

People & Health Overview Committee

17 October 2023

Expansion of funded childcare offer from April 2024

For Recommendation to Cabinet

Portfolio Holder: Cllr B Quayle, Children, Education, Skills and Early Help

Local Councillor(s): All

Executive Director: T Leavy, Executive Director of People - Children

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Report Status: Public

Brief Summary:

This report provides an overview of the implementation of the new national expansion of funded early years childcare offer from April 2024 introduced by the Chancellor in the Spring Budget Statement, where he announced a phased rollout to offering 30 hours of free childcare for every child over the age of 9 months with working parents. The offer is being phased in from April 2024 until September 2025.

The Childcare Act 2006, and Early Education and Childcare statutory guidance, gives local authorities a duty to secure, so far as is reasonably practicable, childcare provision for children aged 0-14 and up to 19 for children with disabilities. The provision should be sufficient to meet the requirements of parents/carers to enable them to work or undertake education or training leading to work, and for their child to access their free entitlement childcare place.

For families, increased access to paid work will bring additional income into households supporting with the impact of the cost of living.

Recommendations:

1. The People and Health Committee is invited to comment on the approach to implementation of the national childcare funding policy and the progress to date.
2. The People and Health Committee recommends to Cabinet that this approach is adopted by the council.

Reason for Recommendation:

To ensure compliance with statutory duties and any subsequent related statutory guidance to ensure there is sufficient childcare for working families.

1. Introduction and Background

- 1.1 This report provides an overview of the implementation of a new national policy to increase the eligibility for funded early years education/childcare with effect from April 2024. It sets out the implications for the local authority, and how we will support the sector.
- 1.2 Currently funded childcare for up to 15 hours per week is available only to parents of 2-year-olds living in England on particular income related benefits or for particular groups of 2-year-olds including children in care or those who have left care; children with an education, health and care plan; or in receipt of Disability Living Allowance. This funding is only provided for children attending provision rated Good or Outstanding by Ofsted.
- 1.3 In the Spring Budget Statement (2023), the Government has set out a package of measures to increase childcare support for working parents. Working parents in England will be able to access 30 hours of free childcare per week, for 38 weeks of the year from when their child is 9 months old until they start school. It will be rolled out in phases:
 - From April 2024, all working parents of 2-year-olds will be able to access 15 hours per week
 - From September 2024, all working parents of children aged 9 months up to 3 years old will be able to access 15 hours per week.
 - From September 2025 all working parents of children aged 9 months up to 3 years old can access 30 hours free childcare per week
- 1.4 In order to support this expansion the government has:
 - Committed to uplift the hourly rate paid to providers delivering existing free hours offers and increase funding available to providers to facilitate the expansion.
 - With effect from 4th September 2024, made changes to the standards in the [Early Years Foundation Stage \(EYFS\) statutory framework](#), the guidance that all early years providers must follow – to offer greater flexibility to providers including on staff ratios to support this change.

- Introduced start-up grants for new childminders, including those who register with a childminder agency of £600 for those who register with Ofsted and £1,200 for those who register with a childminder agency.

1.5 From April 2024, the Government are introducing a new funding formula to fund local authorities in respect of children aged 2 and under and will organise additional termly data collections to support the rollout of the new funding. Funding levels for providers have been set for 2023 to 2024 as follows:

- 2-year-old funding will increase from £5.68 to £7.53 per hour
- 3-&4-year-old funding base rate will increase from £4.41 to £4.73 per hour. Additional supplements are paid to settings in areas of deprivation, and there is discretion to provide supplements to other settings who may need additional funding.
- Early Years Pupil Premium Funding is provided when settings support children from a range of disadvantaged groups and will increase from 0.62p to 0.66p per hour.
- Disability Access Funding (DAF) can be used to support reasonable adjustments so that children with disabilities are able to attend settings. This will increase from £828 per annum to £881 per annum.

1.6 In addition to expansion of funded children care in the early years, the government have also set out expectations that by 2026 most primary schools will be able to deliver childcare support – before and after school. In Dorset this will include middle schools. This is sometimes called wrap around childcare provision. 16 local authorities have been selected to receive funding from the government to pilot this approach.

2. Our current position

2.1 In Dorset, there are 318 childcare providers registered with Ofsted able to deliver the existing funded childcare offer. This includes a combination of registered childminders, pre-schools, and full daycare provision. There is a mixed market of provision with delivery undertaken by schools; local authority; private, voluntary and independent (PVI) sector. The majority of our early years providers are judged 'Good or above' at their last inspection. We support the sector through allocated Early Years Support and Advice Officers who provide information, advice, and training to the sector.

