



## SCHOOLS FORUM

### Early Years Funding Update

September 2023

Content Applicable to;		School Phase;	
Maintained Primary and Secondary Schools	X	Pre School	X
Academies	X	Foundation Stage	
PVI Settings	X	Primary	
Special Schools / Academies	X	Secondary	
Local Authority	X	Post 16	
		High Needs	

#### Purpose of Report

Content Requires;		By;	
Noting	X	Maintained Primary School Members	
Decision		Maintained Secondary School Members	
		Maintained Special School Members	
		Academy Members	
		All Schools Forum	<b>X</b>

1. This report sets out for Schools Forum information on the recent Government announcement of the Early Years supplementary Grant and the implications for Leicestershire and the new Entitlements for children aged 9 months up to 2 years from 2024-25

#### Recommendations

2. That Schools Forum note the contents of this report

#### Introduction

#### Early Years supplementary Grant

- At Spring Budget, the Chancellor announced that the government would invest additional funding for the existing early years entitlements from September 2023.
- This is for local authorities to increase hourly rates paid to childcare providers for the government's existing entitlement offers.
- The grant provides supplementary funding for all existing early years funding streams: 3-4Year Olds; 2Year Olds, (government funded hours for universal and extended hours) Disability Access Fund (DAF for children who have disability living allowance); Early Years Pupil Premium (EYPP children who meet the eligibility criteria are free school meals).
- It covers the funding period September 2023 to March 2024
- The funding via the Early Years Supplementary Grant (EYSG) is additional too and separate from funding provided via the early years block of the Dedicated Schools Grant (DSG) for the existing entitlements in 2023-24 and is subject to its own terms and conditions of grant
- This additional funding is for local authorities to increase hourly rates paid to childcare providers for the government's existing entitlement offers
- The intention is that LAs must pass on the EYSG in full to early years providers for each of the funding streams.
- LAs have the flexibility to determine how best to pass on this funding to their providers.
- The DfE does not require local authorities to consult their Schools Forum but encourages local authorities to engage appropriately with their early years providers about the funding amounts from September
- The uplift will be reflected in the actual headcount October payment for providers.
- The additional funding from September 2023 for the funding streams are:
  - Three- and four-years olds will receive an additional 33p per hour which increases the rate to **£4.77** per hour, per child
  - Two-year-olds will receive an additional £1.74 per hour increasing the rate to **£7.07** per hour, per child
  - EYPP will receive an additional 4p per hour, per child increasing the rate to **£0.66p** per universal hour
  - DAF will receive an additional £53 per eligible child increasing the rate to **£881.00** per annum for claiming 3- and 4-year-old funding

### **New Entitlements for children aged 9 months up to 2 years from 2024-25**

- The Department for Education expects to publish the conditions of grant and the initial EYSG funding allocations in September
- For 2024-25, the additional £288m will be mainstreamed into the DSG. Funding rates to Local Authorities for 2024-25 will be announced in the autumn in line with the Department for Education's normal timetable.
- The DfE have extended the early education offer to working parents of children aged 9 months up to 2-years, the Department for Education has launched a consultation on their proposed approach to distributing funding to local authorities for 2-year-olds and under in 2024-25, along with the accompanying local rules for local authorities to follow when passing on this funding to providers.

- Early indications from the consultation show that Leicestershire are likely to receive less than the DSG base rate and Early Years Supplementary grant that providers will receive during Sept 23- March 24
- The funding rates paid to Providers will be updated again with effect from April 2024. Providers will be consulted on the 2024-25 funding rates in Spring 2024. However, no definitive information will be available on this until autumn 2023 after the consultation has closed

**Pass through rate** 95% pass through rate to each funding stream in 2024-25: the 3- and 4-year-old offers; the 2-year-old disadvantaged and working parent offers; and the 9 months to 2-year-old offer

'Pass through' definition will continue to include funding for base rate, supplements, SENIF (paid as top-ups to providers), and contingency funds

**Supplements** Apply the same allowable supplements to every entitlement funding stream - a mandatory supplement for deprivation

**Special educational needs inclusion fund (SENIF)** Establish SENIF for the entitlements for 2-year-olds and under. Providers will be consulted on the amount required for this, as this may impact on the base rate for two-year-olds dependent on the uplift for 2024/25.

**Contingency** If LAs have set a side contingency budget at the beginning of the financial year 2023-24 to manage changes in take-up, then they can set aside a proportionate element of their EYSG for contingency. But the EYSG should **not** be used to create new contingency budget for 2023-24. The local authority is fully passing all of the Early years supplementary grant to providers and is not retain any funding for the contingency fund

### **Resource Implications**

The Early Years Block of DSG records a deficit of £4million, as previously reported to Forum. The contingency fund created in 2023-24 is planned to recover £950,000 of the deficit. The remainder of the deficit is to be recovered over the following 3 years.

In 2024/25 the recovery mechanism will be reviewed in line with the uplift in funding announced by the government whilst still ensuring the sector remains sustainable. It should be noted that DSG is a ringfenced grant with Leicestershire being funded at the lowest rate.

### **Equal Opportunity Issues**

Background Papers

[SCHOOLS FORUM](#)

[2021/22 Early Years Block Deficit](#)

[29 September 2022](#)

Jenny Lawrence

This page is intentionally left blank