

## **Consultation on the Early Years Single Funding Formulae for the new funded entitlements payable to Sheffield early education and childcare providers**

### **Funding Streams from 1 April 2024**

For 2024/25 there will be three funding streams:

1. the 3-&4-year-old universal (15 hours) and extended (15 hours) offer;
2. the 2-year-old disadvantaged (funded) (15 hours) and new working parents (extended) (15 hours) offer from 1/4/24; and
3. the new 9 months to 2-year-old working parents (15 hours) offer from 1/9/24.

In addition, the Early Years Pupil Premium (EYPP) and Disability Access Funding (DAF) offer has been extended to eligible children across all entitlement age ranges and both funding streams have increased and are shown below.

It was announced that local authorities (LAs) are expected to have a special educational needs inclusion fund (SENIFs) for all children with special educational needs (SEN) eligible for or taking up the new and existing entitlements, regardless of the number of hours taken.

Sheffield is proposing to add a deprivation funding supplement for all age ranges, not only payable for disadvantaged 2-year-old entitlement and the new working parent entitlements.

### **Regulation of local authority funding formulae for childcare entitlement**

Under the early years entitlements funding system, the Department for Education (DfE) distributes funding to LAs, who in turn distribute this funding to their providers using their own local funding formulae. In setting their local formulae, LAs must adhere to regulations and comply with guidance set by the DfE stipulating how funding for the entitlements should be spent.

The existing framework relates to the current 3-and-4-year-old entitlements and is set out in secondary legislation and operational guidance.

The current Early Years National Funding Formula for the existing 2-year-old offer is not subject to regulations regarding the arrangements for the local funding formula in the same way as for 3-&4-year-old funding. With the introduction of the new entitlement for 2-year-olds of working parents and the significant growth in funding levels, the Government has introduced a new national funding formula (NFF) covering both the existing 2-year-old entitlement for disadvantaged children and new working parent entitlements to be introduced in 2024 to 2025 for 2-year-olds and children aged 9 months to 2 years.

The key features of the regulatory framework are:

- Universal Base Rate
- Pass-through Rate



- Supplements (including a Deprivation Supplement)
- SEN Inclusion Fund (SENIF)
- Early Years Pupil Premium (EYPP)
- Disability Access Fund (DAF)
- Contingency Funding

### 3-&4-year-old universal (15 hours) and extended (15 hours) funding

The Government has not proposed any changes to the funding arrangements in 2024/25 for 3-&4-year-olds. The overall level of funding local authorities will receive will increase due to the extension of the entitlements and the current minimum pass-through rate of 95% remains in place.

### **Current Funding Rates for 2023/24 for 3-&4- year-olds:**

#### **Early Years Single Funding Formula for the Entitlements**

Description	Hourly Rate / Annual Budget as at 1/4/23	% of Total EY Funding for 3-& 4-year-old entitlements
Hourly Rate paid to Sheffield LA	£5.04	100%
Universal Base Rate	£4.59	91%
Deprivation Supplement	£0.44	4%
Pass-through Rate		<b>95%</b>
Centrally Retained Fund	£1,555,824 per annum	5%

### **Sheffield 3-&4-Year-Olds Rates Paid to Providers for 2023/24**

Element of Funding – Paid to Sheffield Early Years Providers	Hourly Rate from 1 April 2023	Uplifted Hourly Rate *(EYSG) from 1 September 2023	Hourly Rate from 1 April 2024
Base Rate – 3-&4-year-old universal and extended (30hours) entitlement	£4.59	£4.88	TBC
Deprivation Supplement	£0.44	£0.44	£0.44
Early Years Pupil Premium	£0.62	£0.66	£0.68
Disability Access Fund	Annual Lump Sum £828	Annual Lump Sum £881	Annual Lump Sum £910

*\*Early Years Supplementary Grant*

#### **Extended Entitlements**



## 2-year-old disadvantaged (funded) (15 hours) and working parents (extended) (15 hours) funding rates 2024/25

The Early Years Single Funding Formula for the Entitlements for 2-year-olds and the agreed Funding Rates for 2024/25 (as announced 29/11/23).