2.2 Since the announcement of the policy, we have been engaging with providers about how they will be able to meet the new childcare offer and they have been invited to tell us how we can help them. Concerns that have been identified include:

- Recruitment of qualified staff to support expansion at a rate that is sufficient to support the likely increased demand from parents/carers.
- Impact of the proposed funding mechanism dropping from the higher rate of funding for 2-year-old children to the lower rate when the child becomes eligible for 3-year-old

funding. This would mean an average income reduction per child accessing 15 hours per week of £45

- Impact of increased wrap around provision provided by schools leading to a reduction in demand for childcare from the PVI sector, particularly childminders. This type of provision provides valuable income streams for providers and helps with sustainability of their business model.

3. Our approach to the implementation of the national childcare funding policy

3.1 Based on engagement with settings our plan to support the implementation of this new national policy locally will fall into 3 main categories: Financial Sustainability, Recruitment and Retention and Understanding demand.

3.2 To support **Financial Sustainability**, we will:

- Allocate short term sustainability funding as part of the council's Covid recovery response. Settings that would benefit from this approach are identified through a business survey and submission of evidence.
- Consult with the settings about the approach to the funding formula for 3- and 4-year-olds in preparation for April 2024. This is a statutory requirement and will be carried out in this autumn term.
- Continue to offer Early SEND support funding to support the inclusion of children aged under 5 years
- Signpost settings to the business support advice offered by the council.
- Continue to pay early years providers on a termly basis, with half paid at the start of the term based on estimated numbers and the remaining balance at half term following submission of actual numbers. This helps prevent cash-flow issues

3.3 **To support the sector with Recruitment and Retention we will:**

- strengthen partnerships with schools and colleges careers advisors to encourage entry into the childcare workforce through apprenticeships, level 2 and 3 qualifications and degree pathways.
- ensure childcare is represented at careers fairs promoting childcare as an attractive and desirable career for all.
- strengthen the pathway for those interested in becoming a registered childminder and promoting this option through partners for example, midwives and health visitors
- Offer training and support to settings through our Early years Advisors and facilitate learning events on best practice

3.4 **To help the sector to understand demand we will:**

- Carry out consultation with families about their childcare needs in October 2023 to help us meet the initial rollout date of April 2024.
- This will be published and shared with the sector in November 2023 to support their expansion planning.

3.5 Additionally, although Dorset is not one of the 16 local areas involved in piloting wrap around childcare, we are participating in DfE events to take the learning so that we can support primary schools to deliver the wraparound provision offer from September 2026.

4. **Financial Implications**

4.1 Completion of an Early Years Spring Census drives the level of funding which is paid to Dorset Council through the Early Years Block of the Dedicated Schools Grant. Dorset Council then distribute this funding to providers, based on a funding formula that uses actual hours the child attends the setting.

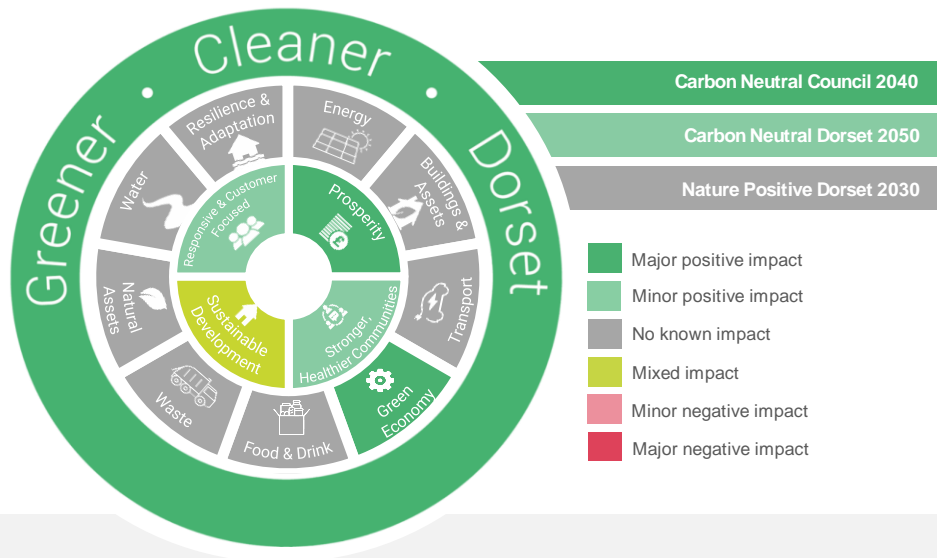
4.2 From April 2024, the Government are introducing a new funding formula to fund local authorities in respect of children aged 2 and under and will organise additional termly collections to support the rollout of the new funding.

