds for the universal and additional hours entitlements (from 1 April 2024)	£5.62
Disadvantaged 2-year-olds and eligible working parents of 2-year-olds (from 1 April 2024)	£8.21
9-months-olds up to 2-years for the new working parent entitlement (from 1 September 2024)	£11.18

3. Nationally the Early Years funding is known as the Free Early Education Entitlement. In Leeds, a commitment was made in 2019 to all providers that we would refer to this funding as the Funded Early Education Entitlement, due to local and national concerns that the funding allocated by the DfE does not meet the full cost of the delivery of early education provision.
4. **DSG Income:** 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.
5. The DSG grant income for 2024/25 will only be confirmed in July 2025 following the January 2024 and January 2025 census. The early years block value is therefore projected based on previous allocations and patterns of take-up.
6. **Payments to providers:** Providers will continue to receive monthly payments from the LA (Local Authority). During 2020/21, schools transitioned over to use the provider portal (Synergy) for claiming FEEE funding. Where they only provide data at the headcount point, they receive the single termly payment at the end of the term.
7. All Private, Voluntary, and Independent (PVI) settings are invited to provide an estimate of the number of funded hours they expect to provide over the following term. This generates a monthly payment throughout the term of the 'base rate' hourly funding.
8. Providers are required to confirm child level data which includes all relevant eligibility information at three fixed points in the year (once per term). This 'headcount' data

generates the balancing payment in the final month of the term to ensure the settings have been funded for the number of children attending and the number of hours eligible for funding for that term.

9. The supplement payments (SENDIF and Deprivation Uplift) are paid in one payment to providers at the end of the term based on the child level data returned on 'headcount'.
10. Disability Access Fund (DAF) payments are made to providers based on headcount claims where providers identify that a child is in receipt of Disability Living Allowance (DLA). The DAF allocation for 2024/25 will be £910 per eligible child per year (Up from £828 in 2023/24). The payment is made in the first term that the child is recorded as being in receipt of DLA and covers 3 terms, regardless of the number of hours the child claims.
11. All providers will receive the same funding rates, as identified by the formulae set out in this paper.

### **12. 3 & 4-Year-Old Funding – Universal (15hrs) and Extended (30hrs) Entitlement**

13. At the beginning of the financial year, April 2023, the base rate to providers for 3 & 4-year-olds was £4.92. In September 2023, the rate for 3 & 4-year-olds increased by 12p. This increase was entirely passed through to providers, with no portion of the increase centrally retained by the local authority, as directed by the DfE.
14. The overall rate from the DfE to the local authority has increased by 34p from £5.28 in April 2023 to £5.62 for April 2024. The table below shows the changes and the proposed rates for the coming year:

3&4-year-olds	Total DfE Hourly Allocation to LA	Centrally Retained	Deprivation Supplement	SEN Inclusion Fund (SENDIF)	£0.08 Uplift	Base Funding
April 23 – Aug 23	£5.28	£0.20	£0.19	£0.05	£0.08	£4.92
Sept 23 – March 24	£5.40	£0.20	£0.19	£0.05	£0.08	£5.04
April 24 – March 25	£5.62	£0.22	£0.19	£0.09	£0.08	£5.20

15. As per updated DfE guidance, the local authority can retain up to 5% of the overall Early Years Block for centrally retained services, which are approved by Schools Forum. The local authority is proposing to retain 3.9% of the funding for 3 & 4-year-olds, similar to last year.
16. The proposal is for the deprivation supplement to remain at 19p for the 3 & 4-year-old cohort.
17. The local authority has regularly met with providers over the past year and has continually been informed that special education needs is one of the most significant challenges being

faced across the city. The local authority's proposed rates for 2024/25 includes an increase in the supplement retained for the Special Educational Needs Inclusion Fund (SENDIF) for 3 & 4-year-olds to 9p per hour per child. The increase will address the funding being overspent in previous years and allows for an increase in the SENDIF rates, as detailed in section 7.

