

## **Early Years Extended Entitlements**

### **Key Messages**

Forum members are asked to note:

- The Government announcement to extend Early Years Funded Entitlement so working parents can access Free Early Learning (FEL) for pupils aged 9 months to 3 years, rolled out in stages, starting April 2024.
- That the Government is to issue additional funding to cover September 2023 to March 2024 in the form of the Early Years Supplementary Grant.
- The 2-year-old and under Early Years National Funding Formula Consultation.
- That the pass through rate is to increase to 97% in future years (April 2024 remains at 95%).
- That the funded per pupil hourly rate is set to increase from April 2024.
- The extended eligibility for Early Years Pupil Premium (EYPP) and Disability Access Fund) (DAF) to all pupils accessing new entitlements from April 2024.

### **1. Introduction/background**

- 1.1. As part of the spring budget announcement the Government is providing £204m of funding nationally for early years as part of their promise to deliver the largest ever investment in childcare.
- 1.2. In July 2023 the Government announced that all working parents in England will be able to access 30 hours of free childcare per week for 38 weeks per year from the term after their child turns 9 months old until when they start school. This will be rolled out in stages:
  - From April 2024 – all working parents of 2-year-olds can access 15 hours per week.
  - From September 2024 – all working parents of children aged 9 months to 3years-oldcan access 15 hours per week.
  - From September 2025 – all working parents of children aged 9 months to 3 years-old can access 30 hours per week.
- 1.3. Working parents who individually earn more than £8,670 (from April 2023) but less than £100,000 per year will be eligible.

1.4. The Department for Education (DfE) is also proposing to extend eligibility for the EYPP and the DAF to all eligible children accessing the entitlements from April 2024.

## 2. Early Years Supplementary Grant

2.1. It was confirmed by the DfE on 7 July 2023 that the early years funding rates will increase to Sheffield providers due to the introduction of a new one-off Early Years Supplementary Grant (EYSG) payable to local authorities covering the period 1 September 2023 to 31 March 2024.

## 3. Funding Rates September 2023 to March 2024 for EYSG

3.1. The Government has announced that 100% of the increase in rate should be passed onto providers.

3.2. The breakdown of the hourly funding rates payable to Sheffield early years providers are shown below:

### The FEL hourly rates payable for 2023/24

Hourly Funding Rates payable to Sheffield providers	1/4/23 to 31/8/23		1/9/23 to 31/3/24		EYSG increase £	% increase
	Base Rate £	Deprivation Rate £	Base Rate £	Deprivation Rate £		
<b>2-year-old FEL</b>	5.63	-	7.36	-	1.73	30.7%
<b>3 &amp; 4-year-old FEL (universal &amp; EFE hours)</b>	4.59	0.44	4.88	0.44	0.29	6.3%
<b>Early Years Pupil Premium (EYPP)</b>	0.62	-	0.66	-	0.04	6.5%
<b>Disability Access Funding (DAF) *</b>	828	-	881	-	53.00	6.4%

\* DAF will increase from £828 to £881 per eligible child from September 2023

The funding rate that is paid to Sheffield City Council is shown below prior to the 5% holdback position for 3 & 4-year-olds:

## Early Years Supplementary Grant (EYSG) funding rates payable to Sheffield

Funding Type	Hourly Funding Rate paid to SCC (as at 1/4/23) £	Hourly Funding Rate paid to SCC (as at 1/9/23) £	Hourly increase (this will be passed onto providers in full) £	% increase
2-year-old FEL	5.63	<b>7.36</b>	1.73	30.7%
3&4-year-old FEL & EFE Rate	5.04	<b>5.33</b>	0.29	5.8%
Maintained Nursery School Funding (MNS)	3.80	<b>4.01</b>	0.21	5.5%
Early Years Pupil Premium (EYPP)	0.62	<b>0.66</b>	0.04	6.5%
Disability Access Funding (DAF)*	1.45	<b>1.55</b>	0.09	6.4%

\*DAF will increase from £828 to £881 per eligible child from Sept 2023 (rounded up)

### 4. Timescale for Increased Payments

4.1. All Sheffield early years providers will be paid the increased hourly funding rates in the Actual Headcount payment task due to be paid to providers on 17 November 2023. This will allow SCC officers sufficient time to update internal systems with the new funding rates over the summer term.

- The hourly funding rate for 2-year-old FEL will increase by £1.73.
- The hourly 3&4-year-old FEL universal and EFE rate will increase by £0.29.
- Please note that deprivation funding rates remain the same.

### 5. The 2-year-old Early Years National Funding Formula (EYNFF) Consultation

5.1. As part of the introduction of the extended entitlements, the DfE has issued a consultation as they do not currently have a formula for funding pupils under 2 years of age.

5.2. The DfE is proposing to introduce changes in the 2-year-old EYNFF in order to capture the relevant data to be used to fund under 2-year-old pupils and working parents. This consultation closed on 8 September and the results will be published later in the autumn term.

5.3. The Local Authority worked with the Early Years Working Group to produce a response to the consultation which can be found at Appendix 1.

5.4. As the entitlement for 2-year-olds is being extended to under 2-year-olds and working parents, the proxies used to calculate funding that is provided to local authorities needs to change.

- 5.5. This is because current proxies such as free school meals are not representative of working parents and therefore the DfE is looking to introduce a new proxy Income Deprivation Affecting Children Index (IDACI), which will capture data that is more suitable.
- 5.6. The January Census will drive the new funding formula and will be adjusted as it is now based on January 2023 at 5/12ths and January 2024 at 7/12ths.
- 5.7. There is also a proposal for the pass-through rate of 95% be increased to 97% in future years; the timing of this is to be kept under review by the DfE.
- 5.8. The new funding formula for 2-year-olds and under will produce a combined hourly per pupil funding rate for all local authorities to use from April 2024.

## **6. Illustrative Funding Rates from April 2024 for 2-year-olds and under**

- 6.1. The DfE has issued illustrative funding rates based on the new proposed 2-year-old EYNFF for all local authorities for April 2024. These will be updated to reflect the agreed new funding formula and datasets used to produce actual funding rates, to be published later in the autumn term.
- 6.2. The illustrative funding rates from April 2024 that have been published are:
  - 2-year-old funding rate - £7.85.
  - Under 2-year-old funding rate - £10.70.
- 6.3. The illustrative funding rates shown are not necessarily the rates that will be paid to Sheffield early years providers. The Local Authority will have to carry out modelling in the autumn term in order to determine the actual rate to be paid to providers.

## **7. Recommendations**

Forum members are asked to note the information regarding the:

- Early Years Supplementary Grant.
- 2-year-old EYNFF Consultation.
- Indicative funding rates published by the DfE.