

**From: Rory Love, Cabinet Member for Education and Skills**  
**Sarah Hammond, Corporate Director of Children, Young People and Education**

**To: Children's and Young People's Cabinet Committee – 18<sup>th</sup> July 2023**

**Subject: Early Years Free Entitlement Rates from September 2023**

Key decision –

- It affects more than 2 Electoral Divisions.
- It involves expenditure or savings of maximum £1m – including if over several phases.

Classification: **Unrestricted**

**Past Pathway of report:** N/A

**Future Pathway of report:** Executive Decision

**Electoral Division:** ALL

**Summary:**

The Department of Education has confirmed additional funding will be made available for Early Years from 1st September 2023. Local Authorities are responsible for agreeing the formula for calculating the Free Entitlement funding rates for 2-, 3-, and 4-year olds. This decision will confirm how the additional funding will be distributed to early years providers in line with Government guidelines. At the time of writing, the Government have yet to confirm the allocation amounts for individual local authorities or criteria for allocation.

This paper is intended to highlight this forthcoming decision to Members of this Committee ahead of a key decision being taken by the Cabinet Member in late July/early August 2023.

**Recommendation(s):**

The Cabinet Committee is asked to consider and endorse or make recommendations to the Cabinet Member for Education & Skills on the proposed decision for the distribution of the additional funding of the Early Years Supplementary Grant (EYSG) to providers from September 2023 in accordance with Department of Education Guidance.

Note that the Cabinet Member will take the relevant Key Decision in July/August 2023 in line with the Council's decision-making procedures, following further information from the Department of Education on the amount & criteria for use along with further engagement with the Schools Funding Forum.

**1. Introduction & Background**

- 1.1 All eligible parents of children aged three- and four-year olds are entitled to up to 30 hours free childcare per week up until they start school with this offer extended to disadvantaged two-year olds. Local Authorities are responsible for making these payments and setting the payment rates to early years providers for the Free Entitlement for two-, three- and four-year olds.
- 1.2 The rates must be set 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.
- 1.3 The free entitlement rates for providers are normally set once a year in line with the financial year. The key decision to set the rates from April 2023 was made in February of this year (see key decision [23/00006 - Changes to the KCC local funding formula for schools](#)). However, as part of the 2023 Spring Budget, the Government has announced its intention to provide local authorities with an additional in-year funding uplift from September 2023, along with further expansion of the free entitlement offer in future years. The expansion of the free entitlement offer is not within the scope of this paper.
- 1.4 The additional monies to fund the in-year increase for 2023-24 will be received through a separate standalone top-up grant known as the Early Years Supplementary Grant (EYSG).
- 1.4 The Government has announced the EYSG for 2023-24 will be £204m nationally, the equivalent to an average rate increase of 30% for two-year olds and 4% for three- and four-year olds. At the time of writing this report, the Government has yet to publish the distribution of the additional funding allocation to individual Local Authorities.
- 1.5 Once, the allocations are announced, the Council must decide on the Local Funding Formula for allocating the EYSG to early years providers, from September 2023, in accordance with Government Guidance. The DFE have confirmed, due to the late notification of the allocations, Local Authorities are not required to consult formally on the distribution formula, although they are encouraged to engage with early years providers about the additional funding. It is also the intention to consult with the Schools Funding Forum, a statutory body made up of a representative group of headteachers, governors or other senior members of staff (i.e. school finance manager) within Kent schools including academy trusts, maintained schools, primary, secondary and special schools. Along with Post 16 and Early Years providers.

## **2 Financial Implications**

- 2.1 All proposals are expected to be fully funded from the total EYSG available for distribution in 2023-24. There are no additional KCC revenue or capital costs associated with this decision.
- 2.2 It is unclear at the time of writing this report whether the Government will expect the whole EYSG to be passported to providers or whether a proportion could

contribute towards Council run early years support services, as is the case with the main Early Years Block Grant.

### **3 Legal implications**

- 3.1 There are no legal implications, but the Council is required to set the schools budget in accordance with Education Act 2002 and the Conditions of DSG Grant 2023-24.
- 3.2 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).

### **4 Equalities implications**

- 4.1 An equalities impact assessment will be completed once the Government has confirmed final allocations and options are reviewed .

### **5 Other corporate implications**

- 9.1 This does not have an impact on other areas of the Council.

### **6 Governance**

- 10.1 Corporate Director for Children, Young People and Education will be delegated responsibility to enact the decision and to make any further necessary changes to funding rates in light of any final affordability issues.

### **7 Alternatives considered**

- 11.1 The options for the setting the Early Years local funding formula rates will be considered once the Government confirms final allocations.

### **8 Recommendation(s):**

- 8.1 The Cabinet Committee is asked to consider and endorse or make recommendations to the Cabinet Member for Education & Skills on the proposed decision for the distribution of the additional funding of the Early Years Supplementary Grant (EYSG) to providers from September 2023 in accordance with Department of Education Guidance.
- 8.2 Note that the Cabinet Member will take the relevant Key Decision in July/August 2023 in line with the Council's decision-making procedures, following further information from the Department of Education on the amount & criteria for use along with further engagement with the Schools Funding Forum.

## 9 Contact details

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