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Kelly Tolhurst MP

Minister of State for Schools and Childhood

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Harry Catherall
Chief Executive, Oldham Council
By email: harry.catherall@oldham.gov.uk

Your ref: Speed Cameras - 20220316

12 October 2022

Dear Harry,

Thank you for your letter of 25 July, addressed to the former Secretary of State, about early years funding. I am replying as the minister responsible for this policy area and I apologise for the delay in responding.

We know the early years sector is facing economic challenges, similar to the challenges being faced across the economy. We have already announced additional funding of £160 million in 2022 to 2023, £180 million in 2023 to 2024 and £170 million in 2024 to 2025, compared to the 2021 to 2022 financial year, for local authorities (LAs) to increase hourly rates paid to childcare providers. Improving the cost, choice and availability of high-quality childcare and early education remains a key priority for this government.

For 2022 to 2023, the department has increased the hourly funding rates for all LAs by 21p an hour for the 2-year-old entitlement and, for the vast majority of areas, by 17p an hour for the 3- and 4-year-old entitlement. This means that for 2022 to 2023, hourly funding rates for Oldham Council increased to £5.67 and £4.66 for the 2-year-old and 3- and 4-year-old entitlements respectively.

Since 2017, early years funding formulae have been at the heart of allocating our record investment in early years entitlement funding fairly and transparently across the country. In each of the last three years, we have spent over £3.5 billion on these entitlements.

Over the summer, the department consulted on proposals to update next year's 2-year-old and 3- and 4-year-old formulae with the most recent data available and to continue doing that each year going forward. This will ensure that the funding system remains fair, effective and responsive to changing levels of need across different areas. This consultation ended on 16 September and we will be publishing the findings in due course.

During the coronavirus (COVID-19) pandemic, we provided unprecedented support to the early years sector. For example, we continued to fund LAs with entitlements funding even where early years settings were closed. Furthermore nurseries, childminders and pre-schools could claim for a wide range of business support, including a business rates holiday, business rates nurseries discount, the recovery loan scheme, the Coronavirus Job Retention Scheme, and the Self Employment Income Support Scheme.

We recognise that recruitment and retention are key issues for the early years sector. Supporting this workforce continues to be a priority for the department, and we are working with the sector to build our understanding of the situation and how we might support early years providers in this area. That is why the department is investing up to £180 million of recovery support in the early years sector. This investment will support the workforce, enabling settings to deliver high-quality teaching and helping to address the impact of the COVID-19 pandemic on the youngest children, particularly those in the most disadvantaged areas. This £180 million investment includes up to £153 million which will provide the opportunity for evidence-based professional development for early years practitioners, including through new programmes focusing on key areas such as speech and language development for the youngest children.

The £180 million investment also includes £27 million to support children's early language development in light of the COVID-19 pandemic. This is comprised of up to £17 million for the Nuffield Early Language Intervention programme, which two thirds of primary schools have signed up for, and up to £10 million for a second phase of the early years professional development programme in the academic year 2021 to 2022, which is targeted at early years staff who work with disadvantaged children.

The department is developing new early years training routes to boost recruitment in the early years sector. Free level 3 early years qualifications are available through the Lifetime Skills Guarantee for adults without a level 3 or higher qualification, and, from April 2022, eligibility was expanded to include adults who are unemployed or earning below the National Living Wage annually (£18,525), regardless of any other qualifications held. Employer trailblazer groups have also developed level 2 and 3 apprenticeships, and, in August 2021, we launched a level 5 apprenticeship.

We would encourage all early years settings to continue to raise workforce issues with their LA, as LAs report to the department on early years provider workforce and sufficiency matters, including closures.

We continue to engage with early years sector stakeholders and LAs to monitor dynamics within local markets, parents' access to the government's childcare entitlements and the childcare they require, as well as the sustainability of the early years sector.

Thank you for writing on this important matter. I hope that you find this reply useful.

Yours sincerely



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