



CHILDREN, YOUNG PEOPLE & EDUCATION COMMITTEE

Thursday, 1 February 2024

REPORT TITLE:	EARLY YEARS FUNDING EXPANSION
REPORT OF:	DIRECTOR OF CHILDREN, FAMILY AND EDUCATION

REPORT SUMMARY

The changes to Early Years Funding Entitlements pose a significant change for families across Wirral as well as the landscape for early years childcare and education. Furthermore, the considerations may escalate where the committee is required to make a key decision.

Two-year funding take up has increased from 87% in summer term 23 to 96% in Autumn 23, back to pre-covid levels. The 9% points increase is down to a number of factors, the Family Hubs and Children's Centre continue assertively target eligible families and promote the entitlement whenever possible both to families and professionals. The eligible population has decreased across all wards in Wirral, coupled with Department for Education (DfE) supplying phone numbers for families have made it easier to promote the offer. The media coverage of the new working family's entitlements has possibly helped parents feel more comfortable with sending their young children into early years provision. Three-year funding remains unchanged from summer term at 95% take up.

RECOMMENDATION/S

The Children, Young People and Education Committee is requested to note the report.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 The changes to Early Years Funding Entitlements pose a significant change for families across Wirral as well as the landscape for early years childcare and education. Furthermore, the considerations may escalate where the committee is required to make a key decision.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Every effort is being made to implement the Early Years Funding Entitlements as seamlessly and efficiently as possible to reduce risks and the escalation of issues.

3.0 BACKGROUND INFORMATION

- 3.1 The expansion to Early Years Funding Entitlements is part of the government's plan to support working families and encourage families into work. This policy is being supported by Job Centre Plus increasing the frequency of work coach meeting with unemployed families.
- 3.2 Following the review of Special Educational Needs Inclusion Fund (SENIF) we have supported 7 children with settling inclusion grants to ensure they could start positively into their provision. Autumn term has been a period of transition to the new processes, to ensure children were not left unsupported during this change. As part of the new SENIF process children are funded the term after they apply, to ensure children over Autumn term didn't miss out an exceptional process was applied. This provided 28 children with band A funding, and 24 children with band B funding. The monthly panels throughout Autumn term determined support for Spring term, the panel reviewed 167 applications. This is a significant increase on Autumn term 22 were 75 children received SENIF.
- 3.3 98% of early years providers are judged good or above. Providers with a judgement less than good receive targeted support from the Quality Improvement Team. One childminder received a second Inadequate judgement this term, funding had been paused following the initial inadequate judgement, cessation of funding will continue until their judgement improves.
- 3.4 From January 2024 the early years team will start implementing Operation Encompass, which will enable early years providers to support young children and their families following an incident of parental conflict attended by the Police. Providers will receive training on how to support children and their family and can use some of the existing resources provided by the council; for example, 'Do you feel what I feel' resources and My Happy Mind programme.

Key Changes Early Years Entitlements

- 3.5 In March 2023 the chancellor announced an expansion to Early Years Funding Entitlements (EYFE) for working parents of children between 9 months and 2 years old by September 2025 and for all schools to provide wrap around provision by September 2026. Currently eligible working families with a 3- or 4-year-old can

receive 15 hours of free childcare term time only this is in addition to the universal 15 hours all 3-and-4-year-olds receive.

- 3.6 To implement the expansion of EYFE the government have planned a phased approach. From April 2024 eligible working families with a 2-year-old will receive 15 hours of free childcare. From September 2024 the age range will drop to include families with children aged from 9-months-old. In September 2025 the hours available for eligible working families will increase to 30 hours.
- 3.7 Capacity funding has been given to Local Authorities to complete sufficiency work prior to the implementation of the expansion. This is alongside capital funding to ensure Wirral has adequate funded places.
- 3.8 From September 2026 all schools will be expected to offer wrap around provision between 8 till 6 term time only, for children between 5 and 11 years of age. Wirral has received capacity funding to work with schools to develop their offer, capital funding to support schools with resource requirements e.g., building work and programme funding which is tapered to support the setup and sustainability of the provision during the life of the programme.

