

Schools Forum

2 October 2023

Early Years 2023-24 Funding

This report is for information

1. Recommendations:

That Schools Forum members:

- 1.1 Note the contents of the report.

2. Purpose

- 2.1 To inform members on 2023-24 funding rates and budgets available to the local authority which have been introduced by the Education and Skills Funding agency.

3. Report Details

- 3.1 In June 2023, the Education and Skills Funding Agency updated the “Early Years entitlements: local authority funding of providers – Operational Guide 2023-24”
- 3.2 The Department for Education (DfE) provides local authorities with 6 relevant funding streams which together form the early years block of the dedicated schools grant (DSG).
- 3.3 They are:
- 1) the 15 hours entitlement for disadvantaged 2-year-olds
 - 2) the universal 15 hours entitlement for all 3- and 4-year-olds
 - 3) the additional 15 hours entitlement for eligible working parents of 3- and 4-year olds
 - 4) the early years pupil premium (EYPP)
 - 5) the disability access fund (DAF)
 - 6) maintained nursery school (MNS) supplementary funding
- 3.4 The main changes from the requirements for the 2022/23 financial year are:

- clarification of local authorities' responsibilities in notifying providers of changes to local funding formulae
- additional information on the allocation of supplementary funding to maintained nursery schools
- in paying EYPP to early years providers, additional clarification on the payment of EYPP to childminders and further clarification on the payment of EYPP to providers for children in local authority care
- increases in the value of EYPP and DAF

3.5 **Local authority funding of the entitlements for 3 and 4-year-olds**

3.6 DfE funds local authorities on the same basis for both the universal 15 hours entitlement and the additional 15 hours entitlement for working parents. This is because the statutory framework and the quality requirements for the 2 entitlements are the same

3.7 Therefore local authorities are to fund their providers in the same way for both sets of hours and not to distinguish between the 2. This means using the same hourly base rate and same supplements for both entitlements.

3.8 **95% pass-through requirement**

Local authorities are required to plan to pass-through 95% of their 3- and-4-year-old funding from the government to early years providers.

3.9 The '95%' includes the following budget lines:

- base rate funding for all providers
- supplements for all providers
- the top-up grant element of SENIFs paid to providers
- contingency funding

The remaining 5% expenditure

3.10 The remaining 5% of expenditure could include the following:

- centrally retained funding (for central services or services in-kind, including special educational needs and disability (SEND) services)
- transfer of any funding to 2-year-olds
- any extra hours that local authorities choose to fund in addition to the government's entitlement hours for 3- and 4-year-olds
- any funding movement out of the early years block

The Early Years Allocations to the authority and funding rates to providers for 2023/24

3.11 A breakdown of the funding for the early years block as per the July 2023 allocation is shown in the table below:

Description	Funding (£m)
Universal entitlement – 3 & 4 Year olds	16.051
Additional 15 hours entitlement	4.788
2-year old entitlement	4.166
Early Years Pupil Premium	0.350
Disability Access Funds	0.135
Total Funding	25.490

3.12 At Spring Budget, the Chancellor announced we will invest additional funding for the existing early years entitlements worth £204m in 2023-24 (from September 2023) and £288m in 2024-25.

3.13 This is for local authorities to increase hourly rates paid to childcare providers for the government's existing entitlement offers.

3.14 The grant provides supplementary funding for all existing early years funding streams: 3-4YOs; 2YOs; Disability Access Fund (DAF); Early Years Pupil Premium (EYPP)

3.15 It covers the funding period September 2023 to March 2024

3.16 The funding rate is therefore;

	2023-24 EY DSG (Apr-Mar)	2023-24 EYSG (Sept-Mar)	2023-24 Effective rate (Sept-Mar)
2-Year-Olds (per hour)	£5.81	£1.90	£7.71
3-4-Year-olds (per hour) Flexibility & Deprivation is unchanged	£4.44	£0.35	£4.79
EYPP (per hour)	£0.62	£0.04	£0.66
DAF (per year)	£828	£30.00	£858

4. Recommendations

4.1 That Schools Forum Note the contents of the report.

Date: 22.09.2023
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