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**Report of John Pearce, Corporate Director of Children and Young People's Services**

**Electoral division(s) affected:**

All

**Purpose of the Report**

- 1 To update on the proposed changes to the Early Years (EY) SEND Support funding system including the review of Early Years SEN inclusion funding and the implementation of a banded funding approach for children requiring high needs funded support.
- 2 To seek approval of funding changes.

**Executive summary**

- 3 The early years sector across County Durham continues to report significant challenges in meeting the needs of the growing numbers of children identified as having SEND in the early years. This is complicated by ongoing funding pressures and the recruitment and retention of staff.
- 4 Following the initial review of EY SEND funding arrangements in 2020, further work has been undertaken which complements the Schools Top Up funding (TuF) review to identify the key elements of changes to the EY SEND Support System which will address those challenges and reduce administrative burden.
- 5 Discussions have taken place through the SEND and Inclusion Resource Board, sector representatives and other local and national partners which will inform the future model.

**Recommendation(s)**

- 6 That the Corporate Director of Children and Young People's Services, as decision maker, approves the implementation of the changes to the EY SEND Funding arrangements including the implementation of a banded funding system.

## Background

- 7 Additional funding is provided to schools and settings to ensure that children with SEND needs are met through provision that is additional to and different from the provision ordinarily available in schools and settings.
- 8 This funding is to ensure schools and settings respond to both the early identification and intervention of children with low and emerging needs and those with identified SEND through further targeted support.
- 9 This funding is divided into two strands.
  - EY SEN Inclusion funding for children with low and emerging needs
  - Early Years SEND Support for children with high needs.
- 10 The funding to support the two strands comes from two areas of the Dedicated Schools Grant (DSG)
  - Early Years SEN Inclusion Funding is top sliced from the Early Years block funding and
  - EY SEND Support funding is allocated from the High Needs Block (HNB).
- 11 There is currently a single system of application for both strands of funding and the allocation is then reported as either EY SEN Inclusion or EY SEND Support - dependent upon the evidence submitted in the application and the amount of support awarded by the EY SEND Panel.
- 12 EY SEN Inclusion funding currently represents support up to 60% of entitlement hours or less and EY SEND support over 60%. The current application system is not sophisticated enough to draw a clear distinction in need which complicates financial management and monitoring.
- 13 A new hourly rate was implemented following the previous delegated decision report in September 2023.
- 14 In addition, the proportion of children being identified as requiring high needs support is significantly higher than those identified with low and emerging needs.
- 15 It is widely accepted that most children's needs should be met through ordinarily available provision, some children require support for low and emerging needs with less requiring high needs support.

- 16 The sector reports significant challenges in meeting the needs of the growing numbers of children identified as having SEND in the early years. This is complicated by ongoing funding pressures and the recruitment and retention of staff.
- 17 The implementation of DFE's Childcare Expansion programme announced in March 2023 has added additional elements in scope of this review. Early Years Operational Funding Guidance published in November 2023 described the expansion of the EY SENIF requirements to all children accessing funded early year entitlements from 1<sup>st</sup> April 2024.
- 18 The guidance also referenced the same expansion of eligibility to the Early Years Pupil Premium and Disability Access Funding.

## **Review of Early Years Funding and Support**

### **Outline of consultation proposal and activity**

- 19 The proposals for consultation were to establish two distinct funding routes, EY SENIF and EY SEND Support (High Needs)
- 20 EY SEN Inclusion Funding would be aimed at better supporting early identification and intervention for children with low and emerging SEND.
- 21 Support would be available through individual and group-based applications with funding awarded for up to two terms.
- 22 In addition, settings would be able to request funding for staff CPD. An indicative amount of £250 was included and suggested training such as Makaton was provided as an example.
- 23 EY SEND Support would move to a banded funding approach in line with model for schools.
- 24 The application processes for each route would be proportionate to the support request enabling swifter consideration and awarding of funding.
- 25 Consultation and co-production events were held between September 2023 and February 2024. These provided early years settings and schools to respond to the proposals and shape and inform the funding guidance and application processes.
- 26 In addition, specific questions were included in Durham Early Years Funding Consultation 2024/2025 which ran from Wednesday 24<sup>th</sup> January to Wednesday 7<sup>th</sup> February 2024.
- 27 There was overwhelming support for the proposal and rationale for change across the sector.

- 28 Consultees welcomed the opportunity for individual and group-based application for EYSENIF funding. However, they felt that funding to support continuing professional development for the EY workforce should be co-ordinated centrally rather than small amounts being available at a setting level.
- 29 The introduction of funding bands for EY SEND Support were widely welcomed and some consultees felt that the guidance itself was a valuable tool to support wider understanding of SEND across the workforce.
- 30 Concern was expressed sector wide at the difficulty in recruiting suitably qualified and experienced staff. The episodic nature of the funding continues to add to recruitment challenges as contracts continue to be offered in most instances on a temporary basis.

