

To: **Schools Forum**
14 September 2023

Update on the early years entitlements
Executive Director of People

1. Purpose of Report

- 1.1. To update Schools Forum on local arrangements for the Early Years Supplementary Grant.
- 1.2. To update Schools Forum on the government's proposals for the extended entitlements as set out in the consultation published on 21 July and the illustrative funding rates for 2024-25 based on these proposals.
- 1.3. To update Schools Forum on the work being undertaken on the rollout of the extended entitlements.

2. Recommendation(s)

To Note:

- 2.1. **The government guidance for additional funding for existing early years entitlements in 2023-24 via the Early Years Supplementary Grant**
- 2.2. **In accordance with government expectations and in line with the principles agreed by Schools Forum on 22 June, the Early Years Supplementary Grant has been passed in full to early years providers in Bracknell Forest.**
- 2.3. **The proposals in the government's consultation on the expansion to the early years free entitlements from April 2024.**
- 2.4. **The indicative funding rates for 2-year-olds and under 2's in Bracknell Forest, based on the illustrative rates included in the governments consultation.**
- 2.5. **The planned engagement with early years providers in Bracknell Forest in preparation for the rollout of the extended entitlements and to improve the Council's understanding of developments in the early years market.**

3. Reasons for Recommendation(S)

- 3.1. The information set out in the paper are in line with the information currently available to the Council regarding the government's plans to expand the early years free entitlements from April 2024-25 and the potential impact this will have on local arrangements and funding rates.

4. Alternative Options Considered

- 4.1. Not applicable

5. Supporting Information

Early Years Supplementary Grant

- 5.1. In the 2023 Spring Budget the government announced an additional £204 million of supplementary funding for the existing early years free entitlements for disadvantaged 2-year-olds and 3- and 4-year-old children for the 2023 to 2024

- financial year. This supplementary funding was in addition to the increase received via the Early Years National Funding Formula (EYNFF) for 2023-24.
- 5.2. On 22 June 2023 School Forum agreed principles for implementing this increase to the 2023-24 early years block of the Dedicated Schools Grant (DSG). These principles were:
- a) The components of the Early Years Funding Formula for 2023-24 as previously agreed will be retained.
 - b) The Early Years Block Budget for 2023-24 will be allocated using the following principles:
 - i) 95% of total income allocated to providers via the Early Years Funding Formula
 - ii) The increase in the Early Years Block budget is allocated to providers via the uniform base rate
 - iii) 5% of total income managed centrally by the council
- 5.3. On 7 July, the Department for Education published guidance for the allocation of the supplementary funding via the Early Years Supplementary Grant (EYSG), which is separate to the funding provided through the early years block of the DSG. The EYSG provides supplementary funding for all exiting early years funding streams:
- 15 hours entitlement for disadvantage 2-year-olds
 - 15 hours universal entitlement for 3- and 4-year-olds
 - 15 hours additional entitlement for 3- and 4-year-olds
 - Early years pupil premium
 - Disability access fund

Table 1: Change to early years funding received by BFC

	2023-24 EYNFF rate (April to March)	2023-24 EYSG rate (Sept to March)	2023-24 effective rate (Sept to March)	Change from 2023-24 EYNFF rate
2-year old's	£6.87	£3.00	£9.87	43.7%
3- & 4-year old's	£5.58	£0.56	£6.14	10.0%
EYPP	£0.62	£0.04	£0.66	6.5%
DAF	£828	£30.92	£858.92	3.7%

- 5.4. The EYSG will be paid for the 2023 to 2024 financial year only, with Local Authorities receiving allocations under the EYSG to cover the period 1 September 2023 to 31 March 2024.
- 5.5. Initial allocation will be based on the part-time equivalent (PTE) data from the January 2023 early years, schools and alternative provision censuses and adjusted to reflect actual numbers of children taking up the entitlements from the January 2024 censuses in line with the way the DSG early years allocations are normally calculated.
- 5.6. Conditions of grant for the EYSG will be published in September. These are expected to be different to DSG conditions with Local Authorities expected to pass on the EYSG in full to early years providers for each of the funding streams without the option for 5% central retention by the council.

- 5.7. In line with government expectations and the principles agreed by Schools Forum in June the EYSG has been passed in full to providers. The change in hourly funding rate for providers in Bracknell Forest are set out in table 2.

Table 2: Change to BF early years funding rates paid to providers

Funding Category	2023-24 Funding rate	EYSG rate (Sept to March)	Combined rate (Sept to March)	% of EYSG passed on to providers
2 Year Olds	£6.38	£3.00	£9.38	100%
3- & 4-Year Olds base rate	£4.92	£0.56	£5.48	100%
EY Pupil Premium	£0.62	£0.04	£0.66	100%
Disability Access Fund (DAF)	£828.00 per year	£30.92 per year	£858.92 per year	100%

- 5.8. Early years providers in Bracknell Forest were advised of the change in funding rates on 17 July and Council was able to update the systems in time to include the new rates in the calculation of the autumn term forecast payment which was paid to providers in July.

