**SCHOOLS FORUM – 17TH MARCH 2021**

**EARLY YEARS HOURLY RATES 2021-22**

**Introduction**

The purpose of this paper is to advise Schools Forum members of the uplift in hourly rates to be paid to Early Years providers in 2021-22 in respect of two-year-olds and three-and-four year olds.

**Background**

In the November 2020 Spending Review the Chancellor announced an additional £44m investment in 2021-22 for local authorities to increase hourly funding rates paid to childcare providers for the government’s free childcare entitlements.

On the 17th December 2020 it was confirmed that in 2021-22 the hourly funding rates paid to all local authorities would increase by 8p an hour for the two-year-old entitlement and, for the vast majority of areas, by 6p an hour for the three-and four-year-old entitlements.

**Current position**

Work has been undertaken to determine how much of the rate increase to be received by the Local Authority can be passed on. The projected funding position working on the passporting of the full increase is demonstrated in the table below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2 year olds £** | **3 and 4 universal £** | **3 and 4 extended £** | **Total £** |
| Allocation | 1,735,965  | 6,090,902  | 2,061,565  | 9,888,432  |
| Less: 5% central | -86,798  | -304,545  | -103,078  | -494,422  |
| Estimated reduction for Jan 21 headcount | -81,024  | -151,367  | -69,268  | -301,659  |
|  |  |  |  |  |
| **Funding available** | **1,568,143**  | **5,634,990**  | **1,889,219**  | **9,092,351**  |
|  |  |  |  |  |
| Full 8p 2 year old £5.16 | 1,593,201  |  |  | 1,593,201  |
| Full 6p 3 and 4 year olds £ 4.14 |  | 5,607,737  | 1,872,747  | 7,480,484  |
|  |  |  |  |  |
| **(over)/under allocated** | **-25,058**  | **27,253**  | **16,472**  | **18,666**  |

The above table shows that based on current knowledge and projections the passporting of the full increase will leave a small surplus of £19k.

**Recommendation**

The setting of the Early Years hourly rates does not require a formal decision from the Schools Forum and the report is for information only.

Contact Officer: David Kirven - Strategic Lead – Business Partnering

17th March 2021