## **Early Years SEND Inclusion Funding (EYSENIF)**

### **Outcome**

We will implement a separate EY SENIF application and awarding system to enable support to children with low and emerging needs on an individual and group basis.

This will support early years providers in their understanding and application of the graduated approach.

Up to 10% of the EYSENIF allocation will be used to provide an enhanced training offer for early years settings

Administration of the funding will be aligned to Early Years Funding arrangements separate to High Needs reporting.

### **Anticipated impact**

- Durham's EY SENIF arrangements will reflect the EY Operational Funding guidance and address the new working parent entitlements implemented from April 2024
- Early Years providers will feel better supported to identify children with low and emerging needs and have access to funding to provide appropriate support.
- More children will receive support to address their low and emerging SEND needs.
- A wider SEND training offer will be made available to EY practitioners.

- The local authority will have a clearly defined EY SEN Inclusion funding system.
- High Needs Block – All children with low and emerging needs will receive support funded through the EY SEN Inclusion fund (Early Years Block) and any funding or reporting inconsistencies will be resolved.

## **EY SEND Support Funding**

### **Outcome**

We will implement a banded funding approach for EY SEND Funding aligned to the current top up funding approach for schools.

This will support early years providers in their understanding and application of the graduated approach.

### **Anticipated Impact**

- Early Years providers will be resourced to provide a higher level of support and to strengthen their specialist offer giving them the confidence required to support children in their local mainstream provision.
- Local Authority – A reduction in parental preference for specialist placement through growing confidence in mainstream provision.

## **Banded Funding arrangements**

### **Finance**

- 31 Using data from January 2024, the estimated annual cost of current EY SEN top up funding (for EHCP and SEN support) is £2.368m.
- 32 It is proposed to move from a bespoke hourly costed model to a generic banding model in line with that used in primary and secondary education phases. There will be 4 banding rates (B – E) with different values applicable for those pupils attending for 15 hours per week and those attending for 30 hours per week.

33 The table below shows the proposed bands and associated values:

<b>Band Reference</b>	<b>Proposed Banding Amount</b>
BAND15B	£3,500
BAND15C	£5,500
BAND15D	£7,000
BAND15E	£9,000
BAND30B	£7,000
BAND30C	£11,000
BAND30D	£14,000
BAND30E	£18,000

34 The change to the banding model is broadly cost neutral (estimated additional cost £17,720 or 0.06%) and the movement over the proposed bands is illustrated in the table below:

<b>Band Reference</b>	<b>Proposed banding amount</b>	<b>Cost using current band model values</b>	<b>Cost using proposed band model values</b>	<b>Increase / Decrease</b>
BAND15B	£3,500	£14,300	£17,500	£3,200
BAND15C	£5,500	£47,071	£49,500	£2,429
BAND15D	£7,000	£1,148,495	£1,099,000	-\$49,495
BAND15E	£9,000	£277,066	£279,000	£1,934
BAND30B	£7,000	£21,450	£21,000	-\$450
BAND30C	£11,000	£21,450	£22,000	£550
BAND30D	£14,000	£766,846	£826,000	£59,154
BAND30E	£18,000	£71,601	£72,000	£399
<b>Grand Total</b>		<b>£2,368,280</b>	<b>£2,386,000</b>	<b>£17,720</b>

### **Anticipated Impact**

- Early Years providers will be resourced to provide a higher level of support and to strengthen their specialist offer giving them the confidence required to support children in their local mainstream provision.
- Local Authority – A reduction in parental preference for specialist placement through growing confidence in mainstream provision.

## **Conclusion**

- 35 The council continues to work closely with the sector to address the challenges in supporting growing numbers of children with SEND in the early years.
- 36 The proposals outlined in this paper will lead to a co-produced and clearly defined EY SEN Inclusion and High Needs Funding system.

## **Background papers**

Early Years Funding, SEND and Inclusion Resources Board, 24<sup>th</sup> July 2023.

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### **Author(s)**

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## **Appendix 1: Implications**

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### **Legal Implications**

None

### **Finance**

The proposed change to a banding system for EY top up funding is estimated to be broadly cost neutral as illustrated in the report.

### **Consultation**

There were a series of round table events and other consultation activity undertaken held with sector representatives from September to February 2024.

### **Equality and Diversity / Public Sector Equality Duty**

None

### **Climate Change**

None

### **Human Rights**

None

### **Crime and Disorder**

None

### **Staffing**

None

### **Accommodation**

None

### **Risk**

None

### **Procurement**

None