Early years funding – extension of the entitlements Consultation

- 5.9. On 21 July, the government published a consultation focusing on how the entitlements for children aged 2 years old and younger will be distributed from the Department for Education to local authorities from April 2024. The proposals in the consultation are:
- Introduce a new funding formula to calculate funding rates for children aged 9 months up to and including 2 years, regardless of which entitlement they are accessing (The existing 2-year-old disadvantage entitlement or the new entitlement).
 - The new funding formula will follow the same structure and weightings as used in the existing 3- and 4-year-old formula.
 - To extend the Disability Access Fund eligibility to all children accessing the entitlements from April 2024
 - To extend Early Years Pupil Premium eligibility to all children accessing the entitlements from April 2024
 - Each local authority will receive three separate hourly funding rates:
 - An hourly rate for 3- and 4-year-olds for the universal and extended entitlements
 - An hourly rate for 2-year-olds for both the disadvantaged and the working parent entitlements
 - An hourly rate for 9-month-olds up to but not including 2-year-olds (under 2's) for the new working parent entitlement
 - The framework for setting local authority funding formulae should be extended to the funding streams for 2-year-olds and under 2's and the rules on pass through rates and supplements should be the same for all three funding streams.

- Under the current early years funding formula framework local authorities are required to pass through a least 95% of their 3- and 4-year-old funding to providers. The extended entitlements will result in a considerable increase in value of the early years block of the DSG and consideration is given in the consultation to increasing the pass through rate to 97% after 2024-25.
 - A Special Education Needs Inclusion Fund should be established in each local authority for children aged 9 months to 2 years who are taking up the entitlements.
 - Local authorities will be required to consult with Schools Forum, maintained schools and early years providers on their formulae for the new entitlements.
- 5.10. The government published illustrative modelling based on these proposals which suggest the following funding rates in 2024-25:
- National average funding rate for 2-year-olds of £8.17
 - National average funding rate for under 2's of £11.06
 - Funding rate to Bracknell Forest for 2-year-olds of £9.53
 - Funding rate to Bracknell Forest for under 2's of £12.91
- 5.11. The Council has undertaken illustrative modelling using this data and this suggest funding rates to providers in Bracknell Forest for 2024-25 of:
- Base rate for 2-year-olds of £8.30
 - Base rate for under 2's of £11.25
- 5.12. Based on current proposals and the current Bracknell Forest early years funding formula, 2-year-olds and under 2's who are eligible for Early Years Pupil Premium would receive an addition £2.00 in deprivation funding, increasing funding rates to £10.30 for eligible 2-year-olds and £13.25 for eligible under 2's.

Preparing for the extended entitlements

- 5.13. Work is underway to understand the impact of the extended entitlements on the supply and demand for early years childcare in Bracknell Forest. Initial surveys have been completed with providers and parents, but these have been hampered by a lack of detailed guidance. A challenge when looking ahead at future demand for children under 2 is the fact that a sizeable proportion of this cohort had not been born yet.
- 5.14. Face to face meetings with providers are planned for September to provide an update on the expected arrangements for the extended entitlements, to gather data on providers plans for the roll out of the extended entitlements and to discuss options with providers for increasing places to meet the expected increase in demand.
- 5.15. Additional surveys and data gathering will be undertaken in the autumn term so that the Council can develop a better understanding of the impact of the entitlements in the market.

6. **Consultation and Other Considerations**

Legal Advice

- 6.1. The relevant legal issues have been addressed within the report.

Executive Director: Resources

- 6.2. The Executive Director: Resources is satisfied that the proposed increases to provider funding rates in 2023-24 can be financed from anticipated grant income. 2024-25 funding allocations and overall budget allocations will be considered as part of the normal budget setting process.

Equalities Impact Assessment

- 6.3. No Equalities Impact Assessment is required as the proposed changes implement statutory guidance which includes eligibility criteria

Strategic Risk Management Issues

Risk	Level of risk	Impact	Mitigation
Unable to predict additional childcare places required and/or secure sufficient places		Parents are unable to secure the childcare they need and are entitled to	Work with existing and potential providers to develop business models so supply meets demand
Capita One not updated to manage additional requirements		Business continuity will be threatened	Ongoing communication with Capita to ensure systems are updated and fit for purpose
Business team unable to process additional queries/payments due to capacity		Providers do not receive their payments causing financial hardship	Recruitment process started, if successful this will turn green

Climate Change Implications

- 6.4. The recommendations in Section 2 above are expected to have no impact on emissions of CO₂.

Background Papers

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/718179/Early_education_and_childcare-statutory_guidance.pdf

Early education and childcare statutory guidance for local authorities - June 2018

[Early years supplementary grant 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/early-years-supplementary-grant-2023-to-2024)

Early Years supplementary grant

[Early years funding - extension of the entitlements - Department for Education - Citizen Space](https://www.gov.uk/government/consultations/early-years-funding-extension-of-the-entitlements)

Early years funding – extension of the entitlements consultation

OFFICIAL SENSITIVE (COMMERCIAL)/OFFICIAL SENSITIVE (PERSONAL)

<https://educationhub.blog.gov.uk/2023/03/16/budget-2023-everything-you-need-to-know-about-childcare-support/>

Budget 2023: Everything you need to know about childcare support

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