18. Further details on centrally retained services and supplements can be found later in this report.
19. **Additional 8p Uplift** - Following the review of expenditure on the Early Years Block in previous years, in 2022/23 and 2023/24 the local authority included an additional £0.08 in the base rate to all providers, to maximise the Early Years Block funding paid out and to minimise the potential for any overall grant surplus at year end. Reflecting on feedback from providers in the consultation and the unpredictability of the take up of places this year, it is proposed that this £0.08 uplift is maintained for 2024/25.
20. **Former Teachers' Pay and Pensions Grant (TPPG)** - To note, as per the DfE: "Local authorities' hourly funding rate for 3 and 4-year-olds in 2024 to 2025 includes funding for teachers' pay and pensions. In 2023 to 2024 we mainstreamed the funding previously distributed through the teachers' pay grant (TPG) and the teachers' pension employer contribution grant (TPECG). In 2024 to 2025, we have also mainstreamed the funding being provided in respect of the September 2023 teachers' pay award, as well as the additional funding to support providers with the costs of employer contributions to the teachers' pension scheme which are due to increase from April 2024."
21. Although providers are not able to charge a top up (the difference between their daily rate and the amount of funding they receive from the DfE) many settings do charge for extras that they offer over and above the EYFS (Early Years Foundation Stage) requirements to ensure the sustainability of provision.
22. Many providers continue to report that the base rate is the most important element of the funding and that this influences their business models, budgeting, planning, and charging policies. This is the amount they can rely on each term as it is not affected by individual children's eligibility in the way that EYPP, Deprivation Uplift, SENDIF and DAF are.
23. Whilst all respondents were positive that the base rate for 3 & 4-year-olds was increasing, most providers felt that the rate for 3 & 4-year-olds is still too low, and that this was making it difficult to provide the number of places and care that they would like to for this age range. There were several providers who either said that their models would be untenable or that they would consider not offering 3 & 4-year-old placements due to the low funding rate. This feedback will be passed on to the DfE.
24. Providers have said increasingly that the funding rate for 3 & 4-year-olds limits the amount they can pay staff, leading to issues with both retention and recruitment of trained staff.
25. **2-Year-Old Funding – Disadvantaged and Eligible Working Parents**
26. At the beginning of the financial year, April 2023, the base rate to providers for 2-year-olds was £5.87. In September 2023, the rate for 2-year-olds increased by £1.91 to £7.78. This

increase was entirely passed through to providers, with no portion of the increase centrally retained by the local authority, as directed by the DfE.

27. From April 2024, the DfE allocation to the local authority will be £8.21 per hour per child for disadvantaged 2-year-olds and eligible working parents of 2-year-olds.
28. The overall rate from the DfE to the local authority has increased by £2.34 from £5.87 in April 2023 to £8.21 for April 2024.
29. The table below provides details of the funding for centrally retained services along with the deprivation supplement and SENDIF which are now within the DfE guidance:

Disadvantaged and eligible working parents (2-year-olds)	Total DfE Hourly Allocation to LA	Centrally Retained	Deprivation Supplement	SEN Inclusion Fund (SENDIF)	Base Funding
April 23 – Aug 23	£5.87	n/a	n/a	n/a	£5.87
Sep 23 – March 24	£7.78	n/a	n/a	n/a	£7.78
Apr 24 – March 25	£8.21	£0.24	£0.10	£0.09	£7.78

30. As per updated DfE guidance, the local authority can retain up to 5% of the overall Early Years Block for centrally retained services, which are approved by Schools Forum. In previous years, for the disadvantaged 2-year-olds, the local authority has not retained a percentage of funding for centrally retained services. With the expansion of the entitlement and the additional responsibilities, the local authority is proposing to retain 2.9% of the funding for 2-year-olds.
31. Also, in consideration of the DfE guidance, the local authority proposes to align the funding formula for 2-year-olds with that of 3 & 4-year-olds through the introduction of a deprivation supplement (10p) and Special Educational Needs Inclusion Fund (SENDIF) (9p). The proposal to introduce a deprivation supplement of 10p rather than the 19p supplement for 3 & 4-year-olds is 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.
32. Further details on centrally retained services and supplements can be found later in this report.
33. Prior to offering a funded 2-year-old place, all providers must ensure that the parent has a valid Eligibility Code (11 digits) or a LCC Early Years Voucher code.
34. Of the consultation responses received, all bar one was positive about the base rates for 2-year-olds. One respondent commented that “The base rate needs to be increased possibly seeing the deprivation reduced as this is not guaranteed to all children, we have ever-growing costs to provide the funding including admin ourselves and with the staffing

crisis across the industry we need as much given to us as possible to enable the funding to be a success in the area”.

