

<b>BRIEFING</b>	<b>TO:</b>	Rotherham Schools Forum
	<b>DATE:</b>	22 <sup>nd</sup> September 2023
	<b>LEAD OFFICER:</b>	Neil Hardwick, Head of Finance (CYPS), Aileen Chambers, Head of Service – Early Years and Childcare
	<b>TITLE:</b>	Early Education Rates – Autumn 23

## 1. Background

1.1	<p>A number of early education / childcare changes were proposed in the Governments' March Budget including:</p> <ul style="list-style-type: none"> <li>▪ An extension of the free 30 hour childcare offer</li> <li>▪ An increase in the early education hourly rate</li> <li>▪ A change to the staff:child ratio for 2 year olds</li> <li>▪ Funding to develop 'wraparound' care</li> <li>▪ Incentive payments to new Childminders</li> </ul>																
1.2	<p>The implementation dates are outlined below:</p> <table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Date</th> <th style="text-align: left;">Change</th> </tr> </thead> <tbody> <tr> <td><b>September 2023</b></td> <td><b>Increase in early education funding rate for 2 and 3 year olds</b></td> </tr> <tr> <td><b>September 2023</b></td> <td>Staff Child ratio for 2 year olds to 1:5 (from 1:4)</td> </tr> <tr> <td><b>September 2023</b></td> <td>Childminder promotion of £600 for those registering through Ofsted and £1200 for registering via an agency</td> </tr> <tr> <td><b>April 2024</b></td> <td>All working parents of two-year-olds will be able to access 15 hours of free childcare. Approximately 1,000 two year olds meet the current non-working / low income eligibility criteria.</td> </tr> <tr> <td><b>September 2024</b></td> <td>all working parents of children aged 9 months up to 3-years-old can access 15 hours per week</td> </tr> <tr> <td><b>September 2025</b></td> <td>all working parents of children aged 9 months up to 3-years-old can access 30 hours free childcare per week</td> </tr> <tr> <td><b>Date TBC</b></td> <td>Local authorities will be given funding to set up wraparound care 8am – 6pm. It is expected by September 2026 that most primary schools will be able to provide their own before and after school care</td> </tr> </tbody> </table>	Date	Change	<b>September 2023</b>	<b>Increase in early education funding rate for 2 and 3 year olds</b>	<b>September 2023</b>	Staff Child ratio for 2 year olds to 1:5 (from 1:4)	<b>September 2023</b>	Childminder promotion of £600 for those registering through Ofsted and £1200 for registering via an agency	<b>April 2024</b>	All working parents of two-year-olds will be able to access 15 hours of free childcare. Approximately 1,000 two year olds meet the current non-working / low income eligibility criteria.	<b>September 2024</b>	all working parents of children aged 9 months up to 3-years-old can access 15 hours per week	<b>September 2025</b>	all working parents of children aged 9 months up to 3-years-old can access 30 hours free childcare per week	<b>Date TBC</b>	Local authorities will be given funding to set up wraparound care 8am – 6pm. It is expected by September 2026 that most primary schools will be able to provide their own before and after school care
Date	Change																
<b>September 2023</b>	<b>Increase in early education funding rate for 2 and 3 year olds</b>																
<b>September 2023</b>	Staff Child ratio for 2 year olds to 1:5 (from 1:4)																
<b>September 2023</b>	Childminder promotion of £600 for those registering through Ofsted and £1200 for registering via an agency																
<b>April 2024</b>	All working parents of two-year-olds will be able to access 15 hours of free childcare. Approximately 1,000 two year olds meet the current non-working / low income eligibility criteria.																
<b>September 2024</b>	all working parents of children aged 9 months up to 3-years-old can access 15 hours per week																
<b>September 2025</b>	all working parents of children aged 9 months up to 3-years-old can access 30 hours free childcare per week																
<b>Date TBC</b>	Local authorities will be given funding to set up wraparound care 8am – 6pm. It is expected by September 2026 that most primary schools will be able to provide their own before and after school care																
1.3	<p>This staggered approach is intended to give childcare providers time to prepare for the changes, ensuring there are enough providers ready to meet demand. The Early Years and Childcare Service are currently carrying out the annual childcare sufficiency assessment. The analysis this year will include projected impact of the increased entitlement.</p>																

1.4 **Increases to the Early Education Funding Rate:** The DfE have released details of the increase in hourly rate for 2 and 3 & 4 year old early education to be implemented from September 2023. The increase will come in the form of an Early Years Supplementary Grant (EYSG).

