

Subject	Early Years Funding Update 2024/25
Meeting Date	13 December 2023
Executive Summary	This report presents an overview of upcoming changes to childcare support and an approach to 2024-2025 Early Years Single Funding Formula development.
Recommendations	It is RECOMMENDED that the Schools Forum: Note the report.
Reasons for Recommendations	The LA must consult Schools Forum on the Local Funding Formulae for Early Years.
Portfolio Holder(s):	Councillor Richard Burton – Children and Young People
Corporate Director	Cathi Hadley, Director of Children's Services
Report Author (s)	Amanda Gridley, Service Manager Early Years and Family Hubs Steve Ellis, Management Accountant – Childrens Services Iwona Onik, Early Education Funding Team Manager
Wards	Council-wide
Classification	For Information

Background

1. In the Government's 2023 Spring Budget, the Chancellor announced a major expansion of childcare support aiming to remove barriers to work for parents with children under three in a bid to help more parents return to work. This will be in the form of up to 30 hours childcare support for every child over the age of 9 months with working parents by September 2025
2. The announced measures will be rolled out in stages, so that Local Authorities and childcare providers can prepare to deliver such a major expansion:
 - 15 hours funded childcare for working parents of 2-year-olds from April 2024
 - 15 hours of funded childcare for working parents of children 9 months and older from September 2024
 - 30 hours of funded childcare for working parents of children 9 months and older from September 2025
3. The Chancellor also announced plans to increase funding for existing early years entitlements by £204m from September 2023 rising to £288m from April 2024.

Current offer

4. On 21 February 2023, the Council approved the Early Years Single Funding Formula for 2023-24.
5. In addition to the formula, the budgeted surplus school block funding of £0.185m was used to support the early years high needs budget. Schools Forum required this one-off funding to specifically support early years children with SEND and the Tier 1 SEND funding was reinstated for 2023-24. However, when finalising the 2022-23 funding in July 2023, based on the January 2023 census, an additional £0.35 million was received. This has meant that the school block funding was not needed.
6. The table below presents details of the BCP funding formula for 2023-24:

	2022-23	2023-24	2022-23	2023-24	
	2 year olds		3 and 4 year olds		
Base Rate	£5.37	£5.57	£4.35	£4.49	
Deprivation	n/a	n/a	53p	33p	per eligible child
SEN Tier 1	£2.00	£2.00	£2.00	£2.00	per eligible child
SEN Tier 2	£6.30	£6.30	£6.30	£6.30	per eligible child
EYPP	n/a	n/a	60p	62p	per eligible child
DAF	n/a	n/a	£800	£828	per annum, per eligible child

^SEN Tier 1 is not part of the formula but is financed via the surplus school block funding for 23-24

Early years supplementary grant (EYSG) for 2023-24

7. On 7 July 2023 the DfE released information regarding the increased funding rates paid to local authorities from September 2023 to March 2024. For BCP Council the increases for the remainder of the financial year are:
 - £1.92 per hour for funded 2-year-olds
 - £0.48 per hour for funded 3- and 4-year-olds
 - £0.04 per hour for EYPP
 - £53 for DAF
8. The supplementary funding provided to local authorities by the EYSG is separate to the funding provided through the early years block of the Dedicated Schools Grant (DSG) for the existing entitlements in the 2023 to 2024 financial year. Local authorities must pass on the EYSG in full to early years providers for each of the increased funding streams and, to ensure that payments to providers could be made promptly, DfE did not require local authorities to consult their Schools Forum.
9. The below table presents details of the funding rates plus EYSG Increases for BCP Providers, from September 2023:

Eligible 2-year-olds

	2023/2024 Funding rates	EYSG Increase	Total (2023/2024 rates plus EYSG increase)
Base rate	£5.57	£1.92	£7.49
Funding in addition to the hourly rate			
SEND Tier 1	£2.00	£0.00	£2.00
SEND Tier 2	£6.63	£0.00	£6.30

Eligible 3- and 4- year-olds

	2023/2024 Funding rates	EYSG Increase	Total (2023/2024 rates plus EYSG increase)
Base rate	£4.49	£0.48	£4.97
Funding in addition to the hourly rate			
Deprivation Supplement	£0.33	£0.00	£0.33
Early years Pupil Premium	£0.62	£0.04	£0.66
SEND Tier 1	£2.00	£0.00	£2.00
SEND Tier 2	£6.63	£0.00	£6.30
Disability Access Fund	£828 one off payment per year	£53.00	£881 one off payment per year

2024-25 funding rates to the local authority

10. In July 2023 Department for Education launched an Early Years Funding Entitlements Extension Consultation 2024-25. The published consultation highlighted the Department's approach to funding for 2-year-olds and under from 2024-25. Responses to the consultation were published in November 2023.
11. The final local authority hourly rates for the entitlements for 2-year-olds and under for 2024-25 rates are:
 - Under 2s: £10.77
 - 2-year-olds: £7.92
 - 3&4-year-olds: £5.60
12. These rates will need to fund the early years SEN inclusion fund as well as a range of central services supporting the early years free entitlements.
13. A consultation on a formula to distribute the funding will take place with the early years sector providers in January 2024 followed by a report to Schools Forum.
14. An additional Schools Forum meeting will be required in February 2024.

Legal Implications

15. Schools Forum must be consulted by the LA on the Local Funding Formula for early years.