35. **Eligible 9–23-month-olds Funding**

36. This funding will commence from September 2024 and will be available to children of eligible working families. The overall rate from the DfE to the local authority will be £11.18 per hour per eligible child.

37. The table below provides details of the funding for centrally retained services along with the deprivation supplement and SENDIF:

Eligible 9–23-month-olds	Total DfE Hourly Allocation to LA	Centrally Retained	Deprivation Supplement	SEN Inclusion Fund (SENDIF)	Base Funding
Sep 24 – March 25	£11.18	£0.32	£0.10	£0.09	£10.67

38. As per updated DfE guidance, the local authority can retain up to 5% of the overall Early Years Block for centrally retained services, which are approved by Schools Forum. As with the 2-year-old funding, the local authority is proposing to retain 2.9% of the funding for 9-month to 23-month-olds. In addition, the local authority is following DfE guidance with the introduction of a deprivation supplement and Special Educational Needs Inclusion Fund (SENDIF) for 9-month to 23-month-olds and in line with those for 2 year old funding.

39. Further details on centrally retained services and supplements can be found later in this consultation document.

40. **Centrally Retained**

41. As per the DfE guidance: “Local authorities can keep up to 5% of their total funding for their own services”.

42. In addition, the DfE guidance states:  
 “For 2024 to 2025, the 95% pass-through requirement will apply separately to the entitlements for:

- 9-months-old children up to 2-year-olds of working parents
- 2-year-old children of working parents
- 2-year-old children from disadvantaged families
- 3 and 4-year-olds (universal and additional hours)”

43. As with previous years, the local authority is not proposing to retain the maximum of 5%. This is despite inflationary increases, the significant change to the extended entitlement and the higher level of administration and support to be undertaken by the local authority. The new system also comes with uncertainty in terms of the number of eligible families and the potential take up of the FEEE. For 2024/25 the local authority is proposing to retain the following:

3 and 4-year-olds (universal and additional hours)	3.9%
2-year-old children from disadvantaged families and eligible working parents	2.9%
9-months-old children up to 2-year-olds of working parents	2.9%

44. These centrally retained percentages will enable the local authority to maintain the current base rate for 2-year-olds, which increased significantly in September 2023 and to increase the base rate for 3 & 4-year-olds as detailed earlier in the consultation.

45. The final Early Years Block funding remains unconfirmed until after the end of the relevant financial year. Despite this, LA's do not adjust the centrally retained budget. This means that where there are fluctuations in the number of children on the census, there is some risk of the centrally retained element being either under or overstated.

**46. Proposed commitments for the centrally retained element of the Early Years Block**

		<b>23/24</b>	<b>24/25</b>
1	Special Educational Needs Inclusion Team (SENIT)	£478,000	£495,000
2	Commissioned Service - Portage	£140,000	£173,000
3	Sensory Services	£166,000	£172,000
4	Education Psychology	£73,000	£76,000
5	Early Support and Inclusion (SENDIF)	£31,000	£72,000
6	Family Information Service	£114,000	£298,000
7	Family Services	£520,000	£538,000
8	Sufficiency	£42,000	£43,000
9	Commissioned Services - Northpoint Wellbeing (Leeds Counselling)	£60,000	£0
10	Learning Improvement (Original)	£208,000	£215,000
11	Learning Improvement (New)	£0	£435,000
12	Safeguarding Team	£0	£50,000
13	Contingency	£0	£276,000
	<b>Total</b>	<b>£1,832,000</b>	<b>£2,843,000</b>

47. **SENIT £495k and Portage £173k** - EY SENIT comprises Early Years Special Educational Needs Co-ordinators (EY SENCos), EY Inclusion Workers and Project Workers. The Project Workers deliver a city-wide Portage Service. Portage is our offer to children with severe to profound learning needs, identified at birth or in the very early years before entering education. The service provides guidance and resources for families and supports the transition to education outside of the home. The increased funding for Portage is in light of the increased need across the city.

The EY SENCOs and Inclusion workers provide a city level offer to all educational settings (school nurseries, children' centres, PVIs (Private, Voluntary, and Independent), childminders) for 3 and 4-year-olds to support children with special educational needs. SENCOs offer high support and challenge to EY settings to develop their capacity in promoting equality and inclusion, the early identification of need, assessment, securing appropriate provision and improving outcomes. Inclusion Officers play a crucial role in supporting the planning of children transitioning from their EY setting to school. This is a contribution towards the overall cost of this service.

