

Email Reply 27 July 2021 re. EY Funding Letter

Dear Ms Jennings,

Your correspondence has been allocated reference number 2021-0034020. If you need to respond to us, please visit: <https://www.education.gov.uk/contactus> and quote your reference number.

Thank you for your letter of 30 June, regarding early years funding. I appreciate your concerns, but I would like to reassure you that supporting providers to deliver the early education entitlements is an important issue for the Government.

The government continues to support families with their childcare costs. We have spent over £3.5 billion in each of the past three years on our early education entitlements and we continued funding nurseries and pre-schools at pre-COVID levels throughout 2020, even if children were not attending. On 25 November 2020, we announced a £44 million investment for 2021 to 2022, for local authorities to increase the hourly rates paid to childcare providers for the government's free childcare entitlement offers.

As you may be aware, the Government funds local authorities to deliver the government-funded entitlements through the Early Years National Funding Formula (EYNFF). The EYNFF was introduced in April 2017 to fund the three- and four-year old entitlements fairly and more transparently. The formula is made up of a universal base rate, (which is the same hourly funding rate for every child in a local authority) plus funding factors for additional needs, using measures of free school meals; disability living allowance and English as an additional language. The formula also includes an area cost adjustment (ACA) multiplier to reflect variations in local costs. This uses the General Labour Market measure to indicate staff costs and a Nursery Rates Cost Adjustment (NRCA) to indicate operational costs. Each local authority's EYNFF rate would vary by their additional needs formula factors and their ACA values.

Throughout the coronavirus (COVID-19) outbreak, the Government has been supporting the early years sector by continuing to have access to a range of business support packages, such as the Coronavirus Job Retention Scheme (where settings have experienced a drop in either their income from parents or government), Business Rates Relief Nurseries Discount and support from the Recovery Loan Scheme. Further information regarding business support packages is available at: tinyurl.com/3Pswkwfc.

We are committed to supporting the early years sector to develop a workforce with the appropriate knowledge, skills and experience to deliver high-quality early education and childcare. We are investing £20 million in high quality, evidence-based professional development for practitioners in targeted disadvantaged areas. In February 2021, we also announced a further £10 million for a pre-reception early language recovery programme to support early years staff in settings, and in June, we announced a further investment of up to £153 million over three academic years, including funding for training early years staff to support the very youngest children's learning and development.

We are in regular discussions with Her Majesty's Treasury and, as we prepare for the forthcoming Spending Review settlement for 2022 to 2023 and beyond, we will continue to press the importance of the early years sector right across government.

Thank you for writing about this important matter.

As part of our commitment to improving the service we provide to our customers, we are interested in hearing your views and would welcome your comments via our website at: https://form.education.gov.uk/service/Policy_official_feedback .

Yours sincerely,

Funding Policy Unit

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