

SCHOOLS FORUM 24 FEBRUARY 2021



EARLY YEARS FUNDING FROM 2021/22 CONSULTATION RESPONSES AND FINAL PROPOSALS

I. 2021/22 Early Years National Funding Formula

- 1.1 In December 2020, the Department of Education (DfE) published the early years hourly funding rates for 2021/22. These rates are paid to local authorities to deliver the free early education entitlement for 2, 3 and 4 year olds.
- 1.2 Plymouth will receive an hourly funding rate of £4.71 for 3 and 4 year olds, an increase of £0.06 per hour compared 2020/21 funding levels.
- 1.3 Plymouth will receive an hourly funding rate of £5.36 for 2 year olds, an increase of £0.08 per hour compared 2020/21 funding levels.
- 1.4 Several deductions are made to the 3 and 4 year old hourly rate to arrive at the funding rate that is paid to providers. Deductions are made for the deprivation supplement, central expenditure and the SEND inclusion fund. The proposed deductions for 2021/22 are included in this report.
- 1.5 Since 2019/20, all childcare providers have received the same hourly rate for their 3 and 4 year olds, including Maintained Nursery Schools. This requirement of the Early Years National Funding Formula (EYNFF) will continue in 2021/22.
- 1.6 Plymouth will continue to receive the Maintained Nursery School (MNS) supplementary fund in 2021/22 to protect funding for MNS at historic levels that existed before the introduction of the EYNFF. Plymouth's indicative allocation for April – August is £154,915. The allocation for September – March is conditional and may be subject to change. Plymouth's unconfirmed allocation for this period is £216,881.
- 1.7 The table below shows the calculation of the proposed 3 and 4 year old hourly rate that will be paid to all providers in 2021/22 compared to 2020/21 baselines:

	2020/21 final hourly rate	2021/22 proposed hourly rate	Increase / (decrease) compared to 2020/21
3 and 4 hourly rate paid to the local authority	4.65	4.71	0.06
Deduction for Central Expenditure	(0.16)	(0.16)	-
Deduction for the Deprivation Supplement	(0.16)	(0.15)	0.01
Deduction for the SEN Inclusion Fund	(0.12)	(0.12)	-
Hourly rate payable to providers	4.21	4.28	0.07

2. Plymouth's Consultation Document

- 2.1 A consultation paper including the proposed hourly rate was sent to all early years providers on Monday 25th January 2021 inviting providers to respond to the proposals contained within the document by Monday 8th February 2021.
- 2.2 This report should be read in conjunction with the 'Consultation on the Early Years Funding from 2021/22' document.
- 2.3 The following proposals were contained in the consultation;

3 and 4 year old funding:

- 2.4 Plymouth propose paying all providers £4.28 per hour from April 2021.
- 2.5 This will be achieved by making the following deductions from the local authority hourly rate (£4.71):
- £0.16 for central expenditure
 - £0.15 for deprivation
 - £0.12 for the SEN inclusion fund
- 2.6 Plymouth propose increasing the hourly rate that is paid to PVI's through the SEND inclusion fund to £10 per hour, an increase of £2 compared to 2020/21 baselines. Maintained nursery schools and nursery school units will continue to receive £11.91 per hour through this fund. This increase for PVI's is affordable within the proposed budget allocation which will be achieved by deducting £0.12 from the local authority hourly rate (£4.71). The local authority will review these rates in 2021/22 and aims to pay all providers the same rate from 2022/23.
- 2.7 Plymouth propose allocating the full supplementary grant for April – August (£154,915) to it's MNS. Both nursery schools will receive their historic lump for this period (£37.5k per nursery) and the balance of £79,915 will be distributed based on attendance levels at both nurseries during the summer 21 headcount. Distribution of this grant for September – March will be reviewed once funding allocations have been confirmed.

2 year old funding:

- 2.8 Plymouth propose to pass on the 2 year old hourly funding rate (£5.36) in full to providers.

