

EARLY YEARS FUNDING 2021-22: AGREEMENT OF LOCAL FUNDING FORMULA

Purpose of the Report

1. To inform the Schools Forum of the responses from Early Years providers to the Authority's local funding formula consultation.
2. To seek agreement of the 2021-22 local funding formula for Early Year for recommendation to the Authority's Policy Committee.

Information and Advice

1. The formal consultation on the proposals for early years funding was held from 14th December 2020 to 8th January 2021.
2. The consultation documents have been provided with this report for information and will be available on the Schools Forum website.
3. In order to agree the local funding formula, Schools Forum members will need to vote on the proposals in consideration with the responses to the consultation. Each of the proposals that require a vote to be taken are detailed in the main body of the report.
4. Forum members are reminded that, in accordance with the Schools Forum (England) Regulations 2012, only the following members are allowed to participate in a vote regarding the local funding formula:
 - Schools (Primary, Secondary and Special)
 - Academies
 - Governors
 - Private, Voluntary and Independent providers

Other non- schools' members (Diocesan and Trade Union) can engage and participate in any discussions held, but are not eligible to participate in a vote. The Chair of the Forum has a casting vote in the event of a tied result.

Rationale for proposals

3. A report was presented to the Forum in December which set out the consultation proposals for the Early Years Funding formula for 2021-22. The proposals were

informed by the current forecast overspend and the uncertainty regarding the funding and potential future impacts of Covid on payments to providers which meant that the local authority could not extend the temporary 10p top up to the hourly rate for 2021-22.

4. However, as part of the spending review announcement, the Chancellor of the Exchequer announced his plan to increase early years spending by £44m in 2021/22 to increase the hourly rate that's being paid at maintained nursery schools and other childcare providers that deliver on the Government's free childcare offer. The consultation confirmed that 100% of this increase would be added to the hourly rate which would go some way to offset the reduction in the base rate.
5. On the 17th December the Department for Education announced an 8p increase in the hourly rate for 2 year olds and a 6p increase in the rate for 3 and 4 year olds.

Early Years Consultation Questions

Consultation responses

5. The consultation questions were to seek the views of the sector on the impact of not extending the temporary 10p increase to the 3 and 4 year old hourly rate for 2021-22.
6. A total of 59 (4 Schools, 55 PVI settings) eligible responses were received to the Early Years consultation which was a response rate of 5.2% (4.6% last year). One duplicate response was excluded from a school.
7. A full analysis of the responses received, along with the comments for each question are attached as **Appendix A**.
8. Question 1 asked if respondents understood why the local authority could not extend the continued payment of the temporary 10p top up to the 3 & 4 year old hourly rate for 2021-22?

There was a mixed response to this question with 56% of respondents agreeing that they understood why the LA could not extend the 10p temporary top up. The overwhelming comment was the need for additional funding in the sector.

9. Question 2 asked if respondents understood that the expected increase in the 2021-22 hourly rate, to be announced by the government by 18th December, would be passed on to providers?

The majority of responses (93%) were in agreement with this.

10. Question 3 asked if respondents had any comments or concerns about the impact of the proposed change to the hourly rate on their provision?

In summary, there is overwhelming concern from amongst respondents for the sustainability of the sector. Despite access to additional government funding made available throughout the pandemic, providers expressed a lack of confidence in their ability to recover and remain viable in the coming months. With the ongoing

additional costs associated with the management of the virus, and the slow return of fee-paying parents to the sector which help to supplement monies received through funded places, providers believe the removal of last year's increase at this time would be detrimental and further exacerbate an already challenging situation.

Early Years Funding Formula Proposals

11. Since the consultation was held the Early Years funding situation has not changed in fact further uncertainty has been added by the third national lock down which began at the beginning of the month. It is the LA's intention not to extend the temporary 10p to the 2021-22 3 and 4 year old hourly rate, this will however be offset by passing on 100% of the announced increase.

12. The current and proposed basic hourly rates are shown in the table below.

Factor	2020-21			2021-22 Proposed
	Basic Hourly Rate	Temporary	Total	Basic Hourly Rate
2 year olds PVI & Schools	£5.31 (38 weeks per annum)		£5.31	£5.39 (£5.31 + £0.08 2021-22 funding increase)
3 - 4 year olds PVI & Schools Universal and working parents	£4.25 (38 weeks per annum)	10p per hour	£4.35	£4.31 (£4.25 + £0.06 2021-22 funding increase)

13. A vote is required on the following proposal by **School, Academy, Governor, & PVI members**.

It is proposed that the basic hourly rate for 2 year olds is increased by 8p from £5.31 to £5.39.

Are you in agreement with this proposal?

14. A vote is required on the following proposal by **School, Academy, Governor, & PVI members**.

It is proposed that the basic hourly rate for 3 and 4 year olds is reduced by 4p (6p increase minus the temporary 10p) from £4.35 to £4.31.

Are you in agreement with this proposal?

15. No change is proposed to the funding supplements and they will remain as follows:

Supplement	2020-21 Factor Value	2021-22 Proposed Factor Values
3 & 4 year olds deprivation - LAC, CIN & CPP	£406 per year	£406 per year
3 & 4 year olds deprivation - Based on EYPP criteria	10p per hour	10p per hour

2 year olds deprivation - LAC, CIN & CPP	£406 per year	£406 per year
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RECOMMENDATIONS

That the Schools Forum:

- 1) Notes the content of the report; and
- 2) Undertakes the votes required to recommend the early years local funding formula for 2021-22 for approval by the County Council Policy Committee on 10 February 2021 and for submission to the ESFA by the deadline of 31 March 2021.

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