



Forward Plan Reference: FP/23/10/05

Decision Date – 2 November 2023

Key Decision – yes

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## Early Years Supplementary Grant 2023-24

Executive Member(s): Cllr Tessa Munt – Lead Member for Children, Families and Education.

Local Member(s) and Division: All

Lead Officer: Amelia Walker – Service Director, Education Partnerships & Skills

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## Summary / Background

1. The Government's Early Years Supplementary Grant (EYSG) sets out an hourly rate that each Local Authority will receive to pay an additional hourly rate for entitlement funded 3&4-year olds and eligible 2-year olds, for the period September 2023 to March 2024.
2. For the period September 2023 to March 2024, the Early Years Supplementary Grant sets out an additional hourly rate of £0.33 for funded 3&4-year olds, £1.79 for eligible 2-year olds and £0.04 for the Early Years Pupil Premium (EYPP). The additional rate applicable to the Disability Access Fund (DAF) is £30.92 as a one-off payment. The overall grant received by the Council will be paid at this rate for the number of children recorded as funded during the Early Years Census in January 2023. The Government requires the grant to be passed on in full to Early Years providers, however the actual number of children funded is likely to exceed the numbers from the Early Years Census and therefore at a higher cost to the Local Authority than the overall grant. The proposal is to fund Early Years providers initially at a lower rate, and to then distribute the remainder following the Early Years Census in January 2024 and the subsequent Department for Education (DfE) adjustment.

## Recommendations

3. That the Lead Member for Children, Families & Education agrees:
  - a. The Early Years Supplementary Grant be paid to Early Years providers at the rate of £0.32 an hour for funded 3&4-year olds. To be paid in line with the Early Years Single Formula payments made to Early Years providers termly.
  - b. The Early Years Supplementary Grant be paid to Early Years providers at the rate of £1.69 an hour for funded 2-year olds. To be paid in line with the Early Years Single Formula payments made to Early Years providers termly.
  - c. The Early Years Supplementary Grant be paid to Early Years providers at the rate of £0.04 an hour for the Early Years Pupil Premium. To be paid in line with the Early Years Single Formula payments made to Early Years providers termly.
  - d. The Early Years Supplementary Grant be paid to Early Years providers as an additional one-off payment of £30.92 for the Disability Access Fund, for children eligible from 1<sup>st</sup> April 2023.

## Reasons for recommendations

4. The Local Authority manages the payment of Early Years providers who care for children eligible for funded childcare.
5. Following the Spring Budget, the Government released the details of the Early Years Supplementary Grant rates for Somerset on 7<sup>th</sup> July 2023 to cover the period September 2023 to March 2024. The base rate Early Years childcare funding for September to December 2023 will be paid to Early Years providers during the first fortnight of September 2023. The Grant's purpose is to pass on maximum financial benefits to childcare providers as soon as possible.
6. Somerset is proposing the Early Years Supplementary Grant is paid to Early Years providers at £0.32 for funded 3&4-year olds, £1.69 for funded 2-year olds and £0.04 for the Early Years Pupil Premium. The Disability Access Fund is proposed to be paid at an additional rate of £30.92, for children eligible from 1<sup>st</sup> April 2023.

7. The Early Years Supplementary Grant has a pass-through rate of 100%. The Local Authority does not and will not top slice any the Early Years Supplementary Grant, despite the implications for the Local Authority.

#### **Other options considered**

8. Within the parameters set by the Government, the Council could pay all funded hours at the additional hourly rates set out by Government, however this would result in an overspend from the total grant received. This is due to the grant being paid at the additional rate for the funded hours recorded in the January 2023 Early Years Census and does not take into account adjustments and the funded hours actually being paid for by the Council.
9. The additional rate could be paid in line with the Government's grant calculation with data from January 2023 Early Years Census at the full rate, in a one-off payment to Early Years providers, however this would not be accurate due to subsequent changes in places of funded children, potential closures or Ofsted inspection outcomes.
10. The funding could be paid in arrears based on actual children's attendance; however this would not support Early Years providers to maintain sustainable and viable businesses.

#### **Links to Council Plan and Medium-Term Financial Plan**

11. The schools Budget supports the ethos of the Somerset Childrens and Young People's Plan 2022-24 that children learn well and develop skills for life.
12. Funding childcare places for 3&4 year olds, and eligible 2-year olds, helps towards providing early education and a good start in life for many children.