4.3 Dorset Council has responded to a recent DfE consultation to highlight the following concerns:

- The level of funding being adequate to support high quality childcare and education.
- Special educational needs and disability being adequately supported for young children. Unless there is additional funding into the High Needs Block of the Dedicated Schools Grant, the most vulnerable children could miss out.
- It is a concern that the indicative 2-year-old rate for 2024-25 is lower than the 2-year-old rate 2023-24 including the Early Years Supplementary Grant (in Dorset £7.53, dropping to £7.36).

5. **Natural Environment, Climate & Ecology Implications**

5.1 **Climate Emergency Colour Wheel**



Carbon Neutral Council 2040

Carbon Neutral Dorset 2050

Nature Positive Dorset 2030

- Major positive impact
- Minor positive impact
- No known impact
- Mixed impact
- Minor negative impact
- Major negative impact

Quantitative Impact on CEE targets (if known)

	Unit	Number of units (+/-)
2030 - Natural asset extent & condition	Ha	0
2040 - Operational Emissions	CO ₂ (tonnes)	0

5.2 A recommendation was made to provide advice and/or signpost businesses to sources of information on how they can become more resource efficient. See Appendix 1, 10.1 and 10.2. We will do this as part of our business support providing information, advice, and training to early years practitioners.

6. Well-being and Health Implications

6.1 Access to work for parents and carers will contribute towards economic growth, reduced poverty, skill development and improved quality of life for families. Access to quality early years provision supports cognitive skills, social and emotional development and communication and language skills in readiness for school. The early years curriculum also supports physical health promoting healthy habits including nutrition and exercise. Often the early detection of developmental delays are also picked up leading to effective interventions.

7. Other Implications

7.1 N/A

8. Risk Assessment

8.1 Having considered the risks associated with this decision; the level of risk has been identified as:

Current Risk: Low
Residual Risk: Low

9. Equalities Impact Assessment

9.1 As part of their consultation on the new childcare funding arrangements, the Government published an [Equality Impact Assessment](#). Their conclusion reflected there are some positive, negative, and neutral impacts however, overall, the decision was taken to roll out the new arrangements.

9.2 Through the provision of information, advice and training we support providers to consider all aspects identified in the equalities impact assessment, carry out risk assessments and support settings to plan for mitigations.

10. Appendix 1

10.1 Accessible table showing impacts:

ACCESSIBLE TABLE SHOWING IMPACTS

Natural Environment, Climate & Ecology Strategy Commitments	Impact
Energy	No known impact
Buildings & Assets	No known impact
Transport	No known impact
Green Economy	major positive impact
Food & Drink	No known impact
Waste	No known impact
Natural Assets & Ecology	No known impact
Water	No known impact
Resilience and Adaptation	No known impact

Corporate Plan Aims	Impact
Prosperity	strongly supports it
Stronger healthier communities	minor positive impact
Sustainable Development & Housing	neutral
Responsive & Customer Focused	minor positive impact

10.2 Table of recommendations

TABLE OF RECOMMENDATIONS

Recommendations	Responses -will this be incorporated into your proposal? How? And if not, why not?
Energy	
No recommendations found for this category	
Buildings & Assets	
No recommendations found for this category	
Transport	
No recommendations found for this category	
Green Economy	
No recommendations found for this category	
Food & Drink	
No recommendations found for this category	
Waste	
No recommendations found for this category	
Natural Assets & Ecology	
No recommendations found for this category	
Water	
No recommendations found for this category	
Resilience & Adaptation	
No recommendations found for this category	

11. Background Papers

11.1 Spring Budget 2023 Factsheet – Labour Market Measures. Available at:

www.gov.uk/government/publications/spring-budget-2023-labour-market-factsheet/spring-budget-2023-factsheet-labour-market-measures

11.2 Gov.UK News story Chancellor unveils a Budget for growth. Available at:

www.gov.uk/government/news/chancellor-unveils-a-budget-for-growth

- 11.3 Early Years Foundation Stage (EYFS) Statutory Framework. Available at:
www.gov.uk/government/publications/early-years-foundation-stage-framework--2
- 11.4 Early Education funding – guidance on how LAs and early years providers are funded
[Early years funding: 2023 to 2024 - GOV.UK \(www.gov.uk\)](http://www.gov.uk/government/publications/early-years-funding-2023-to-2024)