

14 September 2023

Item 4

TITLE OF REPORT: Early Years Supplementary Grant

Purpose of the Report

1. To bring to Schools Forum further details on the Department for Education (DfE) announced additional early years supplementary grant (EYSG) and information on Gateshead Councils current consultation with providers of early education and childcare on the allocation of the EYSG. In addition, there is a request to set up an early years funding subgroup of Schools Forum.

Background

2. This report builds on an earlier report brought to Schools Forum in May 2023.
3. The 2023 Spring Budget announced additional funding for the existing early years entitlements for disadvantaged 2-year-old and 3 and 4-year-old children for the 2023 to 2024 and 2024 to 2025 financial years.
4. For the 2023 to 2024 financial year, the DfE will provide additional supplementary funding to local authorities through a new EYSG. This grant will be used to increase the hourly amounts paid to local authorities for early years funding, so that they can increase the amount of funding their early years childcare providers receive for delivering the entitlements for the period **September 2023 to March 2024**.
5. The supplementary funding will provide funding for all existing early years funding streams:
 - 15 hours entitlement for disadvantaged 2-year-olds.
 - 15 hours universal entitlement for 3 and 4-year-olds
 - 15 hours additional entitlement for 3 and 4-year-old children of working parents.
 - maintained nursery schools supplementary funding.
 - early years pupil premium
 - disability access fund

6. For Gateshead this means that funding to the LA will increase from £5.63 per hour to £7.26 per hour for 2-year-olds. This funding rate is for deprived 2-year-olds only.
7. For 3-and-4-year-olds the increase is from £5.00 per hour to £5.20 per hour. The initial funding allocations for the increase in funding will be based on January 2023 early years census data.
8. Early Years, and Early Years Supplementary Grant (EYSG) funding rates

	2023 to 2024 2-year-old funding rate (April to March) (£ per hour)	2023 to 2024 EYSG rate (September to March) (£ per hour)	2023 to 2024 effective combined rate (September to March) (£ per hour)
2-Year-Old Funding	£5.63	£1.63	£7.26
3- & 4-Year- Old Funding	£5.00	£0.20	£5.20
Maintained Nursery Grant	£4.73	£0.27	£5.14
Early Years Pupil Premium	£0.62	£0.04	£0.66
Disability Access Fund	£828.00	£30.92	£858.92

9. Actual funding allocations have not yet been received, but it is understood that LA's will be informed of their allocations early in the Autumn term.
10. From April 2024 eligibility for 15 hours for free entitlement for 2-year-olds will be extended to 2-year-olds of working parents. This will increase to 30 hours from September 2025. Funding for under 2s (term after children reach 9 months) will be implemented from September 2024.
11. There is currently a live Government consultation on the extension of early years entitlements that closes 8.9.2023. The proposals include the extension to the current local funding rules applicable to 3- & 4-year-old funding to the extended 2-year-old funding from April 2024, and under 2 from September 2024.
12. Below is a link to the Government consultation.

[Early years funding - extension of the entitlements - Department for Education - Citizen Space](#)

Proposal

13. That Schools Forum notes:

- The contents of the report, and the copy of the Gateshead Consultation document in appendix 1.
- The outcome of the consultation will be brought to Schools Forum for information.
- An Early Years subgroup of Schools Forum be set up work on a Gateshead 2-year-old and under 2-year-old early years funding formulas to replace the current flat rate paid for deprived 2-year-olds.

Recommendations

14. It is recommended that Schools Forum:

- Notes the contents of this report, and that a further report on the outcome of the Gateshead consultation will be brought to Schools Forum to note.
- Agrees that an early years subgroup of Schools Forum is set up to take forward work on the required 2-year-old and under 2-year-old funding formulas.

For the following reasons:-

- To inform Schools Forum of the increased entitlements to early education and the increase in funding that will be available from September 2023.
- To enable an early years subgroup of Schools Forum to be set up to take forward the formulation of additional early years funding formulas required from April 2024 for 2-year-olds and under 2-year-olds from September 2024.

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Gateshead Metropolitan Borough Council

**EARLY YEARS FUNDING FROM
September 2023**

To March 2024

CONSULTATION PAPER

Closing Date 22 September 2023

INTRODUCTION

This consultation paper is for all 2, 3- and 4-year-old funded providers of early education.

The 2023 Spring Budget announced additional funding for the existing early years entitlements for disadvantaged 2-year-old and 3 and 4-year-old children for the 2023 to 2024 and 2024 to 2025 financial years.

