

Frequently Asked Questions around the expansion of the Early Years Entitlements

1. What are the key announcements from the Spring Budget 2023?

The Chancellor announced the largest expansion of, and investment in, funded childcare ever, aiming to remove barriers to work for nearly ½ million parents with a child under 3. This will be in the form of 30 hours childcare support for every child over the age of 9 months with working parents by September 2025, where eligibility will match the existing 3 & 4 year old 30 hours offer.

Delivery of the expanded early years entitlements

2. When will the expanded entitlements come into force?

The expansion in the entitlements will be introduced in phases:

- **April 2024** - Working parents of 2 year olds will be able to access 15 hours childcare support
- **September 2024** - 15 hours childcare support will be extended to working parents of children from the age of 9 months to 3 year olds
- **September 2025** - Working parents of children aged 9 months to the age of 5 will be entitled to 30 hours of childcare support a week

3. Why aren't all the entitlements coming into force at the same time?

The government's plan with the phased approach is to give childcare providers time to prepare for the changes, ensuring enough places and staff are ready to meet increased demand.

4. Will some families qualify for both the existing 2-year-old entitlement & the forthcoming 30 hours for working parents?

No. Parents of 2-year-olds will not be permitted to claim both the disadvantaged offer and the work incentive offer.

5. How will local authorities deliver funding/check codes for the new entitlements?

Local authorities will continue to receive funding which they will distribute to providers offering the entitlements, and HMRC will continue to determine eligibility via the Childcare Service. We are currently awaiting further guidance on how eligibility checking will apply across all the new entitlements but will issue revised documentation to support settings accordingly.

6. Will current 2 year old low income families continue to receive their existing entitlement?

Yes. There will be no change to the current eligibility criteria.

7. Will there be separate eligibility codes for disadvantaged 2 year old and those of working parents?

DfE has no intention of bringing in separate codes. Disadvantaged 2 year olds apply using the current eligibility checking and application process and 2 year olds of working parents eligibility for the expanded entitlement, will be determined by HMRC via the Childcare Service. The process for parents claiming the entitlements will be the same as under the current system, with eligibility checks and codes processed through HMRC.

8. Will the deadlines for applying & reconfirming eligibility be the same as the current 30 hours entitlement?

We are currently awaiting further guidance on this.

9. Will DAF and SEND Inclusion Funding be extended to cover 2 year olds or younger?

We are currently awaiting further guidance on this.

10. Will EYPP funding still only cover 15 hours or be extended to the full 30 hours?

There are no proposed changes to the eligibility criteria for EYPP but it is expected that the age range will be extended to children aged 9 months to 2 years accessing the entitlements. The EYPP will continue to be paid at an hourly rate per eligible child, up to a maximum 570 hours per year and it is expected the final EYPP rate will be confirmed with the other early years funding streams later in the year.

11. How soon can parents apply for the new entitlements?

All three entitlements continue to work on a termly basis, so children of eligible working parents will be able to receive the entitlement from the termly date (1 September, 1 January or 1 April) after they reach the relevant age. This means that children will need to have reached their 2nd birthday on or before 31 March 2024, and their parents will need to have successfully applied, to be eligible from 1 April 2024. The same applies for the later rollouts, with reference to the child's 9 month 'birthday'. HMRC will continue to determine eligibility via the Childcare Service. The process for parents claiming the entitlements will be the same as under the current system, with eligibility checks processed through HMRC. Parents will remain able to check what childcare support they are entitled to via the Childcare Choices website.

12. Will these new entitlements be extended to parents who are currently employed and have no recourse to public funds?

We are awaiting further guidance on this. Currently, parents will still need to demonstrate they earn between the income thresholds. These are at least the equivalent of 16 hours a week at national minimum/living wage and under £100,000 adjusted net income per year. Both parents must be earning this amount, unless one is receiving certain benefits outlined in Regulations. The eligibility criteria for parents wishing to access the new entitlements will be set out in forthcoming legislation.

13. Do providers have to offer these extended entitlements?

No. Just as per the arrangements for the current entitlements, it is not mandatory for providers to deliver the extended entitlements. Providers should assess their own business models and decide which of the entitlements they can offer and for how many places. It is the LA's responsibility to ensure there is sufficient provision across the City, which will be measured through our Childcare Sufficiency Assessment.

Funding

14. Why have we had an uplift in the hourly rate from September 2023?

This was announced in the Spring Budget as an additional investment for the existing early years entitlements in the 2023-24 financial year as was given to local authorities as an Early Years Supplementary Grant to increase hourly rates paid to childcare providers for the government's existing entitlement offers.

15. So what are the current hourly rates in Nottingham City from 1st September 2023?

- 2 year old hourly rate is now £7.46
- 3 & 4 year old hourly rate is now £5.01
- Early Years Pupil Premium (EYPP) hourly rate has increased 66p

16. How are these increased hourly rates being paid?

The increased hourly rates have been added to Autumn Term Estimate Payments for the PVI Sector and will be administered using our existing payment processes, as outline in the Provider Agreement.

17. When will schools see the uplift for the Autumn Term?

This question has been sent to colleague in Schools Finance who are responsible for making the payments to schools.