Considerations

- 3.8 There are several considerations to highlight around the expansion of EYFE, the majority of these focus on sufficiency of places due to the recruitment and retention issues faced by the early years sector.
- 3.9 Due to the recruitment and retention issues many providers are capping places within their setting. This is due to not being able to recruit suitable qualified staff to fill vacancies from staff leaving to work in other service areas such as retail which is currently paying significantly higher wages than childcare is able to. This is a national issue and Wirral has commissioned two early years providers to support the relationship between training providers and early years settings. As well as working with the Liverpool City Region to address this issue.
- 3.10 As settings have capped places this has meant the sufficiency data provided by the Department for Education (DfE) is incorrect, as registered places has been used. Data published in November 2023 highlights Wirral to have enough places for eligible children in April and September 24 but will require places in September 25. Whilst this is anticipated to be accurate for April 24 (2-year-olds) the team is less confident this will be the case for September 24 (9-month-olds) due to the capping of places and not knowing the number of families who will increase their demand of childcare and switch from informal childcare (family members etc) to formal childcare (Childminders, day nurseries etc).
- 3.11 One of the biggest challenges in planning for the EYFE expansion is understanding the change in demand. The DfE have intimated families currently using childcare provision will increase their demand by an additional 4 hours per week and families new to using childcare provision will request 26 hours per week. Whilst this is useful information it is difficult to predict the number of families who will move from informal childcare to formal childcare and how many hours they will request.

- 3.12 Currently eligible disadvantaged families with a two-year-old receive 15 hours of free childcare term time only until they are eligible for the universal three-year-old funding. When working families receive two-year-funding from April 2024. If they are eligible for both schemes from September 2025, they will be expected to claim under both schemes in case they fall out of eligibility they will still receive 15 hours. However, there will be a small group of families who will not be eligible for either scheme e.g., two parent families where one parent is not working, this could be a low-income household that is just above the income threshold to receive disadvantaged two-year-funding.
- 3.13 There is also the possibility that places for disadvantaged two-year-olds may be decrease. As providers take more children from an earlier age for increased hours, in order to maintain this place till the child transitions to school, they may have to reduce the number of two-year-old 15-hour places they offer. Working families are also more likely to request additional hours which will generate further income for early years settings. Family Hubs will play an important part in supporting families not eligible for the expansion entitlements to ensure the gap between working and non-working families does not widen.
- 3.14 The DfE has issued indicative data on the number of Part-Time Equivalent (PTE) places Wirral is expected to achieve across 2024/25 financial year. Whilst the two-year-old data seems accurate the under-two's data seems to low. This affects the determination of funding rates as if we base the rates on too higher a figure of PTE then the budget will be overspent if we predict too low a take up, the budget will be underspent. Providers will be determining their delivery offer based on the funding rates which in turn could affect the number of available places. The DfE have also not confirmed if any authorities use their PTE data they will be recompensed if an overspend occurs.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The early years budget will significantly increase through the expansion of early years funding entitlement. Once the rollout of entitlements has completed the Department for Education (DfE) plan to reduce the percentage councils can retain to deliver entitlements from 5% of the overall budget to 3%.
- 4.2 The SENIF budget is set to come in underspent, how much will depend on how many applications are received for settling inclusion grant. A plan for the underspend will be discussed with the Early Years School forum sub-group and shared with school forum in the next report.

5.0 LEGAL IMPLICATIONS

- 5.1 The legislative changes to the Childcare Act 2006 received ascension on 2nd January 2024, which is the statutory duty for Local Authorities to implement the new funding entitlements for families.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 Project Boards for both the early years funding entitlements expansion and wrap around increase have been set up with relevant key stakeholders. This has seen a

number of teams across the council commit their time to supporting this initiative, from systems team, finance team, marketing team and data and insight teams.

- 6.2 To provide the support to families and early years providers there will need to be an increase within the early years team. A structure has been proposed and will be implemented over the next two years.

7.0 RELEVANT RISKS

- 7.1 To implement the early years funding entitlement the biggest risk will be not having sufficient funded places to meet demand. The use of capital funding will be crucial in supporting providers to create places where it is determined there may be insufficient places.
- 7.2 There is also a risk that take up of the disadvantage two-year-old offer will decrease. To mitigate this risk a higher funding rate for this cohort is potentially being applied. This will go alongside a promotional campaign and close working links with family hubs to continue to assertively target eligible families to take up the offer.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 The early years team in partnership with the corporate insight team have been surveying families to determine potential demand and changes in demand. Early years providers are also surveyed to inform of capacity.

9.0 EQUALITY IMPLICATIONS

- 9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 Not applicable

11.0 COMMUNITY WEALTH IMPLICATIONS

- 11.1 It is anticipated an increase in employment opportunities across the early years sector. The policy will also support families back into employment as well as reducing the cost of childcare for all families.

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APPENDICES

None

BACKGROUND PAPERS

Early Education and childcare: Statutory Guidance for local authorities. January 2024

National Wraparound Childcare programme handbook: A guide for local authorities in England. October 2023

TERMS OF REFERENCE

This report is being considered by the Children, Young People & Education Committee in accordance with Section A of its Terms of Reference, exercising management, oversight and delivery of services to children and young people in relation to their care, wellbeing, education or health, with the exception of any powers reserved to full Council.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date