



EXECUTIVE BOARD DECISION

REPORT OF:	Executive Member for Children, Young People and Education, Executive Member for Finance and Governance
LEAD OFFICERS:	Strategic Director of Children & Education (DCS) Strategic Director of Finance and Resources (S151)
DATE:	Thursday, 8 February 2024

PORTFOLIO/S AFFECTED:	Children, Young People and Education; Finance and Resources
WARD/S AFFECTED:	(All Wards);
KEY DECISION:	Y

SUBJECT: Early Years Entitlements including the new Expanded Entitlements

1. EXECUTIVE SUMMARY

To advise Executive Board of the plans for the use of the Early Years Dedicated School Grant including proposed plans for the delivery of the expanded entitlements for 2024/25.

2. RECOMMENDATIONS

That the Executive Board:

1. Approves the use of the DSG EY Grant at appendix A which includes approval for the retention of up to 5% of the total grant to cover the cost of administration.
2. Approves the proposed hourly rates payable to providers (Appendix A)
3. Notes the content of the report with regards to the expansion of early years entitlements for children aged from 9 months upwards (under 2s) and 2 year olds of working parents.
4. Notes the allocation of the funding for under 2s will be adjusted to fund 26 weeks entitlement instead of the original 22 weeks included in the Dec 23 allocation.
5. Approves the use of the project delivery funding to support an increase in staffing to manage the successful implementation of the expanded entitlement offer.
6. Approves the use of project delivery funding to support the purchase of new modules to enhance the existing management information system to support the efficient delivery of early years entitlements.
7. Approve the use of capital funding to create new places if required to meet demand.

3. BACKGROUND

The early education and childcare entitlements will be expanded to children aged from 9 months over the following stages:

- From **April 2024**, working parents of two-year-olds will be able to access **15 hours** of free early education and care per week (over 38 weeks a year) from the term after their child’s birthday.
- From **September 2024**, this will be **extended to working parents of children aged 9 months and above**; and
- From **September 2025**, working parents will be able to access **30 free hours per week** (over 38 weeks a year) for children from age 9 months up until 1 September following his or her fifth birthday.

The application process and eligibility criteria for the new expanded entitlements will remain the same as the current 30 hours, with HMRC continuing to determine eligibility via the Childcare Service. As with current policy, parents are only legally entitled to start claiming the 15 hours entitlement for their child from the term after the child reaches the relevant age **AND** the term following the date they receive a decision from HMRC. If an application for an eligibility code is not made before the termly deadline parents will need to wait until the following term to access their free childcare place. Parents have to reconfirm their eligibility every 3 months. If they apply more than 3 months before the term starts, they will have to reconfirm their eligibility in their account in order to keep their code valid.

A child reaches the relevant age between:	Can start claiming 15 or 30 hours entitlement from:	Deadline to apply for an ‘eligibility code’ via the Childcare Service
1 st January to 31 st March	Term starting on or after 1 st April	31 st March
1 st April to 31 st August	Term starting on or after 1 st September	31 st August
1 st September to 31 st December	Term starting on or after 1 st January	31 st December

4. KEY ISSUES & RISKS

This is the biggest change in early years entitlements since the roll out of the 30-hour entitlement for working parents of eligible 3 and 4 year olds in Sept 2015 and is aimed at encouraging more families to take up paid employment or increase working hours.

There have been some significant challenges in respect of the management information system’s ability to incorporate the new entitlements into the system, however at this time good progress has been made and contingencies are in place to ensure delivery should the system prove unreliable.

There is no change to the existing 15 hour entitlement for disadvantaged two-year-olds, the eligibility and criteria and application process will remain the same.

There may be some circumstances where households meet the eligibility criteria for both the disadvantaged two-year-old entitlement and the working parent entitlement. In these circumstances, households can only be in receipt of one early education and childcare entitlement and Local Authorities should communicate to the parent that they do not need to apply for a working entitlement place and should direct them onto the disadvantage entitlement. Local Authorities will be required to differentiate between the two groups for census purposes.

In circumstances where two different providers are claiming for the same child, under different two-year-old entitlements, systems should flag this. Local Authorities will need to contact the provider offering the working entitlement to tell them that the child will not be eligible for the funding.

Children in foster care will be eligible for the entitlements if the following criteria are met:

Accessing the extended hours is consistent with the child’s care plan; and

- Where there is a single foster parent family, the foster parent is engaging in paid work outside their role as a foster parent; or

- Where there are two foster parents in the same fostering household, both are engaging in paid work outside their role as a foster parent.