18. Can childcare providers charge 'top up fees' under the expanded entitlements?

If a parent is entitled to free hours, they must be delivered free of charge. The current statutory guidance is clear that a provider cannot charge parents "top-up" fees, which is any difference between a provider's normal charge to parents and the funding they receive from the local authority, to deliver free places and this is not expected to change. As with the current offer, providers may ask for charges for additional services, which is covered on page 6 of the current Provider Agreement.

19. When will providers know the hourly rates for 2024/25?

As per our usual practice, we hope to be able to share hourly rates for 2024/25 with the PVI Sector at the Annual Early Years Business Meeting on 1st February 2024. A further uplift on the September 2023 hourly rates is expected.

20. Will there be different rates for the entitlement for disadvantaged 2 year olds and the 2 year old entitlement for working parents?

From 2024-25, it is expected that there will be a single 2 year old hourly funding rate that will cover both these entitlements.

21. What will the rate be for children under 2 years of age?

As eligibility extends to children from 9 months from September 2024, we expect to find out this rate when the 2024/25 hourly rates are announced in Spring 2024. We are awaiting further guidance as to whether this will be a different rate to that for 2 year olds but the illustrative modelling referred to in the recent funding consultation suggests it will be higher than the national average hourly rate for 2 year olds.

22. How will providers receive funding for children taking up the expanded entitlements?

LA's are expected to continue to fund providers for all the early years entitlements in line with our current payment processes. We are currently awaiting further guidance as to how the cohort of children eligible from April 2024 will be paid as we are mindful these children won't be captured in Spring Census 2024, or necessarily for Summer estimate payments, but a predicted increase in 2's is expected from April 2024.

23. With childcare providers increasingly dependent on public funding, what support is there for providers?

By 2027-28, this Government will expect to be spending in excess of £8 billion every year on free hours and early education, helping working families with their childcare costs. This represents the single biggest investment in childcare in England ever.

24. Will there be any capital funding to help with the increased sufficiency requirements for the early years entitlements?

The DfE are continually reviewing the need for capital funding as part of the delivery of the extended entitlements and the Early Years Team will also look to secure any additional capital opportunities to support this locally.

New Guidance**25. Does the September 2023 uplift in hourly rates change the current Provider Agreement 2023/24?**

An amendment will be issued to the current Provider Agreement in Autumn 2023 to reflect the increased hourly rate. As stated at clause 1.4; "Nottingham City Council has the right to 'unilaterally vary' the agreement to reflect changes in legislation and departmental guidance".

26. Will there be new statutory guidance to cover the change in the entitlements?

We expect to receive updated statutory guidance and an updated model agreement by Spring 2024. Our Provider Agreement for 2024/25 will be amended to take account of these changes and we hope to be able to share this with the PVI sector at the Annual Early Years Business Meeting on 1st February 2024.

Workforce**27. What can be done to help with staffing/recruitment?**

Supporting the early years workforce continues to be a priority for DfE and they are exploring how they can further support the early years sector to recruit and retain the staff it needs following the transformative Spring Budget announcement. The DfE want to work closely with the sector to develop plans to grow and improve the quality of the workforce, including consulting on introducing more flexible qualification requirements to unlock the potential of existing staff.

Providers have told the DfE that the recruitment and retention of staff is a key issue that can affect all aspects of their business. Increased funding also means that providers have more opportunity to take action to attract and retain staff. A national recruitment campaign is planned for January 2024 and locally we will continue to issue regular Stay Connected Recruitment Specials for settings to advertise current local vacancies at no cost.

Other

28. What if there is a different government after the next general election and these plans change?

The DfE can only confirm this government is committed to its transformative reforms to childcare which will be introduced in phases over the next few years.

29. What is the DfE's view on Early Years providers paying business rates which can cost providers a lot of money?

All occupiers of non-domestic property are assessed for business rates, including schools and early years providers. The hourly funding rate paid to local authorities for the entitlements is intended to reflect staff and non-staff costs, including business rates. DfE have updated the part of the funding formulae which uses business rates data to reflect the relative costs of doing business between different areas. The government has confirmed a freezing to the business rates multiplier for another year 2023/24 to protect businesses from rising inflation, worth an estimated £9.3 billion over the next 5 years. Early years providers that pay business rates will benefit from the freeze on the multiplier, which means bills will be 6% lower than without the freeze. From 1 April 2023, many businesses are facing new business rates bills following new valuations of their properties to reflect more recent market conditions. Ratepayers facing the largest bill increases are also benefitting from Transitional Relief announced at the 2022 Autumn Statement, which limits the scale of bill increases by capping increases at 5%, 15% and 30% for small, medium and large businesses respectively.

They may also benefit from the Supporting Small Business scheme, which caps bill increases to no greater than £50 per month in 2023-24 for properties losing some or all of their eligibility for Small Business Rate Relief.

30. In addition to the expansion of the funded hours parents can access, are there any additional sources of support for parents to help with childcare costs?

Parents may also be able to receive support through Universal Credit and Tax-Free Childcare. They can access further information on the [Childcare Choices Website](#).

31. How will the Early Years Team keep partners and providers updated on this agenda?

Providers should contact their EYFS Support Worker in the first instance with any queries around this agenda, but please note updates will also be shared on the Funding Pages of the Early Years Website, via email, via Stay Connected and on X.

*Prepared by the Early Years Team
September 2023*