



COUNCILLOR IAN WARD
LEADER OF THE COUNCIL
COUNCIL HOUSE
VICTORIA SQUARE
BIRMINGHAM
B1 1BB
Tel: 0121 464 4000
Email: Ian.Ward@birmingham.gov.uk

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Rt Hon Rishi Sunak
Chancellor of the Exchequer
Her Majesty's Treasury
1 Horse Guards Road
London
SW1A 2HQ

SENT VIA EMAIL ONLY TO: CEU.enquiries@hmtreasury.gov.uk

Dear Chancellor

We are writing ahead of next week's budget to call for urgent support for Early Years providers, to ensure survival of a sector that will play a vital role in Birmingham's post-Covid recovery.

As the Prime Minister and Education Secretary have acknowledged, this sector which has remained open throughout the pandemic, provides a vital lifeline for families right across the country.

It is therefore not unreasonable to request adequate funding for a sector which will support working families as the UK economy looks to bounce back from the last extremely challenging year. Current funding is sorely inadequate and we fear that many providers may not survive the coming months without additional support.

We therefore urge the Government to:

Increase Early Education Entitlement (EEE) funding

It has been clear for some time that Government funding falls well below the actual cost of delivery associated with the 'free' EEE Funded offering. As a consequence, providers and settings face ever-increasing delivery costs without financial recompense. This leaves many providers and settings struggling to remain financially viable.

To illustrate, since 2016, funding received for 3 and 4 year olds has increased by 4.2 per cent, whereas staffing costs have increased on average by 19.9%.

Unless sufficient funding to cover costs of the service is made available, there is a very real probability that this will result in a loss of settings and, therefore, places for children across our city.

Provide an early indication of how the Early Years funding will be allocated in the Summer Term

Throughout the pandemic, the Early Years provision (alongside schools) has been at the forefront of delivery. For the most part, Maintained Nursery Schools and other Early Years settings have been referenced within, and considered alongside schools when government decisions on whether to remain open or closed have been taken. One key difference, however, has been the issue of funding.

During the Summer and Autumn Terms of 2020, schools were given access to a specific fund for COVID related costs – Maintained Nursery Schools were excluded from this, as were all other Early Years providers. The alternative was to maintain funding levels through the Early Years Formula at pre-COVID levels based on the Spring Term of 2020.

Whilst this was a positive commitment, it was not sufficient to offset lost fee income during the first national lockdown when only children of key workers and vulnerable children could attend, alongside the increased costs associated with additional cleaning and staffing costs directly caused by COVID requirements. The switch back to funding based on participation in the Spring Term will also result in lower funding to settings. The late adjustment to allow for funding to be claimed where, due to COVID, children are not actually in attendance was again welcomed – but will still leave providers with less income as parents have been nervous to register their children.

An early indication of how the Early Years funding will be allocated in the Summer Term is vital to offer some stability to all providers, and the inclusion of Maintained Nursery Schools in any future schools funding programme would offer some assistance where other government funding schemes cannot be accessed by schools (i.e. the Job Retention Scheme).

Commit to long-term supplementary funding

In addition to the issues stated above, Maintained Nursery Schools, in Birmingham, pay every member of staff at least the Birmingham Living Wage, regardless of age and grade. These settings must also employ a head teacher, teachers and a SENDCo, all of which push up the cost of delivering Nursery Education in a School. While this has long been acknowledged, supplementary funding is only ever committed one year at a time. A funding review of Maintained Nursery Schools has been promised for some time now – with more and more schools running into deficit positions, this review is now urgent as is a commitment to long-term funding.

Early Years providers have a vital role to play as we emerge from lockdown - supporting parents and carers as we return to normality and productivity. However, current funding is sorely inadequate and we fear that many providers will not survive the coming months without additional support. We therefore urge you to address the issues raised above to safeguard a sector that will be vital to the recovery.

Yours sincerely



Councillor Ian Ward
Leader of Birmingham City Council



Councillor Jayne Francis
Cabinet Member for Education, Skills & Culture



Councillor Kate Booth
Cabinet Member for Children's Wellbeing