48. **Sensory Services £172k** - The Sensory Services support settings and families to meet the additional educational and developmental needs of children with visual and/or hearing impairment. This is a contribution towards the overall cost of the service. The support offered depends on the needs of the child and family. This could include support by a Teacher of the Deaf/Visually Impaired, to advise the family around audiological and educational support for the child, or staff in a setting, or a Deaf Instructor to work with families and in settings, to foster BSL communication skills. A city-wide training offer and online BSL sessions are also in place.
49. **Education Psychology £76k** - Supporting Educational Psychology consultations and input to EHC (Education, Health, and Care) assessments for Early Years children. The team offer a city-wide consultation service to support early intervention for children with complex needs in schools with a nursery provision. This is a contribution towards the cost of the Education Psychology support offered.
50. **Early Support & Inclusion £72k** - This is a contribution towards the Early Years Funding for Inclusion Team which manages the SENDIF process. The increase is to adequately resource the delivery of funding for increasing numbers of children with emerging Special Educational Needs and Disabilities.
51. **Family Information Service £298k** - This contributes towards the costs of the significantly increased levels of advice and support to all childcare providers and their families, eligibility checks, and the promotion of the expanded offer from April 2024 for families of children aged 9 months to 4-year-olds. It also contributes towards the costs of the annual funding censuses and of ongoing discussions with the DfE on legislative and system changes for Early Years funding.
52. **Family Services £538k** – This is a contribution towards the costs of Children's Centre Family Outreach Worker teams who promote the take up of 2, 3 & 4-year FEEE for all settings, improving readiness for learning and supporting parents / carers with the school applications process. As part of the core offer, all Children's Centres deliver a range of group activities which promote Early Learning and Parenting support, including the following:
- Play and Stay groups where families bring children to play, learn and communicate together and develop skills for school readiness.
  - HENRY – parenting programme.
  - PEEP Learning together programme, which helps parents/carers make the most of language learning opportunities in everyday life.
  - Family Outreach Workers also work intensively with targeted families to provide individual packages of targeted support.



53. **Sufficiency £43k** - A contribution towards the cost of the Sufficiency and Participation team, which is responsible for ensuring the sufficiency of Early Years places on a citywide level. The work involves supporting providers, monitoring places, and forecasting future demand, tracking take up of FEEE and assessing the sufficiency of places across a range of provision, which is accessible for families. Advice and support are available to school nurseries and other providers on improving their FEEE offer to ensure it meets the needs of their local families. Some limited business advice is also available to improve take up and in turn income, ensuring a more sustainable business model can be achieved.
54. **Northpoint Wellbeing Counselling** - The commission for this service is ending on 31<sup>st</sup> March 2024.
55. **Learning Improvement (Original) £215k** - This team provides and facilitates Early Years networks, training, bespoke training, and support for settings. The traded CPD offer is available across all EY sectors and includes first aid, all key curriculum areas, and events such as the Early Years conferences. This team also brokers additional support through the wider Learning Improvement Team from specialist consultants to support the Early Years offer.
56. **Learning Improvement (Newly proposed to be funded through Early Years Block) £435k** – The Learning Improvement Team offers help to settings in relation to improving outcomes for children. This work includes Ofsted registration support, Pre-Ofsted support across all EY settings (childminders, private day nurseries and early years in schools). The offer also provides targeted and bespoke support to EY settings judged Requires Improvement and Inadequate following an Ofsted Inspection and the team facilitates links with Regional HMI inspectors.

The Early Years team provides support for settings during the expansion of childcare entitlement and regulatory changes as well as information sharing via networks across all EY sectors, including the development of the Early Years leadership and management gateway, newsletters, and partnership with the Family Information Service.

The team provides support on local priorities, for example, a targeted communication and language programme offered to settings in areas of the city with high indices of multiple deprivation and/or low FSP data for communication and language, reaching at least 10% of settings. This team provides the 0-5 educational steer on local initiatives, for example, the 'Best Start Strategy Group', 'NESTA Board', 'Communication and Language Steering Group' and 'Leeds as a Marmot city'.

