

KENT COUNTY COUNCIL – RECORD OF DECISION

DECISION TAKEN BY:

Rory Love, Cabinet Member for Education and Skills

DECISION NO:

23/00127

For publication [Do not include information which is exempt from publication under schedule 12a of the Local Government Act 1972]

Key decision: YES

Key decision criteria. The decision will:

- a) result in savings or expenditure which is significant having regard to the budget for the service or function (currently defined by the Council as in excess of £1,000,000); or
- b) be significant in terms of its effects on a significant proportion of the community living or working within two or more electoral divisions – which will include those decisions that involve:
 - the adoption or significant amendment of major strategies or frameworks;
 - significant service developments, significant service reductions, or significant changes in the way that services are delivered, whether County-wide or in a particular locality.

Subject Matter / Title of Decision The extension of funded early years entitlement, increased access to wraparound childcare, and KCC’s local funding formula for early years providers funded entitlement payments for 2024-25.

Decision:

As Cabinet Member for Education and Skills in consultation with Cabinet Member for Integrated Children’s Services, I agree to:

- I. A) approve acceptance of:
 - a. the new revenue grant to support to the roll out of the wraparound childcare programme, and
 - b. the capital grant to support the delivery of extended early years funded entitlement and wraparound childcare;
- II. authorise the Director of Education and SEND to take the actions required to deliver the new funded early years entitlements and wraparound childcare aspirations, in line with the relevant grant conditions, including but not limited to entering into relevant contracts, to be authorised to enter into variations as envisaged under the contracts and making payments to early providers;
- III. approve changes to the Council’s Early Years Local Funding Formula for early years providers that is used to calculate the early years funding rates for funded entitlements from 1st April 2024 as set out below:
 - a. the basic rate for all free entitlements for 2024-25:

Basic Rate	£ per hour (2024-25)
Universal base rate for 3- & 4-year-olds (equivalent to up to 15 hours per week for 38 weeks)	£5.16 per hour
Extended base rate for 3- & 4-year-olds (additional 15 hours per week for 38 weeks for eligible working parents)	£5.16 per hour

Base rate for 2-year-olds (for disadvantaged & eligible working parents equivalent to up to 15 hours per week for 38 weeks)	£7.55 per hour
Base rate for 9-month to 2-year-olds (for eligible working parents equivalent to up to 15 hours per week from September 2024)	£10.26 per hour

- b. Additional supplementary rates for 3- & 4- year-olds free entitlements:
- Deprivation: based on a children’s eligibility against the Index of Deprivation Affecting Children Index – providers with children residing in the top 25% most deprived areas will receive an additional rate of between £0.54 per hour and £0.13 per hour per eligible child.
 - Qualified leader (for those employed on Statutory Teachers’ terms & conditions): £1.20 per hour;
 - Qualified leader (for Early Years Professionals & Teachers’ who are not employed on statutory terms & conditions): £0.30 per hour;
 - System Leadership (Quality): fixed budget of £250,000
- c. there will be no additional supplementary rates for either 2-year-olds and 9 months to 2 years (with all funding passed through the base rate only).
- d. to budget for the Special Educational Needs Inclusion Fund to be jointly funded from the High Needs Block and Early Years Block from 2024-25;
- e. to budget for a 1% contingency to mitigate against the financial risk of implementing the new funded entitlement offer for working parents for 2-year-olds from April 2024; and for children from 9 months in September 2025.
- f. use of up to 5% of the Early Years Block to fund centrally retained early years services provided by the Council.
- g. The Disability Access Fund and Early Years Pupil Premium payments will be set at nationally prescribed rates and eligibility criteria.
- h. implement a monthly payment process for childminders during 2024-25.
- IV. and, Authorise the Corporate Director of Children, Young People and Education to make any necessary changes to the Funding Formula rates once final affordability is known and implement payment process to early years providers.