### Sheffield Proposed – 2-Year-Old Rates Paid to Providers for 2024/25

Description	Hourly Rate / Annual Budget	% of Total EY Funding for 2-year-old entitlements
Hourly Rate paid to Sheffield LA	£7.95 ph	100%
Universal Base Rate	£7.58 ph	95%
Deprivation Supplement	£0.44 ph	3%
SEN Inclusion Fund	£300,000 pa	2%
Pass Through Rate		100%

Sheffield will pay the same hourly funding rate to all providers where families are eligible for both the 2-year-old disadvantaged (funded 15 hours) and working parents (extended 15 hours) entitlements.

### Sheffield Proposed – 2-Year- Old Funded and Extended Rates paid to Providers for 2024/25

Element of Funding – Payable to Sheffield Early Years providers	Hourly Rate from 1 April 2023	Proposed Hourly Rate from 1 April 2024
Base Rate (Paid to SCC) – 2-year-old entitlement (15hrs)	£5.63	£7.95
Base Rate – 2-year-old entitlement (15 hrs)		£7.58
Deprivation Supplement		*£0.44
SENIF		**£0.16
Early Years Pupil Premium		£0.68
Disability Access Fund		Annual lump Sum £910

\*Sheffield pays deprivation funding to approximately 50% of all Early Years provides in the city (equivalent to £0.21 per hour in total).

\*\*Any under or overspend of the newly introduced SEN Inclusion Fund will be considered when modelling future hourly funding rates for each financial year from 2025/26 and annually thereafter.



### Sheffield Proposed - 9 months to 2-year-old working parents (15 hours) funding rates payable to providers for 2024/25

The Early Years Single Funding Formula for the Entitlements for 9 months to 2-year-olds and the announced Funding Rates for 2024/25.

Description	Hourly Rate / Annual Budget	% of Total Funding for Under 2-year-olds entitlement
Hourly Rate paid to Sheffield	£10.85 ph	100%
Universal Base Rate	£10.31 ph	95%
Deprivation Supplement	£0.44 ph	2%
SEN Inclusion Fund *	£100,000 pa	3%
Pass-through Rate		100%

### Sheffield Proposed - Under 2-Year-Olds Funding rates payable to providers for 2024/25 (9 months to 2-year-old working parents (15 hours))

Element of Funding	Proposed Hourly Rate from 1 Sept 2024
Base Rate (Paid to SCC) – Under 2's (15hrs)	£10.85
Base Rate - Under 2's (15 hrs)	£10.31
Deprivation Supplement	*£0.44
SENIF	**£0.33
Early Years Pupil Premium	£0.68
Disability Access Fund	Annual Lump Sum £910

*\*Sheffield pays deprivation funding to approximately 50% of all Early Years provides in the city (equivalent to £0.21 per hour in total).*

*\*\*Any under or overspend of the newly introduced SEN Inclusion Fund will be considered when modelling future hourly funding rates for each financial year from 2025/26 and annually thereafter.*

**Consultation Questions (responses to be submitted via [Early Years Single Funding Formula - New Entitlements | Have Your Say Sheffield](#))**

**The deadline for submitting responses to the consultation is midnight on 19/12/23.**

If you have any queries or require any further information prior to submitting your response, please contact the Early Years Funding Team by email at [EYFUNDINGTEAM@sheffield.gov.uk](mailto:EYFUNDINGTEAM@sheffield.gov.uk)

**Question 1.** Local authorities are allowed to retain up to 5% of the new funding streams in 2024/25. However, Sheffield currently chooses not to. Do you agree with the recommendation that Sheffield continues to passport 100% of 2-year-old funding to Sheffield early years providers?

**Question 2.** Sheffield uses Income Deprivation Affecting Children Index (DACI) to distribute funding for deprivation for 3-&4-year-olds. To be consistent, we propose using the same principles and funding methodology to distribute the funding to 2-year-olds and under.

Do you agree with the proposed approach?

**Question 3.** Nationally, local authorities do not have to provide a deprivation funding supplement for the under 2-year-olds. However, Sheffield's proposal is to apply deprivation funding principles consistently across all age ranges within the funding streams. For example, an hourly funding rate of £0.44 per eligible pupil.

Do you agree with the proposed approach?

**Question 4.** Do you have any other comments to make regarding the local funding.