For the 2023 to 2024 financial year, the Department for Education (DfE) will provide additional supplementary funding to local authorities through a new Early Years Supplementary Grant (EYSG). This grant will be used to increase the hourly amounts paid to local authorities for early years funding, so that they can increase the amount of funding their early years childcare providers receive for delivering the entitlements for the period **September 2023 to March 2024**.

The supplementary funding will provide funding for all existing early years funding streams:

15. 15 hours entitlement for disadvantaged 2-year-olds.
16. 15 hours universal entitlement for 3 and 4-year-olds
17. 15 hours additional entitlement for 3 and 4-year-old children of working parents.
18. maintained nursery schools supplementary funding.
19. early years pupil premium
20. disability access fund

For Gateshead this means that funding to the LA will increase from £5.63 per hour to £7.26 per hour for 2-year-olds. This funding rate is for deprived 2-year-olds only. For 3-and-4-year-olds the increase is from £5.00 per hour to £5.20 per hour. The initial funding allocations for the increase in funding will be based on January 2023 early years census data.

Early Years, and Early Years Supplementary Grant (EYSG) funding rates

	2023 to 2024 2-year-old funding rate (April to March) (£ per hour)	2023 to 2024 EYSG rate (September to March) (£ per hour)	2023 to 2024 effective combined rate (September to March) (£ per hour)
2-Year-Old Funding	£5.63	£1.63	£7.26
3- & 4-Year-Old Funding	£5.00	£0.20	£5.20
Maintained Nursery Grant	£4.73	£0.27	£5.14
Early Years Pupil Premium	£0.62	£0.04	£0.66
Disability Access Fund	£828.00	£30.92	£858.92

Actual funding allocations have not yet been received, but it is understood that LA's will be informed of their allocations early in the Autumn term.

From April 2024 eligibility for 15 hours for free entitlement for 2-year-olds will be extended to 2-year-olds of working parents. This will increase to 30 hours from September 2025.

There is currently a live Government consultation on the extension of early years entitlements that closes 8.9.2023. The proposals include the extension to the current local funding rules applicable to 3- & 4-year-old funding to the extended 2-year-old funding from April 2024.

Below is a link to the Government consultation.

[Early years funding - extension of the entitlements - Department for Education - Citizen Space](#)

2-Year-Old Funding

It is anticipated that from April 2024 there will be a requirement for local authorities to have a funding formula for 2-year-olds that conforms to the current regulations and guidance that applies to 3- & 4-year-old funding.

The current funding arrangements for Gateshead providers receiving 2-year-old funding, is that the LA receives £5.63 per hour which is fully passported to providers at £5.63 per hour as a flat base rate.

Under the proposed new arrangements from April 2024:-

- LA's must have a **pass-through rate** of at least 95%, the up to 5% can be retained centrally for central SEND services and eligibility checking.
- The formula must have a **universal base rate**.
- **Supplements** – deprivation is mandatory and in Gateshead for 3- & 4-year-olds we currently have supplements for deprivation and quality.
- **SEN Inclusion Fund** – for children taking up their free entitlements targeted at children with lower and emerging SEND.
- **Contingency funding** – LAs can set aside contingency funding as part of their local budget to help manage fluctuations in take up. Funding to the LA is based on (for 2023/24 financial year), five-twelfths of the January 2023 PTE census numbers (to cover the April 2023 to August 2023 period), and seven-twelfths of the January 2024 PTE census numbers (to cover the September 2023 to March 2024 period), whereas providers are funded for the actual hours of take up.

Funding Rates

- Current funding rate £5.63 per hour
- The deprived funding rate for September 2023 to March 2024 is £7.26 per hour.
- The combined rate from April 2024 to March 2025 is £7.58 for deprived children and children with working parents.

Proposal

For the time period September 2023 to March 2024, given the very short timescale between the announcement of the EYSG rates and the start of the eligible funding period, and that the funding for this period is only for deprived 2-year-olds, it is thought that there would not be sufficient reason or enough time to adequately consult with all settings on a possible formula approach for the allocation of the EYSG.

Therefore, it is proposed that the 2-year-old EYSG be paid as a flat rate top up per hour of £1.63 to all settings in receipt of 2-year-old funding from September 2023 to March 2024.

A 2-year-old formula review will be started in the Autumn Term for implementation from April 2024, and it should be noted that following the implementation of formula for 2-year-old funding the resultant universal base rate plus supplements could be less than the current funding plus the EYSG funding.

3 & 4-Year-Old Funding

The current funding rate to the LA is £5.00 per hour and this will increase to £5.20 per hour including the EYSG. Current funding rates to providers ranges from £4.23 per hour for settings that attract lower value supplements (deprivation and quality) to £5.16 per hour for settings that attract the higher value supplements.