Reason(s) for decision:

Background

- 1.1 Currently, all eligible parents of children aged three- and four-years old are entitled to up to 30 hours funded childcare per week (for the equivalent of 38 weeks) up until they start school (a universal offer of up to 15 hours per week with a further 15 hours per week for working parents). Disadvantaged two-year olds who meet certain criteria are also entitled to up to 15 hours per week.
- 1.2 Local authorities are responsible for setting the payment rates to early years providers for the funded entitlement for two-, three- and four-year olds and for making payments to providers for the funded places taken up.
- 1.3 The Council also has a duty to secure sufficient childcare, so far as is reasonably practicable, for working parents or parents who are studying or training for employment for children aged 0-

14 (or up to 18 for disabled children).

- 1.4 In the Government's Spring 2023 budget, the Chancellor introduced and announced funding for two new initiatives: New Early Years Entitlements and Wraparound Provision. These are intended to support working parents with the cost of childcare and help parents to return to work.
- 1.5 The new entitlements are being introduced in phases:
 1. From April 2024, eligible working parents of 2-year-olds can access up to 15 hours per week for 38 weeks of the year.
 2. From Sept 2024, eligible working parents of children aged 9 months up to 3-year-olds can access up to 15 hours per week for 38 weeks of the year.
 3. From Sept 2025, eligible working parents of children aged 9 months up to 3-year-olds can access up to 30 hours per week for 38 weeks of the year.
- 1.6 Parents working the equivalent of 16 hrs a week (earning the national minimum wage or living wage) will be able to benefit from this offer. HMRC will continue to confirm eligibility. Eligible low-income families in receipt of certain benefits will continue to be entitled to 15 hours of funded childcare for 2-year-old children.
- 1.7 Local authorities must set entitlement funding rates in line with Government guidance and the cost of these payments are fully funded from the Early Years Block of the Dedicated Schools Grant provided by the Department of Education (DfE). On 29 November, the Government announced the intention to increase the Early Years Block for the funding of existing entitlements (for 3- and 4-year-olds and disadvantaged 2 year olds), along with additional funding to deliver the new entitlements from 1 April 2024. The Council must now decide how the existing early years providers payments should change from the 1st April 2024 and the basis for calculating the rate paid for the new entitlements in 2024-25. The DfE expect views will be considered from both early years providers and the Schools Funding Forum.
- 1.8 In addition, the Government announced its ambition that, by 2026, all parents and carers of primary school-aged children who need it will be able to access term time childcare in their local area from 8:00am- 6:00pm. This is known as wrap-around provision or childcare. To support this, the DfE is issuing a separate revenue grant, over the next three financial years (2024-25 to 2025-26) called "Wraparound Childcare grant". The County Council is to receive a maximum of £52k in 2023-24, £4.1m in 2024-25 and an indicative allocation of £1.9m in 2025-26.
- 1.9 To support the expansion of the funded entitlement for working age parents and to achieve the ambitions of the wraparound childcare programme, the DfE is making available some capital funding to support place development. The County Council has been allocated a total of £2.66m capital funding. The DfE is expecting approximately 80% to be spent on expanding funded entitlements and 20% on wraparound childcare provision.

Financial Implications

2. How the proposed decision supports Framing Kent's Future 2022-2026

- 2.1 The proposed decision supports the key priority "Levelling up Kent" within the 'Framing Kent's Future (2022-26)'. Supporting the Kent economy to be resilient and successful depends upon having a flexible, adaptable, talented workforce. Enabling parents to be active in the workforce is an essential component of this.

3. How the proposed decision supports Securing Kent's Future.

- 3.1 The proposed decision supports "Securing Kent's Future – budget recovery strategy". The additional activity is funded by Government Grant, with allowances within these for the County Council's delivery costs. No additional funds from KCC are required. Supporting families to

work and be independent of state support assists the County Council's budget position.

