

Report to: East Sussex Schools Forum

Date: 12 January 2024

Title of Report: Early Years Funding Reforms

By: Alison Jeffery, Director of Children's Services

Purpose of Report: To update Schools Forum on the government's early years funding reforms.

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**Recommendation:**

Schools Forum is asked to note the changes to the early years education entitlements as a result of the government's early years funding reforms, which will take effect in stages from April 2024 to September 2025 and approve the Early Years DSG Budget.

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**1. Introduction**

1.1 In the government's spring budget in March 2023, the Chancellor announced reforms to childcare for parents, children, the economy, and women. This includes new early years funding streams to provide working families access to funded childcare places for children aged 9 months to two years old.

1.2 By September 2025, eligible working families will be able to access 30 hours of funded childcare per week for 38 weeks of the year. This offer is in line with the Extended 30 hours offer already in place for eligible three- and four-year-olds. To ensure fair distribution of funding across all age ranges the DfE has introduced a new Early Years National Funding Formula (EYNFF) from April 2024. The new formula will distribute funding entitlements for children aged two and under, building on the existing formula used to fund the three- and four-year-old entitlements.

1.3 The new framework outlines how councils will be expected to pass funding on to providers. Councils will have support and flexibility to deliver the childcare offers whilst ensuring funding reaches providers in a fair and transparent way.

**2. Changes**

2.1 From April 2024, early years funding will now include funding of 15 hours, for 38 weeks of the year, for two year olds of working parents as well as eligible disadvantaged two year olds. From September 2024, children aged 9 months plus of working parents will also be eligible to claim 15 hours, 38 weeks a year of funded childcare. From September 2025, the offer to working parents of children aged 9 months plus will be eligible to the full 30-hour offer.

2.2 From April 2024 the funding formula across all age groups will include a statutory deprivation supplement, Early Years Pupil Premium (EYPP) and Disability Access Fund (DAF) payments.

2.3 Councils will also be required to expand their Special Educational Needs Inclusion Fund (SENIF) to include children aged 9 months to two years old who are taking up the funded entitlements.

2.4 From April 2024, all monies received via the Dedicated Schools Grant for early education childcare places for eligible children aged two years old and above, moving to 9 months plus from September 2024 will be included in the EYNFF. All funded age groups will have a statutory deprivation supplement and SENIF.

### 3. Funding rates

3.1 For 2024/25, the DfE are increasing the national minimum base funding rate for three and four-year olds to £5.70 per hour, a £0.32 per hour increase. The Council is proposing to pass the full £0.32 per hour increase on to providers. This increase, along with a supplementary grant paid in September 2023, increases the hourly rate for three and four-year-olds in East Sussex to £5.42 per hour. This equates to a pass-through rate of 95% of the base rate, in line with DfE requirements. The funding rate in East Sussex remains under the national average base rate of £5.88 per hour.

3.2 For 2024/25, East Sussex will continue to passport through 100% of funding received through DSG to support disadvantaged eligible two years olds and two-year-olds whose parents are in employment. The base rate of £8.37 equates to an increase of £0.23 per hour on the rates updated in September 2023. On top of the base rate there will be a statutory deprivation supplement and SENIF. This equates to 100% pass-through to children in this age range.

3.3 The national funding rate for under twos, whose parents are in employment, will be £11.15 per hour base rate from September 2024. On top of the base rate there will be a statutory deprivation supplement and SENIF. This equates to 100% pass-through to children in this age range. This enables providers to engage in the DfE funding expansion projects to provide funded places for working parents of children aged two and under and reflects the commitment of the local authority to support economic growth for families in East Sussex.

3.4 The EYPP payment is additional funding for early years settings to improve the education they provide to disadvantaged children. Historically EYPP has only been paid to three- and four-year-olds but in the 2024/25 financial year this will include eligible children aged 9 months plus. The EYPP rate for 2024/25 will be £0.68 per hour for each eligible child, per year.

3.5 The DAF is for early years settings to support children with disabilities or special educational needs. It aids access to early years places by supporting providers to make reasonable adjustments to their settings. The DAF rate for 2024/25 will be £910 per eligible child, per year.

3.6 During the summer of 2023, the local authority's Early Years Funding team consulted with providers on whether to continue to use IDACI as the measure of deprivation to inform the statutory deprivation supplement or use EYPP as the indicator. The outcome of the consultation was to use EYPP as a more robust indicator

of need. However due to the changes in the EYNFF of funding children aged 9 months plus and having no historic data to use on this cohort, we will continue to use IDACI as the indicator for the deprivation supplement across all age groups for 2024/25. We will consult again with providers on this issue during the summer 2024 funding period.

#### **4. Conclusion and recommendations**

4.1 In conclusion, Schools Forum is asked to note the changes to the early years education entitlements as a result of the government's early years funding reforms, which will take effect in stages from April 2024 to September 2025 and approve the Early Years DSG Budget.

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