RESPONSES:

The table below is a summary of consultation responses by provider type;

Provider Type	Total No. of Providers	No. of responses	Response rate (%)
PVI	85	3	4%
Childminders	80	0	0%
Nursery School Units	25	6*	24%
Maintained Nursery Schools	2	2**	100%
Total	192	11	6%

*One response was received on behalf of six academy nursery units within a multi academy trust

** One response was received on behalf of both maintained nursery schools

The following responses have been received;

- I. "This consultation does not confirm funding arrangements for the early years elements of the teachers pay and pension grant. We understand this was covered within the NFF consultation for schools, yet this funding has not been confirmed for early year's settings who previously received this grant."

The following response was sent;

"The teachers pay and pension grants have been rolled into the Schools and High Needs National Funding Formula's from April 2021. However, these grants have not been incorporated into the Early Years National Funding Formula for maintained nursery schools and nursery school units who have previously received separate teachers pay and pension grants based on their 2, 3 and 4 year olds. Latest guidance from the Department of Education (DfE) states that they will publish arrangements for the Early Years elements of these grants in due course. We will update all nursery school providers once Central Government has released further guidance."

2. "Cornwall's lowest hourly rate for 3 and 4 year olds is £4.25, which increases to £4.41 for settings with graduate leads. This is significantly higher than Plymouth's hourly funding rate despite Cornwall being one of the poorest regions in Europe.

I do not understand the difference difference between a teacher led maintained nursery school and a teacher led outstanding PVI nursery, both providers accept a high proportion of SEN children and demonstrate best practice. Why do two Plymouth maintained nursery schools nurseries receive an additional £150k? Maybe the premium should go to outstanding nurseries?

You are proposing a 1.6% funding increase which is in line with inflation, but the increase is from a very low base and remains much lower than our commercial rate. Without a surplus we cannot invest in new equipment, training and continue to provide an outstanding service.

Plymouth top slice £482k for central childcare services, which seems a huge amount. Does this provide best value for money for settings, as it equates to approximately £5k per setting based on 100 Plymouth settings?

Is the Disability Access Fund underspent?"

The following response was sent;

"Plymouth's proposed universal base rate of £4.28 is not comparable with Cornwall's rate of £4.41, as this rate includes a graduate funding supplement which is not used within Plymouth's funding formula. A further deduction to Plymouth's universal base rate would be required to fund a graduate supplement. It is also not clear whether the hourly rates quoted for Cornwall include an allowance for deprivation and the SEND inclusion fund. On average, Plymouth setting also receive £0.15 per hour for deprivation and £0.12 per hour for the SEND inclusion fund.

The operational guidance states that MNS supplementary fund must be spent on MNS's only, therefore it is not possible to pass this funding onto "outstanding" nurseries. Central Government has protected MNS's funding levels as they recognise that they incur additional costs above PVI settings. For example, maintained schools are required to employ a full time headteacher, deputy headteacher and qualified teachers, these costs are exclusive to maintained nursery schools. Please note, this funding has not been confirmed beyond September 2021.

Plymouth is proposing to increase the 3 and 4 year old hourly rate by £0.07, this is slightly higher than the £0.06 increase received from Central Government. The authority aims to maximise the rate that is passed onto settings by retaining just 3.4% of the Early Years DSG block to fund statutory early years functions. Plymouth City Council are committed to addressing publicly our concerns at the levels of funding available for Early Years settings and will continue to lobby Central Government for an increase in early years funding.

There are currently 192 childcare providers in Plymouth (including childminders who are also supported by the Early Years team), which would produce a significantly lower top slice per setting. Central expenditure is used to fund early years statutory duties and provide essential services to settings, including (however not limited too);

- Provision of information, advice, guidance and access to training to early years and childcare settings and parents who wish to access their childcare entitlements
- supporting settings to be financially sustainable, through access to funding and business support
- working with children's centres to provide accessible universal and targeted services for children and families, whilst transitioning into Family Hubs
- Implementation of improvement strategies so that children 0-14 can access sufficient high quality safe education and childcare, including their free childcare entitlements
- alleviating disadvantage, narrowing the attainment gap and improving inclusion for children requiring additional support, especially children who are vulnerable and/or with SEND

- working in partnership with other organisation on city priorities i.e. early help, strategies to support children's welfare, safety, health and wealth etc.

