

Cabinet – 18 October 2023

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

Portfolio: Councillor M. Statham, Education and Skills

Related portfolios: Councillor M. Bird, Leader of the Council

Service: Children's Services: Education

Wards: All

Key decision: Yes

Forward plan: Yes

1. Aim

- 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 in addition to 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. Summary

- 2.1 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 in addition to the previous settlements for those years.
- 2.2 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.
- 2.3 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.**

- 2.4 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.
- 2.5 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
- 2.6 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.

3. Recommendations

Subject to outcome of the discussion of Walsall's Schools Forum at their meeting on 17th October 2023:

- 3.1 That Cabinet 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.

4. Report detail - know

Context

- 4.1 All local authorities in England that fund early years provision are eligible to receive the EYSG and are required to increase the amounts they pay to their early years providers in accordance with the EYSG conditions.

Proposed distribution of Early Years Supplementary Grant for 2023/24

- 4.2 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.

- 4.3 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.
- 4.4 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.
- 4.5 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. Council Plan priorities

- 5.1 The Council Plan 2022-25 sets out the Council's purpose along with the priorities, with the aim of reducing inequalities and maximising potential. Ensuring that the distribution of EYSG is seen as equitable and is transparent to those who have been consulted with, such as Schools Forum, when approving the distribution method directly links to the Council's priorities for outcomes linked to education and enabling children to have the best possible start.

6. Risk management

- 6.1 Individual settings may see movements in the actual funds that are paid to them where the numbers of children taking up entitlement, have changed. Settings will, as they always have done, need to manage these changes within their overall funding. Where the impact of that is significant for any individual school the authority will work with the school concerned to provide support in managing that.

7. Financial implications

- 7.1 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.
- 7.2 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).

8. Legal implications

- 8.1 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-supplementary-grant-2023-to-2024)

- 8.2 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.

- 8.3 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>

9. Procurement Implications/Social Value

- 9.1 Schools are required to comply with the Council's procurement rules and policies in conducting their business.

10. Property implications

- 10.1 Unless any schools in Walsall were to close, there will be no property implications associated with this report.

11. Health and wellbeing implications

- 11.1 The content of this report has taken into account the Marmot objectives and it is confirmed that the proposals have been tested against the relevant considerations in this respect. As such there has been no indication that the proposed distribution method for EYSG would have any adverse impact on the health and wellbeing of staff and pupils based at Walsall schools.

12. Staffing implications

- 12.1 If individual providers see movement in the actual funding paid to them, due to movements in pupil numbers or changes in need, there is a risk that staff posts may also need to be reduced.

13. Reducing Inequalities

13.1 As part of the consultation on the implementation of an early years national funding formula the government undertook a full equality impact assessment, taking into account the relevant protected characteristics identified in the Equality Act 2010. A copy of the equality impact assessment is attached to this report.

14. Climate Change

14.1 There are no direct Climate Change implications arising from this report.

15. Consultation

15.1 Consultation has been undertaken with Schools Forum which is made up of representatives of maintained schools and academies within Walsall and representatives from the private sector for early years providers.

16. Decide

16.1 That Cabinet approves the distribution of EYSG to early years providers in full as recommended by Walsall's Schools Forum at their meeting on 17 October 2023.

17. Respond

17.1 Subject to approval of the recommendations and confirmation of the 2023/24 EYSG allocation in September 2023, supplementary payments will be made to early years providers in autumn 2023 and spring 2024 terms based on actual hours of provision.

18. Review

18.1 Schools will be expected to monitor and stay within their delegated budget. The local authority will continue to provide support to schools to ensure that robust financial monitoring is carried out. Walsall's Schools Forum will continue to receive financial performance reports to monitor usage of school's budgets

18.2 For private and voluntary providers regular support from the Early Years Team is provided to ensure continuity of provision.

Background papers

Schools Forum Report 17 October 2023 – Proposed Early Years Supplementary Grant (EYSG) for two, three & four year olds 2023/24

ESFA – Early Years Supplementary Grant Guidance 2023/24

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6th October 2023



Councillor Statham
Portfolio Holder
Education & Skills

6th October 2023

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)