



Steve Brine MP  
Chair, All-Party Parliamentary Group on Childcare & Early Education  
House of Commons  
Houses of Parliament  
London SW1A 0AA

23 June 2021

The Rt Hon Rishi Sunak MP & The Rt Hon Stephen Barclay MP  
Chancellor of the Exchequer & Chief Secretary to the Treasury  
HM Treasury  
1 Horse Guards Road  
London SW1A 2HQ

### Early Years and the Spending Review

Dear Chancellor and Chief Secretary,

I am writing to you in my capacity as Chair of the All-Party Parliamentary Group for Childcare and Early Education to raise some specific issues that we hope will be addressed in the upcoming Comprehensive Spending Review.

The early years sector is the fourth emergency service which has an essential role to play in helping our country build back better and level-up after the pandemic. However, the evidence shows that the early years' sector is under-funded and its dedicated professionals do not believe they are valued at the same level as other educators, despite the early years being a formative period for child development, which can have an indelible impact upon a child's future. Providers are concerned by Ofsted data showing that numbers of children in settings of all types are leaving.

A survey of 1,300 parents carried out by the APPG in January found that nine out of ten parents believe the early years sector is not sufficiently funded. In addition, the Early Years Alliance has empirical data showing that there is a shortfall of £2.60 per child, per hour, for every 30-hours place. The APPG is calling on the Treasury to use the upcoming CSR to provide a catch-up premium of £2,964 per child, per year under the 30-hours entitlement to ensure the early years sector can play its role in meeting the needs of our children and supporting parents getting back into work to help drive our post-COVID economic recovery. Additionally, the underfunding of places has caused a shortfall of availability which affects parental employment opportunities – further affecting the economic recovery of the country.

Most importantly, we would ask that you work in partnership with the Department for Education to address flaws in the current early years funding system. FOI requests from the National Day Nursery Association found that three-quarters of local authorities reported underspends of £62m in Government funding for childcare places. The existing system is not delivering the current funding to providers, who desperately need it.

The APPG is calling on the Government to conduct a meaningful review of early years funding, which will cover the following areas:

- A multi-year funding settlement to allow providers certainty and planning over the coming years.
- Developing a mechanism for funding allocation to address rising costs, especially ensuring providers can pay early years professionals the National Living Wage.



- Simplifying the funding system to ensure that Government funding follows child and that parental understanding around the entitlement is improved, especially for two-year olds and tax-free childcare.
- Ensures effective use of public money and maximum investment in children's early education and care by minimising barriers like VAT and business rates on providers delivering publicly funded places.
- All allocations of early years funding are undertaken considering of the needs of children with SEND across all settings.
- Setting out a clear vision for the early years and childcare workforce and a restatement of the crucial importance of achieving a well-qualified, high status and better rewarded professionals.

The APPG believes that these measures will help in supporting our hard-working early years sector and ensure that the needs of the child are met as the UK emerges from the pandemic.

I would welcome the opportunity to meet with you along with sector representatives to discuss these in more detail.

If you require more information, please contact the APPG's Secretariat on [ChildcareandEarlyEducationAPPG@connectpa.co.uk](mailto:ChildcareandEarlyEducationAPPG@connectpa.co.uk).

Thank you for your time and I look forward to hearing from you.

Yours sincerely,

Steve Brine MP  
Chair of the All-Party Parliamentary Group for Childcare and Early Education