

4. SCHOOLS FORUM 26 FEB 2020
NEXT STEPS



**CONSULTATION ON THE EARLY
YEARS FUNDING FROM 2020/21 –
SUMMARY OF RESPONSES AND
FINAL PROPOSALS**

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INTRODUCTION

1. Central Government introduced the Early Years National Funding Formula (EYNFF) in April 2017. The formula has set the hourly funding rates that are paid to local authorities to deliver the universal and extended entitlements for 3 and 4 year olds.
2. Plymouth will receive an hourly funding rate of £4.65 for 3 and 4 year olds in 2020/21, this is an increase of £0.08 per hour compared to 2019/20 funding levels.
3. Several deductions will be made to this hourly rate to arrive at the funding rate that is paid to providers for their 3 and 4 year olds. Deductions are made for the deprivation supplement, central expenditure and the SEN inclusion fund.
4. Since 2019/20, local authorities have been required to pay all providers the same hourly rate for their 3 and 4 year olds, including Maintained Nursery Schools.
5. Plymouth will continue to receive a supplementary grant for its two maintained nursery schools (MNS) IN 2020/21. This grant has protected MNS funding at historic levels that existed before the introduction of the EYNFF. MNS supplementary funding has not been confirmed beyond 2020/21.
6. The two year old hourly rate has increased to £5.28 for 2020/21, compared to £5.20 received in 2019/20.
7. The table below shows the calculation of the proposed 3 and 4 year old hourly rate that will be paid to all providers from 2020/21:

2020/21 hourly rate paid to the local authority	4.65
Deduction for Central Expenditure	(0.16)
Deduction for the Deprivation Supplement	(0.16)
Deduction for the SEN Inclusion Fund	(0.12)
Hourly rate payable to providers	<u>4.21</u>

8. A consultation paper including the proposed hourly rate was sent to all settings on Friday 24th January 2020, all settings were invited to respond to the consultation by Friday 7th February 2020.
9. This report should be read in conjunction with the 'Consultation on the Early Years Funding from 2020/21' document.

CONSULTATION RESPONSES FROM SETTINGS

1. The following proposals were contained in the consultation;

3 and 4 year old funding:

Plymouth propose paying all providers £4.21 per hour from April 2020

Plymouth propose making the following deductions from the local authority hourly rate:

- £0.16 for central expenditure
- £0.16 for deprivation
- £0.12 for the SEN inclusion fund

Plymouth propose allocating the full supplementary grant to MNS in 2020/21 based on the current £90k lump sum and additional lump sums based on the number of children attending each setting per term.

2 year old funding:

Plymouth propose to pass on the 2 year old hourly funding rate (£5.28) in full to providers.

2. 3 consultation responses were received. 2 from the same maintained nursery unit and 1 representing 3 PVI (private voluntary independent) settings.
3. The 2 responses received from the same maintained nursery unit supported the increase in funding for 2, 3 and 4 year olds as outlined in the consultation document and stated that the increase would make a huge difference to preschools and nurseries in Plymouth.
4. The one response representing 3 PVIs is as follows;

“This increase will not save nurseries in deprivation where fees can not be increased as parents do not pay. This small increase does not meet the increase in wage costs. In 13 years our funding rate has increased by 4 %. In that same period our wages have increased by 56 % because of the National Minimum wage. This is without pensions.

As a result, parents will have to pay a consumable cost from April 2020 and this will be challenging and high risk.

Can the Maintained Nurseries manage the demand in Plymouth? Two nurseries are protected with as much funding as the whole of Plymouth are entitled to for SEN Inclusion. This is a lack of parity as they are not the only nurseries caring for the most deprived children in the city, it asks the question if the money set by separately to protect the funding of two nurseries has a negative impact on children with SEN in the whole city.

What happens to any surplus funding from the £471,826 amount in the MNS Fund if they do not reach capacity? In December 2018, Plymbridge nursery had 41 children on role and 38 places? This was not a full setting. The guidelines state this funding can only be given to maintained nurseries. How is any surplus distributed? The future of PVI settings is at great risk, more so in areas of deprivation.”

5. Plymouth City Council are committed to addressing publicly our concerns at the levels of funding available for Early Years settings. We do not believe they are sufficient and are attempting to raise awareness of the fragility caused in the system by inadequate funding. Plymouth will continue to lobby Central Government for an increase in early years funding.
6. Providers are permitted to charge parents for the following as part of the free entitlement place;
 - meals and snacks
 - consumables such as nappies or sun cream
 - services such as trips and specialist tuition
7. These charges must be voluntary for the parent and alternative options should be available where parents are unable or unwilling to pay for meals and consumables. For example, allowing parents to supply their own meals or nappies, or waiving or reducing the cost of meals and snacks. Providers are responsible for setting their own policy on how to respond.
8. Providers should be completely transparent about any additional charges and should not charge parents “top up” fees (the difference between a providers normal charge to parents and the funding they receive from the local authority to delivery free places).
9. Central Government guidance states ‘Local authorities with MNS continue to receive supplementary funding for the whole of the 2020-21 financial year. This funding is provided in order to enable local authorities to protect their 2016-17 funding rates for the universal 15 hour entitlement for MNS (that is, the rates that existed before the EYNFF) and the government expects it to be used in this way’.
10. There will be no surplus from the £471,826. The distribution table on page 8 of the consultation document illustrates how the supplementary funding would be apportioned between the 2 maintained nursery schools based on current children numbers. If the number of children change, the weighting between the 2 nursery schools would change but the full funding would still be apportioned.

PLYMOUTH'S FINAL PROPOSAL FOR SCHOOLS FORUM

3 and 4 year old funding:

Plymouth propose paying all providers £4.21 per hour from April 2020

Plymouth propose making the following deductions from the local authority hourly rate:

- £0.16 for central expenditure
- £0.16 for deprivation
- £0.12 for the SEN inclusion fund

Plymouth propose allocating the full supplementary grant to MNS in 2020/21 based on the current £90k lump sum and additional lump sums based on the number of children attending each setting per term.

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