5. POLICY IMPLICATIONS

None

6. FINANCIAL IMPLICATIONS

The general structure of the early years funding system will remain the same, namely Local Authorities will receive funding for the entitlements from the DfE through the Dedicated Schools Grant (DSG), which they will in turn distribute to providers offering the entitlements in their area.

In line with the DfE's published "Early Years entitlements: Local Authority funding operational guide 2024-2025. Local Authorities are eligible to retain up to 5% of the grants received, but must pass through at least 95% of the basic entitlement plus supplements for deprivation, Special Educational Needs Inclusion Fund (SENIF) and Children In Need (CIN). The breakdown at Appendix A shows the amounts we are proposing to centrally retain, which is in line with the 95% pass through guidance.

Following the announcement of the grant in December 2023, the DfE issued further instruction to clarify that the original allocation for 9 months old of £1,678,686 was based on 22 weeks funding. As the terms Autumn 24 and Spring 25 cover 26 weeks funding, DfE will revise the allocation to pay over 26 weeks to local authorities. This revised allocation is shown in the new expanded early years entitlements below.

The new working entitlement for two-year-olds does not start until April 2024, and consequently this cohort of children will not be captured in the 2024 spring term EY census, which is normally used to fund for the 2024 summer term. The DfE are currently reviewing this and will provide further information in due course.

Early Years Entitlement allocations for 24/25 are:

Existing early years entitlements

- | | |
|---|------------|
| • universal 15 hour entitlement for 3 and 4 year olds | £7,608,955 |
| • additional 15 hours entitlement for eligible working parents of 3 and 4 year olds | £2,765,796 |
| • universal entitlement for 2 year olds | £2,322,402 |

New expanded early years entitlements

- | | |
|---|------------|
| • funding allocation for additional 15 hours entitlement for eligible working parents of 2 year olds | £2,427,104 |
| • funding allocation for 15 hours entitlement for eligible working parents of 9 months old (this has been adjusted to cover 26 weeks allocation rather than the original 22 weeks allocation) | £1,983,902 |

Other early years funding

- | | |
|--|----------|
| • funding allocation for Early Years Pupil Premium | £156,859 |
| • funding allocation for Disability Access Fund | £139,230 |
| • allocation for maintained nursery school supplementary funding | £670,193 |

In addition to the above, an allocation of £55,000 has been received to support project delivery. It is intended to expend this funding as follows:

- Staffing – £42,171
- Management information systems upgrade (see resource section) – £5,850
- PR and communications - £6,979

7. LEGAL IMPLICATIONS

This funding from the government is subject to conditions, and the Local Authority is required to comply with the Early Years entitlements: Local Authority funding operational guide 2024-2025 in determining our funding formulae, allocating funding and monitoring take-up/attendance. Appropriate detailed grant funding agreements will be required to ensure compliance with requirements where it is agreed to fund the creation of

new places, should these be required to meet demand.

8. RESOURCE IMPLICATIONS

Additional resource will be required to support the implementation of the new expanded entitlements and will be funded from the associated project delivery fund for a fixed term of 1 year.

Ongoing the staff resource to manage the statutory functions in relation to the delivery of the early year's entitlements will need to increase to manage higher numbers of applications and claims. This will be funded through an increased staffing allocation funded from the retained element of the Early Years Entitlement block.

Additional modules to the existing management information system to support efficient working will include:

- adjustment module – this will allow for the secure transfer of information for in term financial adjustments
- page manager – this will allow for improved public information sharing to support uptake of the new early years offer.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below. Where appropriate please include the hyperlink to the EIA.

Option 1 Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision. *(insert EIA link here)*

Option 3 In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision. *(insert EIA attachment)*

10. CONSULTATIONS

Following the delivery of the autumn statement, we are required to consult providers with our plans for any changed of their entitlement of the Early Years DSG grant. The consultation ran from 22nd January 2024 to 19th February 2024. Results of the consultation will be presented to Schools Forum along with the proposed funding rates for noting on the 29th February 2024.

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

VERSION: 1

CONTACT OFFICER: Carol Grimshaw, Head of Service, Schools Systems Support

	Kirsty Thompson, Finance Manager, Schools and Education
DATE:	9 February 2024
BACKGROUND PAPER:	Appendix A – Early Years Entitlements