Plymouth is not predicting an underspend against the Disability Access Fund in 2020/21."

3. "I always must raise that the funding rate does not increase at the same rate as expenditure. The national minimum wage rate has increased on average by 4.7% per annum over the past four years.

What will happen to MNS if extra funding is not secured for Sept 2021?

Is there a more efficient way to identify EYPP eligibility? Settings can lose out on this funding due to "paperwork shy" parents and lengthy forms that include income related questions which parents are not always willing to answer.

The increase in the SEND inclusion rate for PVI is good news and I hope this will catch up with the nursery school hourly rate. PVI work equally as hard to support SEND children, often with less physical space and cluster funding, where one - one funding is necessary.

The following response was sent;

"We are currently waiting for Central Government to confirm the funding arrangements for MNS's from September 2021. Once this has been announced we will review the position of our nursery schools. The authority recognises that a potential reduction in funding could have a significant impact on the financial viability of both schools and will continue to lobby with Central Government on their long term viability.

Central Government is responsible for setting the eligibility criteria for Early Years Pupil Premium and places responsibility on providers to identify eligible children. Providers are required to submit parental details on the portal to enable the authority to complete eligibility checks on their behalf. The forms should be used to collect eligibility data from parents and verify the parents' consent for using this data."

4. "The consultation recommends that the SEND inclusion fund will increase to £10 per hour for PVI settings and will remain at £11.91 for maintained settings. Unfortunately this does not cover the actual cost of providing SEN support in these settings. In maintained schools, where staff are on Local Authority pay and conditions, the cost per hour (including on costs) is at least £13.04 per hour. Likewise, in a PVI setting, even with a member of staff on minimal wage, the actual cost would be around £11.58 (including on costs). In real terms, EY settings must therefore fund the difference from their existing budgets. This is problematic as unlike other schools, PVI and Maintained Nursery Schools do not receive any additional SEN funding.

The following response was sent;

"We recognise that for some children and in certain situations 1-1 support may be necessary due to the complexity of their needs. However, research shows that wherever possible it is more beneficial for children to be supported through a whole setting approach

rather than having 1-1 support from an individual person. The authority previously set up a Budget Modelling Group (BMG) to explore various options for supporting SEND children. BMG reached the same conclusion that in most cases a whole setting approach is more beneficial for children with SEND.

Therefore, in Plymouth, for the majority of cases it is not intended that SEN Inclusion funding will cover full staffing costs for one to one support for individual children. Instead settings are encouraged to consider “cluster” arrangements, which means that SEN inclusion funding for several children can be combined to provide group based support.”

5. “The funding proposal is inadequate and does not support settings to offer high quality and sustainable childcare. As a result, we have restricted our funded 2 year old capacity which does not help to address the childcare sufficiency gap.

Our nursery is facing an increase of approximately £19k across staff expenditure due to the National Living Wage and the lower age threshold. The proposed funding increase only covers a small proportion of this cost, which means parents and carers of non-funded children will be required to cover the shortfall.

The consultation outlines more generous funding arrangements for maintained nursery schools. It is our suggestion that prudent spending of public funds would require the additional £70k per setting to be targeted at the needs of children across the local authority rather than specific settings. The current approach directly disadvantages children in PVI settings and prevents a level playing field.

We do not agree with the funding disparity for the SEND inclusion fund as all children require the same level of support and funding. We have privately funded a dedicated SENCo to ensure children receive the support they need and believe the proposed increase to £10 per hour is still insufficient.

Early years settings have taken on additional responsibilities without any recognition or compensation. It is not clear what services and benefits are provided from the central expenditure top slice, which leads us to believe this offers poor value for money to parents and settings.”

PROPOSALS

It is proposed that recommendations set out in points 2.4 – 2.8 above are implemented and the following hourly rates are paid to all providers from April 2021;

	2021/22 proposed hourly rates (excluding deprivation)	2020/21 final hourly rates (excluding deprivation)	Increase / (decrease) compared to 2020/21
3 and 4 year old	£4.28	£4.21	£0.07
2 year old	£5.36	£5.28	£0.08