

## SCHOOLS FORUM AGENDA ITEM

For Action

For Information



### **Brief Description of Item** (including the purpose / reason for presenting this for consideration by the Forum)

**This report provides an update (on the report that was presented to the last meeting, Document PW) on the extension of the early years entitlements and on the allocation of additional Early Years Block monies for the delivery of the current entitlements from September 2023.**

### **Date (s) of any Previous Discussion at the Forum**

The Schools Forum made its recommendations on the 2023/24 Early Years Block and Early Years Single Funding Formula on 11 January 2023. An update was presented on 8 March (Document PT). A report on the March Budget announcements was presented on 17 May (Document PW).

### **Background**

On 15 March 2023, the Chancellor announced that new entitlements will be introduced in phases:

- From April 2024, all eligible working parents of 2 year olds can access 15 hours per week.
- From September 2024, all eligible working parents of children aged 9 months up to 3 years old can access 15 hours per week. The DfE indicated that the “average rate” of funding for local authorities for the under 2-year-old entitlement will be £11 per hour in 2024/25.
- From September 2025, all eligible working parents of children aged 9 months up to 3 years old can access 30 hours per week.

The Chancellor also announced additional entitlement funding, of £204m from September 2023 rising to £288m in 2024/25, to increase the funding that is paid to early years entitlement providers for the delivery of *the existing entitlements*, above the 2023/24 Early Years Block funding rates that were announced by the DfE on 16 December 2022. At this time, the DfE stated that this additional funding will allow the national average rate for local authorities for 2 year olds to increase by 30%, from the current national average rate of £6 per hour, to around £8 per hour from September 2023. The DfE also stated that the national average rate of £5.29 per hour for 3&4 year olds will rise “in line with inflation to over” £5.50 per hour from September 2023.

In the report we presented to the last meeting (Document PW), we advised that the entitlement funding and extension announcements broadly will mean:

- We will need to closely plan the implementation of the extensions, in line with the DfE conditions and guidance. There is much to consider here, beginning for the 2024/25 financial year. A main aspect of this clearly will be concerned with ensuring the sufficiency of places.
- We will need to closely consider whether our Early Years Single Funding Formula needs to change to absorb effectively the new entitlements, beginning from April 2024.
- We will need to closely consider the knock on financial implications for the DSG where it is appropriate and necessary to increase the size of the Authority’s central capacity, as well as the knock on implications for centrally managed SEND funding streams, including Early Years Inclusion Fund (EYIF) and services that are funded by the High Needs Block.
- We will need to closely consider how new / increased funding and new / increased costs affect the overall affordability position of our Early Years Block. This is in the context of us already using carry forward balances to support our existing level of expenditure. Within this, we need to be careful to understand the financial inefficiencies that may be present during the set-up phases. For example, we have previously identified that, when a new or extended entitlement begins in September, this costs our Early Years Block between September to March more than the funding that we receive from the DfE for the same period.
- We have a more immediate piece of work to complete, and a decision to take, regarding how we allocate the additional monies for the existing entitlements that we expect to receive for the period September 2023 to March 2024.

Regarding the allocation of additional monies for the period September 2023 to March 2024, in the report we presented to the last meeting we also set out, depending on the conditions that the DfE establishes, the principles we expect to follow:

## **Background**

- We absolutely wish to maximise the allocation of the additional funding directly to providers.
- The additional funding will be used to increase provider rates for the autumn 2023 and spring 2023 delivery. However, we will not retrospectively re-calculate the funding that has been allocated for the delivery of the entitlements over the summer term 2023.
- We anticipate allocating the funding across the two entitlements (the current 2-year-old and the current 3&4-year-old entitlement) in a 'ring-fenced' manner, in line with the way that the DfE has allocated the money.
- We anticipate that the additional funding will be allocated to providers by adjusting only the Universal Base Rates.
- We will wish to allocate a total additional value of funding that does not materially affect the overall affordability position of our Early Years Block in the 2023/24 financial year. In January 2023, we agreed with the Schools Forum a planned budget, which set aside £0.957m of brought forward balance to support the full potential cost of our 2023/24 Early Years Block arrangements
- We will need to more closely consider the issue of 'new burdens' related to the additional work, and on-going capacity that the Local Authority will require, to support the roll out and on-going delivery of extended entitlements. However, this is likely to be more appropriate for the 2024/25 DSG decision making cycle rather than more immediate decisions about the allocation of additional monies that have become available during this financial year for the delivery of the existing entitlements.

