

School Forum 17th October 2023

Proposed Early Years Supplementary Grant (EYSG) for two, three & four years olds - 2023/24

1. Purpose of report

- 1.1 Following the approval of the local Walsall Early Years Funding Formula for 2023/24 by Cabinet in March 2023, the government announced in the 2023 Spring Budget in April 2023 that they would be providing additional funding of £204m in 2023/24 to support existing early years entitlements for disadvantaged 2-year-old children and 3 and 4-year-old children.
- 1.2 This is on top of those existing hourly rates approved by Cabinet in March 2023, and so a further report to confirm how that funding will be allocated is now required, with the council able to increase the amount of funding paid to childcare providers for the existing childcare entitlement offers for the period September 2023 to March 2024. This report sets out the proposed method of distribution for this funding.

2. Recommendations

- 2.1 That Schools Forum notes the work undertaken by officers and recommends that the Early Years Supplementary Grant (EYSG) allocation is passed on to childcare providers in full for 2023/24 at the end of the autumn 2023 and spring 2024 terms following a reconciliation.
- 2.2 Schools Forum are asked to note that this recommendation will then be reported to Cabinet on 18th October 2023 to seek their approval.

3. Background

- 3.1 Following the approval of the local Walsall Early Years Funding Formula for 2023/24 by Cabinet in March 2023 the 2023 Spring Budget announced additional funding for the existing early years entitlements for disadvantaged 2-year-old children and 3 and 4-year-old children for the 2023/24 and 2024/25 financial years. This is on top of the previous settlements for those years.
- 3.2 For the 2023/24 financial year, the Government will provide £204m of supplementary funding to local authorities through a new Early Years Supplementary Grant (EYSG), and not through Dedicated Schools Grant (DSG). This will be used to increase the hourly amounts paid to local authorities, so that the amount of funding early years childcare providers receive for delivering the entitlements for the period September 2023 to March 2024 is also increased.
- 3.3 The EYSG hourly rate increases, as set out in **Appendix A**, for each local authority have been announced with EYSG allocations due to be published in late September 2023.

NB: final report will be updated with published allocation.

- 3.4 The EYSG payment made to each local authority will be based on January 2023 census data with a further reconciliation adjustment made during the spring term 2024 based on January 2024 census data.
- 3.5 EYSG will provide supplementary 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
- 3.6 The amendment to the local funding formula will only be required for 2023/24 as for the 2024/25 financial year the additional funding (currently estimated to total £288m nationally) will be allocated to local authorities through the Dedicated Schools Grant (DSG) rather than as a supplementary grant, and this additional funding will be included within the hourly rates set within the Early Years Funding Formula for 2024/25.
- 4. Proposed distribution of Early Years Supplementary Grant for 2023/24**
- 4.1 It is proposed that the hourly rate increases set out in **Appendix A** are passed on in full to childcare providers. However because EYSG is a specific grant and not part of DSG, the council will make a supplementary payment (rather than adjusting the hourly rate approved by Cabinet in March 2023) at the end of the autumn 2023 and spring 2024 terms based on actual hours of provision for 2 year olds and 3 and 4 year olds, along with any entitlement for those other funding streams set out in paragraph 3.5.
- 4.2 Childcare providers will still receive their main three funding payments each term i.e. indicative payments of 75% of expected funding due at the start of the term, unvalidated payments of the remaining 25% of expected funding due toward the end of the term and a final validated payment based on actual hours of childcare delivered after the end of the term. EYSG payments will then be paid as an additional amount at the end of the term following a reconciliation of actual hours of childcare delivered.
- 4.3 This reconciliation will reduce the risk of clawback from government for EYSG as the indicative funding to the council is based on the January 2023 census, with the final allocation being updated based on the January 2024 census. By providing payments to childcare providers at the end of the autumn 2023 and spring 2024 terms this will reduce both the administrative costs for the council and reduce the need to clawback of funding from childcare providers should their January 2024 census be lower than their January 2023 census.

- 4.4 Payments for Maintained Schools Nursery Supplement, Early Years Pupil Premium and Disability Access Fund will also be made at the end of the autumn 2023 and spring 2024 terms.

5. Financial implications

- 5.1 The exact financial impact on individual providers cannot be predicted at this time as this will be dependent on actual hours of funded childcare that are delivered during 2023/24.
- 5.2 This report proposes passing on the additional funding in full, but to reduce financial risk of clawback or overspend to the council (and to providers) also proposes that the additional funding is paid at the end of each term based on actual hours delivered (which is in line with the way in which the funding will be allocated to the council).

6. Legal Implications

- 6.1 The DfE has prescribed the way in which early years providers should be financed for the 2023/24 financial year. These guidelines are set out in the Early Years Entitlement 2023 to 2024 operational guide, and can be found at the following link:

[Early years entitlements: local authority funding operational guide 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/early-years-entitlement-2023-to-2024-operational-guide)

- 6.2 The purpose of these arrangements is to help secure greater consistency in the way in which funding is distributed to early years providers. The Council must follow the rules issued by DfE within The School and Early Years Finance (England) Regulations, and the proposed Walsall local early years funding formula sets out how funding will be allocated to early years providers in Walsall within the prescribed arrangements.
- 6.3 The DfE have also provided Guidance for local authorities on the early years supplementary grant, which can be found at the following link:
- <https://www.gov.uk/government/publications/early-years-supplementary-grant-2023-to-2024>
- 6.3 Following the meeting of Schools Forum the proposed financial arrangements will be reported to Cabinet for decision on 18th October 2023, with the outcome communicated with all early years providers in Walsall.

7. School Improvement

- 7.1 As part of making any decisions regarding possible changes to the funding formula, the potential impact on the desired outcomes of the Walsall school improvement programme should be considered.

8. Members eligible to vote

- 8.1 All elected members with voting rights are eligible to vote on this matter.

Appendix A

Early years supplementary grant (EYSG) rates on existing Early Years Rates

Funding Factor	2023 to 2024 funding rate (April to March) (£ per hour)	2023 to 2024 EYSG rate (September to March) (£ per hour)	2023 to 2024 Combined rate (September to March) (£ per hour)	Change to 2023 to 2024 EYLFF rate (%)
Early Years Entitlement for Disadvantaged 2 year olds	£5.51	£1.66	£7.17	30.1%
3 & 4 year olds - Universal Hourly Base rate	£4.86	£0.31	£5.17	6.4%
3 & 4 year olds - Extended Hourly Base rate	£4.86	£0.31	£5.17	6.4%
Maintained Nursery Schools Supplement for 3 & 4 YO provision	£3.80	£0.21	£4.01	6.0%
Early Years Pupil Premium (EYPP)	£0.62	£0.04	£0.66	6.5%
Disability Access Fund (DAF)	£828.00 pa lump sum	£30.92 (7/12 months) (£53.00 annual increase)	£858.92 (7/12 months) (£881 full year)	3.7% (6.4% full year)