



**Nottinghamshire
County Council**

EARLY YEARS FUNDING 2021-22

CONSULTATION ON THE LOCAL FUNDING FORMULA FOR EARLY YEARS PROVIDERS

DECEMBER 2020

**Consultation period:
14 December to 8 January 2021**

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1 Introduction

- 1.1 The purpose of this consultation exercise is to seek the views of all early years providers (schools, private, voluntary and independent providers) on the funding formula changes the County Council and Schools Forum should consider for 2021-22.
- 1.2 The consultation on the proposals will be launched on 14 December 2020 and be open until 8 January 2021 and provides an opportunity for providers to express their views on the proposals. It is available through Citizen Space via the link: <https://consult.nottinghamshire.gov.uk/children-and-families-services/consultation-on-the-local-funding-formula-for-ear/>. The responses will be considered by the Schools Forum on 14 January 2021.
- 1.3 The final formula will be recommended to the County Council's Policy Committee for approval on 10 February 2021 and submitted to the Education & Skills Funding Agency (ESFA) by 31st March 2021.
- 1.4 Early Years Pupil Premium and the Disability Access Fund (DAF) are not part of this consultation and will continue to be distributed by the methods prescribed or agreed outside of this formula.

2 Approach to the Early Years Funding Formula Consultation for 2021-22

- 2.1 A report was taken to the Schools Forum on 10th December to discuss the approach to be taken to the formula construction for 2021-22 and factors which need taking into consideration to inform the consultation proposals.
- 2.2 The early years national funding formula was introduced in 2017-18 and funding was distributed to local authorities in accordance with this. The 2021-22 per pupil unit of funding through the national funding formula will be announced by 18th December and an increase in the hourly rate is expected in line with the government's announcement in the recent spending review. The current per pupil amounts are:

Early Years Block	2020-21
	£
2 Year Olds	5.31
3 and 4 Year Olds	4.38

3 Early Years Consultation Proposals

- 3.1 The Nottinghamshire EYSFF currently has two factors (basic hourly rate and deprivation) which are listed in the table below together with the criteria for each. The current funding rates for 2020/21 and proposed hourly rates for 2021/22 are illustrated in the tables below.

Current and Proposed Basic Hourly Rates

Factor	2020-21			2021-22 Proposed
	Basic Hourly Rate	Temporary Top Up	Total	Basic Hourly Rate
2 year olds PVI & Schools	£5.31 (38 weeks per annum)			£5.31 + 2021-22 funding increase to be confirmed
3 - 4 year olds PVI & Schools	£4.25 (38 weeks per annum)	10p per hour	£4.35	£4.25 + 2021-22 funding increase to be confirmed

Universal and working parents				
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Current and Proposed Funding Supplements

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

Rationale for the Proposed Hourly Rate

3.2 In 2020-21, Early Years settings in Nottinghamshire received an increase of 8p in the basic hourly rate following the increase in the per pupil unit of funding through the national funding formula for 2, 3 and 4 year olds.

3.3 In addition, a temporary increase of 10p per hour for 3 and 4 year olds was agreed in anticipation of an identified trend of underspend due to a fall in the number of children accessing funded childcare places in the Autumn term. This trend has been experienced since 2017-18 and was expected to continue for 2020/21. Increasing the hourly rate was intended to ensure that Early Years Block funding was fully spent.

3.4 The Council consulted with the sector in autumn last year and findings confirmed that the 10p temporary increase was welcome even though it may not be available in future years.

3.5 The financial situation for 2020-21 has changed significantly and this year's Early Years funding allocation is now forecast to overspend due to Covid-19 and the arrangements for paying early years settings during the lock down and subsequent restrictions. The main reason for this is the requirement to pay providers for the autumn term 2020 based on the higher of autumn 2019 and autumn 2020 place numbers, in line with guidance from the Department for Education. The unintended consequence of this has meant that the total number of places paid for is higher than actual take up and has resulted in a significant overspend being forecast. In essence some places have been double funded where children have moved between different setting.

3.6 In addition to this there is uncertainty about payments to be made for Spring 21 and the take up of places for the headcount and census data which form part of the calculation for the overall funding allocation. It is anticipated that the take up for this term will be lower than usual and that will impact on the 2020-21 funding allocation and that for 2021-22.

3.7 The current forecast overspend and the uncertainty regarding the funding and potential future impacts of Covid on payments to providers means that the local authority cannot extend the temporary 10p top up to the hourly rate for 2021-22. The Early Years funding formula must be sustainable and be contained within the overall Early years block funding allocation.

3.8 The sector can be assured that the financial position will be monitored closely throughout 2021-22 and if this improves as the current situation stabilises any underspend will be reported to the Schools Forum and consideration given to distribute this via the hourly rate at a future date.

3.9 On a positive note 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 hourly rate increase is not yet known and should be announced by the 18th December 2020. The council can confirm that 100% of this increase will be added to the hourly rate.

3.10 No changes are proposed to the 2 year old hourly rate or the deprivation factors of the formula.

3.11 The proposal outlined have been developed in consultation with representatives from the Early Years consultation group.

Early Years Funding Formula Consultation Questions

Question 1

Do you accept the local authority's rationale for why it cannot extend the continued payment of the temporary 10p top up to the 3 & 4 year old hourly rate for 2021-22?

Yes/No/Not sure

Question 2

Do you understand that the expected increase in the 2021-22 hourly rate, to be announced by the government by 18th December, will be passed on to providers?

Yes/No/Not sure

Question 3

In consideration with the proposed changes to the hourly rate, do you have any comments or concerns about the impact of this on your provision?

Thank you for taking the time to complete this consultation.