## **Details of the Item for Consideration**

### Allocation of Additional Funding During 2023/24

When we presented the report to the last meeting, we anticipated that the DfE would have published before the 12 July Forum meeting further information regarding the allocation and conditions of the £204m additional early years monies to be available from September. We anticipated that we would have met with the Early Years Working Group and that we would be presenting today a allocation methodology for the Forum's recommendation / ratification.

However, the DfE has not yet published the allocations or the conditions. The DfE has said that:

- The intention is to allocate the additional £204m for the period September 2023 to March 2024 to local authorities via a standalone top-up grant, instead of using the normal route through the Dedicated Schools Grant, to "help reduce complexity for local authorities in passing on the additional funding to providers mid-year".
- The Grant will be called the "Early Years Supplementary Grant" (EYSG).
- Whilst authorities are encouraged to engage with providers in taking decisions about the distribution of the top-up Grant, there will be no requirements for local authorities to formally consult.
- Further details of the EYSG and hourly funding rates will be published "ahead of the summer break".
- For 2024/25, the additional £288m will be allocated to local authorities through the DSG, with 2024/25 funding rates published in autumn 2023 in the normal way. The EYSG therefore, is time-limited.

**Due to the now anticipated timescale, we envisage being required to formulate, over the summer holidays, an approach to the allocation of these monies to providers, with this approach being discussed with the Early Years Working Group (beginning on 24 July) and then presented to (ratified by) the Schools Forum at the next meeting to be held on 13 September. We will need to give providers an indication of the method of allocation, as early as possible over the summer holidays, to facilitate their financial planning.**

### Entitlement Extension – Self Assessment and DfE Support and Monitoring

The minutes of the 17 May meeting record the Forum's initial discussion regarding sufficiency planning in respect of the extension of the early years entitlements, beginning in April 2024. Since this meeting, on 22 June, the DfE has sent local authorities self-assessment forms to complete in respect of sufficiency and readiness for both the extension of the early years entitlements and for the development of wrap-around childcare provision in schools. The DfE has requested self-assessment responses from each local authority by 14 July. The DfE has also provided some early analysis about supply and demand for the expanded entitlements, and the number of schools that are recorded as currently supplying wraparound children on school sites. We are currently reviewing the DfE supply and demand data against the data we hold. The DfE has stated that its intention is to issue the self-assessments on a termly basis. We will continue to talk to the Schools Forum about sufficiency planning within our discussions on the financial DSG management of the entitlement extensions.

**Implications for the Dedicated Schools Grant (DSG) (if any)**

In January 2023, we agreed with the Schools Forum a planned budget, which set aside £0.957m of brought forward balance to support the full potential cost of our 2023/24 Early Years Block arrangements.

Regarding the on-going financial DSG implications (post 2023/24), we will need to further consider not only the allocation of Early Years Block funding to entitlement providers, but also the implications for the financing of additional central capacity that is likely to be needed to support the extension of the entitlements, as well as wider DSG implications that extension may have, especially from supporting early years children with SEND, through Early Years Inclusion Funding EYIF) as well as via allocations and support services that are funded from the High Needs Block.

**Recommendations**

**Recommended – The Schools Forum is asked to consider and to note the information provided.**

**List of Supporting Appendices / Papers (where applicable)**

None

**Contact Officer (name, telephone number and email address)**

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