- This additional funding for local authorities to increase hourly rates paid to childcare providers for the government's existing entitlement offers.
- The DfE intention is that LAs must pass on the EYSG in full to early years providers for each of the funding streams.
- LAs have the flexibility to determine how best to pass on this funding to their providers.
- In order to ensure that payments to providers can be made promptly, the DfE will not require local authorities to consult their Schools Forum but encourage local authorities to engage appropriately with their early years providers about the funding amounts from September.
- DfE would encourage LAs to update their providers on their plans for distributing this funding in a timely manner.
- An initial allocation will be paid to LAs based on the January 2023 censuses.
- A final adjustment will be made to funding payments using updated January 2024 census in summer 2024.
- The DfE expect to publish the conditions of grant and the initial EYSG funding allocations in September.

1.5 The EY Supplementary Grant increases are as detailed below:

Age	Rate Increase to the LA
2 Year Olds	£1.81 per hr
3 / 4 Year olds	£0.31 per hr
Early Years Pupil Premium	£0.04 per hr
MNS Supplementary Grant	£0.36 per hr
Disability Access Fund	£53

1.6 The supplementary grant has been allocated based on 7/12ths of the January 2023 early years census. This equates to funding for 332.5 hours of delivery. The funding in Rotherham is distributed based on the termly hours detailed below:

Term	No. of hours funded in Rotherham	Hours Funded by DfE	Difference
Summer	195	237.5	+42.5
Autumn	225	332.5	-42.5
Spring	150		
<b>Total</b>	<b>570</b>	<b>570</b>	

1.7 This means there is a surplus of 42.5 hours per child at the lower rate and a shortfall of 42.5 hours per child at the higher rate. There will be adequate funding in the Early Years Block to cover this difference.

1.8 Revised early education agreements have been issued to all schools and providers for the Autumn term 2023.

## 2. Action taken

2.1	In accordance with DFE guidance, approval was sought from CYPS DLT to passport the full increase from the supplementary grant to providers as required and as detailed below. The deprivation supplement is not be affected and would remain at 17p higher rate and 12p medium rate.			
	April 23 rate from DfE	April 23 rate distributed to providers	<b>Autumn 23 DfE hourly rate increase</b>	<b>Autumn 23 Proposed rate for providers</b>
	2 year old	£5.63	£5.63	<b>£1.81</b>
	3 / 4 year old rate	£4.89 (5% retained for central costs from the original DSG allocation, 2% distributed through deprivation supplement)	£4.56 plus 17p high dep / 12p medium dep	<b>31p</b>
	Early Years Pupil Premium	£0.62	£0.62	<b>£0.04</b>
	MNS Supplementary Grant	£6.09	£6.09	<b>£0.36</b>
	Disability Access Fund	£828	£828	<b>£53</b>
				<b>£7.44</b>
				<b>£4.87</b>
				<b>£0.66</b>
				<b>£6.45</b>
				<b>£881</b>

### 3. Finance

3.1	The 2023/24 Dedicated Schools Grant Early Years Block allocations (with adjustment based on January 2023 census) are not expected to be confirmed until September 2023.
3.2	The current forecast against an estimated 2023/24 allocation (based on the original Early Years Block allocation adjusted for estimated January 2023 census) identifies a £418k surplus. This is calculated using percentage uptake trends from prior years against age population.
3.3	The table shown in 2.2 identifies the proposed Autumn 2023 rates, taking into account the increase for the DFE supplementary rate, and passporting the supplementary increase to providers in full in accordance with DFE guidance.
3.4	As with the 2023/24 funding allocations in 4.1, it is not expected to receive confirmation of the Supplementary funding allocations until September 2023.
3.5	Assuming a 2023/24 Supplementary Funding allocation based on 2023 Census, the original surplus identified on 4.2, <b>would reduce by an estimated £65k to £353k surplus to transfer to reserves.</b> The £65k shortfall is as a result of the DFE method of allocating the funding to Local Authorities as identified in 1.6 and 1.7 above.

3.6

The financial impact can be summarised in the table below:

	<b>2023/24 Funding Jan23 Census estimate</b>	<b>2023/24 Estimated EYSG Funding Jan 23 Census</b>	<b>2023/24 Total Estimated Funding</b>	<b>2023/24 Forecast Expenditure</b>	<b>2023/24 Estimated Surplus</b>
<b>Original rates</b>	19,218,824		<b>19,218,824</b>	<b>18,801,262</b>	417,562
<b>Autumn rate with EYSG</b>	19,218,824	1,130,288	<b>20,349,112</b>	<b>19,996,543</b>	352,569
				<b>Reduction</b>	<b>64,993</b>