If the EYSG together with current funding was allocated via the current for September 2023 to March 2024 it could result in the below possible increases.

Formula Factors	Current Funding Rates	Possible Increase September 2023 to March 2024 only	Possible Increase
Base Rate (per hour)	£4.18	£4.35	£0.1672
ACORN/ Deprivation funding (weighted hour)	£0.01	£0.01	£0.0003
Quality 1 Qualification level (weighted hour)	£0.60	£0.62	£0.0240
Quality 2 Teachers pay and Pension (per hour)	£0.26	£0.28	£0.0106

This would translate to increased in funding to settings (excluding early years pupil premium, disability access fund and maintained nursery school grant) of £0.169 for settings attracting the lower value of supplements and £0.206 for those settings attracting the higher value supplements.

Proposal

Given the very short timescale between the announcement of the EYSG rates and the start of the eligible funding period, it is thought that there would not be enough time to adequately consult with all settings on a new formula approach.

Therefore, it is proposed that the 3 & 4-year-old EYSG be paid as a top up per hour of between £0.169 to £0.206 per hour to all settings in receipt of 3 & 4-year-old funding from September 2023 to March 2024.

Once funding has been received from the DfE, funding rates to settings may vary slightly depending on the allocation received from the DfE for the EYSG.

Maintained Nursery Grant (MNG)

The EYSG will also include an uplift in the MNG. This will be an hourly rate uplift of £0.27 per hour from £4.73 to £5.14.

Proposal

As this funding only applies to Gateshead's one nursery school it is proposed that this funding is paid as a lump sum to the school as per allocation provided from the DfE.

Early Years Pupil Premium

The 2023 to 2024 rate for EYPP is £0.62 pence per hour per eligible child. Through the EYSG, the DfE will provide an additional £0.04 pence per hour per eligible child to be paid based on EYPP eligibility. This will result in a combined hourly funding rate (September 2023 to March 2024) for EYPP of 66 pence per eligible child.

Proposal

It is proposed that payments of EYPP be increased by £0.04 per hour to £0.66 per hour for eligible children for the universal element of 3 & 4-year-old funding.

Disability Access Funding (DAF)

The current 2023 to 2024 rate for DAF is £828 per eligible child per annum. The DfE will increase the full year equivalent of this to £881, which is an increase of £53. Through the EYSG, the DfE will provide an additional funding of £30.92 per eligible child (equivalent to £53 multiplied by seven twelfths) which will equate to £858.92 for the full financial year.

Proposal

It is proposed that all children that have had a DAF payment for 2023/24 will received an additional amount of £30.92. Newly eligible children will receive £858.92 for the full 2023/24 financial year.

Consultation Response Form

Early Years Supplementary Grant Funding September 2023 to March 2024

The below section must be completed, and only one consultation response will be accepted from each setting.

Return deadline 22 September 2023

Name	
Organisation	
Role	

Q1. Do you accept the proposal to allocate 2-year-old EYSG funding on a flat rate of £1.63 hour from September 2023 to March 2024?	
Yes	<input type="checkbox"/>
Don't Know	<input type="checkbox"/>
No	<input type="checkbox"/>
Comments	

Q2. Do you accept the proposal to allocate the 3 & 4-year-old EYSG funding on the same formula basis (but just using the EYSG allocation) as the current 3 & 4-year-old formula?	
Yes	<input type="checkbox"/>
Don't Know	<input type="checkbox"/>
No	<input type="checkbox"/>
Comments	

Q3. Do you accept the payment of 3 & 4-year -old EYSG funding as a separate top up rate to the current 3 & 4-year-old funding allocations?	
Yes	<input type="checkbox"/>
Don't Know	<input type="checkbox"/>
No	<input type="checkbox"/>
Comments	

Q4. Do you accept the payment of the MNG as a lump sum to Gateshead's nursery school once the allocation is known?	
Yes	<input type="checkbox"/>
Don't Know	<input type="checkbox"/>
No	<input type="checkbox"/>
Comments	

Q5. Do you accept the increased payment of £0.04 per hour for EYPP?	
Yes	<input type="checkbox"/>
Don't Know	<input type="checkbox"/>
No	<input type="checkbox"/>
Comments	

Q6. Do you accept the payment of an additional amount of DAF funding of £30.92 for the period September 2023 to March 2024?	
Yes	<input type="checkbox"/>
Don't Know	<input type="checkbox"/>
No	<input type="checkbox"/>
Comments	

Any Other Comments/Feedback/Suggestions

Please return to
 Carole Smith **by email:** carolesmith@gateshead.gov.uk

By Friday 22 September 2023