#### **Financial and Risk Implications**

13. The Department for Education has not detailed the total grant the Council will receive. The total grant payment the Council will receive will be based on the supplementary rates announced for Somerset detailed in paragraph 2 and the number of children recorded as funded during the Early Years Census in January 2023. Based on this information we are confident that the overall grant will greatly exceed the £500,000 threshold for a key decision.

14. The Childcare Act 2006 requires Local Authorities to ‘ensure Early Years provision of a prescribed description is available free of charge to each young child that is eligible’. Currently, all children aged 3 and 4, and the most disadvantaged 2-year olds, are eligible for 570 hours of funded childcare per year. The Childcare Act 2016 extended this entitlement to include an additional 570 hours of funded childcare per year for 3- and 4-year olds in working families. Local Authorities have a duty to secure funded childcare places for qualifying children.
  
15. Providers can choose whether to offer places funded by the Government or not. If providers are not paid an amount that at least covers their costs, there is a risk that providers will choose not to offer funded places. If the demand is not met by the private, voluntary or independent sector, then the Local Authority will have to stimulate demand or fill the gap by creating provision. Increasing the awareness of funded childcare amongst parents is possible, but creating new provision is very costly, particularly if a new building is required.

<b>Likelihood</b>	<b>3</b>	<b>Impact</b>	<b>2</b>	<b>Risk Score</b>	<b>6</b>
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### Legal Implications

16. The decision to approve the Early Years Supplementary Grant rates lies with the Lead Member for Children, Families & Education. The Early Year Supplementary Grant complies with government guidance.

### HR Implications

17. None.

### Other Implications:

### Equalities Implications

18. Any proposals on how to distribute the Early Years Supplementary Grant will impact all providers, whether positively or negatively. The Equalities Manager has agreed in previous years that an Equalities Impact Assessment is not required for this key decision.

## **Community Safety Implications**

19. No implications.

## **Climate Change and Sustainability Implications**

20. Early Years providers play an important role in their communities and good quality, affordable childcare helps parents return to work or continue their working life. They also provide employment opportunities in urban and rural areas. A thriving network of pre-schools, nurseries and childminders allows parents to choose the childcare setting that suits their needs.
21. The Early Years Supplementary Grant will provide an increased hourly rate to support providers to remain sustainable and viable. The Local Authority passports the maximum possible funding rate to Early Years providers.
22. For their businesses to be sustainable, Early Years providers need to be funded for their eligible children at a rate that covers their costs and at least approaches the amount they would receive if they charged parents directly. In conjunction with this the LA are working with Providers to think creatively about their financial viability.
23. The number of childminders in Somerset has been declining for at least the past 10 years, following the national trend. Several group providers in Somerset have closed in the past year, some citing lack of sustainability as the reason for closure.

## **Health and Safety Implications**

24. No implications.

## **Health and Wellbeing Implications**

25. The Early Years Supplementary Grant supports Early Years providers to deliver quality childcare, to support raising children's outcomes and enables parents to increase their working hours to return or work or education.

## Social Value

26. Not applicable.

## Scrutiny comments / recommendations:

27. The proposed decision has not been considered by a Scrutiny Committee.

## Background

28. The Department for Education allocated the Local Authority an hourly rate to provide a mid-year uplift for Early Years providers in the form of an Early Years Supplementary Grant, in addition to the current Early Years Entitlement, for the period September 2023 to March 2024.

29. The Early Years Supplementary Grant makes up an additional hourly rate for funded 2-year olds, funded 3&4-year old, the Early Years Pupil Premium, and an additional payment applicable to the Disability Access Fund.

## Background Papers

30. Early Years Supplementary Grant 2023 to 2024 guidance for Local Authorities: [Early Years supplementary grant 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/guidance/early-years-supplementary-grant-2023-to-2024)

## Appendices

31. None.

## Report Sign-Off (if appropriate)

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	16/08/2023
Communications	Chris Palmer	16/08/2023
Finance & Procurement	Nicola Hix	18/08/2023
Workforce	Duncan Sharkey (on behalf of Chris Squire)	16/08/2023

Asset Management	Oliver Woodhams	25/07/2023
Executive Director / Senior Manager	Amelia Walker	10/10/2023
Strategy & Performance	Alyn Jones	26/07/2023
Executive Lead Member	Cllr Tessa Munt	17/10/2023
<b>Consulted:</b>	Councillor Name	
Local Division Members	N/A	
Opposition Spokesperson	Opposition Lead Member for Children, Families and Education - Cllr Frances Nicholson	25/07/2023
Scrutiny Chair	Chair of Scrutiny Committee – Children, Families and Education- Cllr Leigh Redman	17/08/2023