

Schools Funding Forum 15th June 2023

ITEM 8

Subject Heading:

Early Years – future entitlement to funded provision and funding changes

Report Author:

**Nick Carter – Principal Finance Officer
Schools**

Eligibility to vote:

All forum members

SUMMARY

This report outlines the proposed changes in the entitlement to funded Early Years provision and what is currently known about funding.

RECOMMENDATIONS

That the Schools Funding Forum notes the report

REPORT DETAIL

The information in this report was presented to Early Years providers at the summer 2023 preparation briefing on 21 April 2023.

2023-24 funding rates

Current funding rates for Early Years are shown at Appendix A. These are the rates agreed by the Forum at their meeting held on 9 February 2023 with the exception of the funding rate for pupils with complex needs.

The High Needs task and finish group, charged with examining High Needs funding rates for 2023-24, felt that the total funding per hour that an early years setting receives for a child with an Education Health Care Plan (EHCP) should match the £16.50 received by schools. Complex needs funding is provided to Early Years settings for pupils with an EHCP. To achieve the total rate of £16.50 per hour the complex needs funding rate for 2023-24 was

increased from £3.20 to £5.82. For a child with an EHCP, settings will receive £5.34 base rate funding, £5.34 inclusion funding and £5.82 complex needs funding making a total of £16.50 per hour.

Future years

In the Autumn 2021 Spending Review, the Government announced additional funding for Early Years follows:

2022-23 £160m,
2023-24 £180m
2024-25 £170m

For 2023-24 an additional £20m was allocated to Early Years nationally to help meet the cost of the National Living Wage increase. This was applied via a year to year funding protection for local authorities of +1%.

In the spring budget 2023 the Government announced the following changes, in what it described as a 'childcare revolution':

Autumn 2023	<ul style="list-style-type: none"> * Childminder grants become available * £204m invested into 3/4yo and 2yo funding rate * Staff:child 2yo ratio change (1:5 from 1:4)
April 24	<ul style="list-style-type: none"> * 15 hours for working parents of 2-year-olds introduced * £288m invested into 3/4yo and 2yo funding rates
September 24	<ul style="list-style-type: none"> * National wraparound support begins * 15 hours for working parents of children 9 months plus introduced
September 25	<ul style="list-style-type: none"> * 30 hours for all working parents of children from 9 months to primary school age introduced
September 26	<ul style="list-style-type: none"> * All schools to offer 8am-6pm wraparound on their own or in partnership

The £204m additional investment in the current financial year is intended to provide a 30% increase in 2 year old funding and an inflation increase to 3 & 4 year old funding. This will take the average national funding rates for local authorities from £6.00 to £8.00 an hour for 2 year olds and from £5.29 to £5.50 for 3 & 4 year olds. Details will be confirmed by the DfE in late summer or early autumn 2023.

Provisional figures released by the DfE indicate that for financial year 2024-25 the average funding rate for local authorities will be around £11 per hour for under 2 year olds and around £8 per hour for two year olds.

A table showing the roll out stages of the changes in funded entitlement is shown at Appendix B.

Funding Factor	Funded age of the child	Funded Rate
Factor 1 Base rate	Two year olds (includes an in-built deprivation rate)	£6.46 per hour
	Three and four year olds Universal 15 hours funding Extended 30 hours funding	£5.34 per hour
Factor 2 Deprivation Funding rate	Three and four year olds	IDACI A - £0.77 per hour IDACI B - £0.58 per hour IDACI C - £0.55 per hour IDACI D - £0.50 per hour IDACI E - £0.32 per hour IDACI F - £0.26 per hour
Factor 3 Early Years Pupil Premium (EYPP)	Three and four year olds	£0.62 per hour
Factor 4 Disability Access Funding (DAF)	Three and four year olds	£828 per annum
Factor 5 Inclusion Fund	Two, Three and Four year olds	£5.34 per hour
	Two, Three and Four year olds (Complex Needs/EHCP)	£5.82 per hour

Roll-out Stage		Current	Stage 1	Stage 2	Stage 3
Date		01/04/2023	01/04/2024	01/09/2024	01/09/2025
0 months to 9 months old	All	n/a	n/a	n/a	n/a
9 months to 12 months old	Working Parents/Carers	n/a	n/a	15 hours	30 hours
1 year olds	Benefits related	n/a	n/a	n/a	n/a
	SEND (e.g. DLA, EHCP, etc.)	n/a	n/a	n/a	n/a
	LAC	n/a	n/a	n/a	n/a
	Post-LAC (e.g. SGO, etc.)	n/a	n/a	n/a	n/a
	Working Parents/Carers	n/a	n/a	15 hours	30 hours
2 year olds	Benefits related	15 hours	15 hours	15 hours	15 hours
	SEND (e.g. DLA, EHCP, etc.)	15 hours	15 hours	15 hours	15 hours
	LAC	15 hours	15 hours	15 hours	15 hours
	Post-LAC (e.g. SGO, etc.)	15 hours	15 hours	15 hours	15 hours
	Working Parents/Carers	n/a	15 hours	15 hours	30 hours
3 year olds	Benefits related	15 hours	15 hours	15 hours	15 hours
	SEND (e.g. DLA, EHCP, etc.)	15 hours	15 hours	15 hours	15 hours
	LAC	15 hours	15 hours	15 hours	15 hours
	Post-LAC (e.g. SGO, etc.)	15 hours	15 hours	15 hours	15 hours
	Working Parents/Carers	30 hours	30 hours	30 hours	30 hours
4 year olds	Benefits related	15 hours	15 hours	15 hours	15 hours
	SEND (e.g. DLA, EHCP, etc.)	15 hours	15 hours	15 hours	15 hours
	LAC	15 hours	15 hours	15 hours	15 hours
	Post-LAC (e.g. SGO, etc.)	15 hours	15 hours	15 hours	15 hours
	Working Parents/Carers	30 hours	30 hours	30 hours	30 hours