4. Financial Implications

Funded Entitlements

- 4.1 The revenue costs of paying existing and new entitlements is expected to be fully covered by the Early Years Funding Block of the DSG. It will be necessary to ensure that the hourly rate is affordable within the grant funding provided. The Local Authority's cost of delivering the current and new entitlements are also expected to be fully covered by the early years block funding in 2024-25 through retention of up to 5% of the grant. For 2023-24, the DfE has provided a separate one-off grant of £233,579 to support the Local Authority's activities required ahead of the 1st April to deliver the new entitlement offer. Benchmarking is taking place with other local authorities to identify areas where possible efficiencies from existing early years & childcare services delivered by TEP could be made. In light of the additional work over the next two financial years resulting from expanding the offer, some staffing & resource reductions are expected to be postponed, with staff instead delivering the new entitlements, funded by the additional capacity funding instead. Additional capacity will be required across the council including Management Information and Finance to manage the additional volume of eligibility checks, payment check and payments, as well an expanded offer to support Special Education Needs and Safeguarding. In response to the significant expansion of the free entitlement offer, a modernisation programme for Early Years will be undertaken to ensure current processes are consolidated and value for money. This will run concurrently with the wider Early Years Review. All costs associated with early years is expected to be fully covered by the grant.

Wraparound Childcare Grant

- 4.2 Spending plans to support delivery of the ambitions of wraparound childcare will be set within the revenue grant available (outlined in paragraph 1.8). Criteria for use will be developed. The 2023-24 grant allocation is expected to fund the local authority's central delivery costs for this initiative, and 11% of future year grant allocations can be used for this purpose in subsequent years. TEP has identified the need to redeploy five staff to deliver this work over the 18-month period April 2024 to September 2025. As above, some proposed staff & resource reductions will be postponed with staff instead delivering the wraparound childcare ambitions, funded by the capacity funding.
- 4.3 Similarly, criteria and a process for using the capital grant (as outlined in paragraph 1.9) for both funded entitlement sufficiency and wraparound childcare development will be determined, with spending plans limited to the amount of grant funding available.
- 4.4 All proposals are expected to be fully funded from external grants and there will no additional LA funding requirement.

5. Legal implications

- 5.1 The LA has a duty to ensure families can access their funded early years entitlements, and as far as is practicable to access childcare for 0-14 year olds to enable them to work or access education and training. Delivering the extended funded entitlements and wraparound childcare ambition is necessary to discharge these duties.
- 5.2 The existing provider agreement provides the revenue contracts required for the new entitlement. It will be refreshed with legal support to ensure the new entitlements are covered.
- 5.3 Contracts/funding agreements will need to be entered in to for capital awards, and for wraparound grant funding.
- 5.4 The Council is required to set the schools and early years budget in accordance with Education Act 2002 and the Conditions of Dedicated Schools Grant 2024-25. The Early Years

funding rates must be published by 31st March for the forthcoming financial year.

5.5 The Schools Funding Forum generally have a consultative role whose composition, constitution and procedures of schools forums are set out in the Schools Forums (England) Regulations 2012 (S.I. 2012/2261) (as amended).

6. Equalities implications

6.1 An equalities impact assessment has been completed and is included as part of the consultation documentation. There were no adverse impacts identified.

7. DPIA

No data protection implications have been identified.2.1

Cabinet Committee recommendations and other consultation:

The Children’s and Young People Cabinet Committee considered the decision on.16 January 2024.

Consultations with Early Years Providers took place in October 2023 (for the proposed changes to the 3- & 4-year-olds deprivation supplement) and January 2024 (proposed rates including options for the new free entitlement rates).

The Schools Funding Forum reviewed the consultation results and supported the proposed decision on 18 January 2024 and 2 February 2024.

Any alternatives considered and rejected:

Delivery of these new entitlements and widening access to wraparound childcare is important to supporting working families in the County. It will not only help them financially by covering childcare costs, but open opportunities to extend working hours, return to work, or take on new roles. The LA has a statutory duty to enable families to access their entitlement, thus this activity must be undertaken.

The funding rates for providers must be determined, being both critical to existing provision, and to whether or not providers will sign up to the new entitlements. Alternatives were considered as part of the consultation with Early Years providers that took place during the October 2023 for the 3- & 4-year-old deprivation supplement and January 2024 for the proposed rates including options for the new free entitlement rates.

Any interest declared when the decision was taken and any dispensation granted by the Proper Officer: None



08/02/2024

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signed

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date