57. **Safeguarding Team £50k** - A dedicated Early Years Safeguarding Officer within the Safeguarding Team provides support, guidance, advice, and training across the Early Years sector. This includes access to no-cost safeguarding training to Early Years settings. The officer manages Early Years safeguarding referrals received from Ofsted and undertakes appropriate follow-up investigation and support for settings. This role works with the Local Authority Designated Officer (LADO) and provides support, advice, and guidance during allegations towards staff in Early Years settings. On-site and telephone support for safeguarding is provided to Early Years settings through this service. The service also works with other teams supporting Early Years settings to ensure the safeguarding advice, guidance and support they provide is effective.

58. **Contingency £276k** – A contingency is proposed due to the uncertain nature of the number of eligible families who will take up the extended entitlements.
59. All consultation responses regarding the centrally retained 2.9% rate for 9-months-2-year-old funding were happy with this and expressed that they appreciated that the local authority had not proposed to retain the full 5% permitted in the guidance.
60. Almost all providers that responded regarding the centrally retained 3.9% rate for 3&4-year-old funding were happy with this and expressed that they appreciated that the local authority had proposed to retain less than the full 5% permitted in the DfE guidance. A small number of providers expressed that they felt they had not been given sufficient information about the purpose of the centrally retained element of the funding and on how the percentages had been calculated. The local authority has responded to these questions and will take this into account as part of the review of the information provided in the consultation for next year.
61. **Deprivation supplement**
62. The supplement retained for deprivation is paid out to providers where they have children attending who are claiming FEEE and who live in an identified area of deprivation.
63. We have heard from providers that, although the deprivation uplift is welcomed, many settings focus on the base rate, rather than the base rate + deprivation uplift, knowing that the base rate applies to all children. We are also aware that providers who serve areas of high deprivation find the uplift an important element of the funding formula within the DfE funding guidelines.
64. For 2024/25, the local authority is proposing to maintain the rate of 19p per child per hour deprivation supplement for 3 & 4-year-olds. The deprivation supplement is mandatory for this age group.
65. For the under 2-year-olds and the 2-year-olds cohort, the local authority is proposing to introduce a deprivation supplement of 10p per child per hour, which will be reviewed for 2025/26. The deprivation supplement is not mandatory for these age groups and is being proposed at a lower rate to the 3 and 4-year-olds to ensure that the 2 year old base rate, which increased to £7.78 in September 2023, is maintained.
66. Deprivation uplift payments are paid termly in the balancing payment for the term as child level information is needed to be able to determine how much deprivation uplift is to be allocated.
67. Providers who responded to the consultation welcomed the expansion of the deprivation uplift to all age ranges.
68. **Special Educational Needs Inclusion Fund (SENDIF)**
69. The local authority is proposing to set a 9p per hour per child supplement for the Special Educational Needs and Disability Inclusion Fund (SENDIF), which is mandatory, across all age ranges within the extended entitlements.

70. The increase considers the regular feedback from providers that special educational needs is one of the most significant challenges they are facing. This is reinforced by the number of children aged 3 and 4, identified as in need of SENDIF, increasing steadily over the last 2 years. SENDIF in 2022/23 was overspent by 53% against budget with a further overspend of 77% projected for 2023/24. There will also be additional SENDIF requirement as funding is allocated for 9-month-olds to 2-year-olds in 2024/25. The local authority is proposing to increase the unit value of SENDIF funding from £600 to £696 in light of the increase in the costs and complexities being faced by providers.
71. Providers access the SENDIF by applying to the Funding For Inclusion Team, as per the current arrangements, and are paid termly. The supplement will support the increase 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.
72. Providers who responded to the consultation welcomed the expansion of SENDIF to all age ranges.
73. **Other**
74. **The Disability Access Fund** is a fixed amount allocated by the DfE which is paid in accordance with national regulations to those children in receipt of Disability Living Allowance. The amount allocated by the DfE has increased from £828 per annum to £910 per annum. This is funded by the DfE based on DWP data and providers claim this funding when a parent identifies and can evidence that they are in receipt of Disability Living Allowance for their child.
75. **Early Years Pupil Premium (EYPP)** is paid to all providers where the child is eligible for pupil premium as outlined by the DfE. The rate paid is determined by the DfE and in 2024/25 will be £0.68 per hour (increased from £0.66 in 2023/24).