

**EARLY YEARS NATIONAL FUNDING FORMULA: 2020-21 PROPOSALS INCLUDING NURSERY SCHOOLS**

**To:** Cambridgeshire Schools Forum

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**From:** Graham Arnold, Early Years Development and Funding Manager  
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**Purpose:** To provide Schools Forum with the latest local Early Years funding formula proposals for 2020/21.

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**Recommendation:**

- 1) Members of Schools Forum are asked to note the contents of the report and to approve the planned Centrally Retained amounts for 2020/21 as set out in section 2.4.**

**1.0 CONTEXT**

1.1 The Department for Education (DfE) introduced the Early Years National funding formula in April 2017 and a new early learning and childcare scheme for working parents from September 2017. Eligible working parents are entitled to access an additional 15 hours of free childcare above the Universal Entitlement (570 hours per year) to enable them to access 30 hours of free childcare (1140 hours per year) in total.

**2.0 Summary of the Proposed 3- and 4- year old Cambridgeshire Formula for 2020-21**

**2.1 Hourly rate**

On October 2019 the Department for Education (DfE) announced an increase in the hourly rate paid to Cambridgeshire for 2020/21 of 8p per hour, from £4.42 to £4.50. This increase in funding has given Cambridgeshire the flexibility to propose an increase to the 3- and 4- year old base rate of funding to providers of 9p an hour, from £4.05 to £4.14.

**2.2 Supplements**

To keep the formula as simple as possible, deprivation will remain the only supplement within the formula. This would be allocated in the same way as at present as set out in the table overleaf:

<b>Rank</b>	<b>Residence of child</b>	<b>Income deprivation affecting children index (IDACI) Rank</b>	<b>Value per hour</b>
<b>1</b>	Highest 10% of Lower Super Output Areas (LSOA) per IDACI	0 - 3284	£1.30
<b>2</b>	Next highest 10% LSOA per IDACI	3285 - 6568	£1.00
<b>3</b>	Third highest 10% LSOA per IDACI	6569 – 9852	£0.65
<b>4</b>	Fourth highest 10% LSOA per IDACI	9853 - 13136	£0.30
<b>0</b>	Remaining 60% least deprived	13137 - 32844	£0.00

### 2.3 Special Education Needs (SEN) Inclusion Fund

Funding of £0.5m per year will be provided from each of the High Needs and Early Years Blocks of funding, to form an SEN inclusion fund (SENIF) totalling £1m. The SENIF provides funding for 3 and 4 year olds who are accessing either their Universal, or Extended Entitlement to early learning and childcare and who have complex additional needs. Funding will be provided in the form of top-ups or lump sums for providers according to the needs of individual pupils.

### 2.4 Early Years Centrally Retained Funding

The Early Years Funding guidelines restricts local authorities to retaining a maximum of 5% of funding centrally from 2018/19 onwards. The proposed funding retained centrally by the Local Authority will account for approximately 3.6% of the funding provided (dependent on pupil numbers), 1.4% lower than the statutory maximum.

The following table overleaf shows the proposed centrally retained amounts for the financial year 2020-21:

Centrally Retained Budget	Value (£)
Early years statutory duties linked to: <ul style="list-style-type: none"> <li>• Child and Family Act 2014</li> <li>• The Local Authority (Duty to Secure Early Years Provision Free of Charge) Regulations 2012</li> <li>• Childcare Act 2006</li> <li>• SEND Code of Practice 2014</li> <li>• Equalities Act 2010</li> </ul> And underpinned by, <i>Early education and childcare -statutory guidance for local authorities March 2018 and Early Years entitlements: operational guidance July 2017.</i> These activities include setting intervention, curriculum development, Special Education Needs and Disability (SEND) advice, business and governance support, leadership development, place development and equalities and safeguarding advice and training.	633,187
Early Years and Childcare Qualifications	375,000
EY Accelerating the achievement of vulnerable groups	88,355
Early Years Pupil Premium Eligibility	11,000
SENIF coordination and administration	60,000
<b>Total</b>	<b>1,167,542</b>

In addition to these amounts, we are proposing to allocate £250k of an ongoing underspend to allow the extension of the SEN Inclusion fund to funded two year olds. Details of this additional fund will be made available in due course.

## 2.5 Funding to Nursery Schools

While the future of additional funding to nursery school is still unclear, the DfE confirmed in October 2019 that supplementary funding for Maintained Nursery Schools (MNS) will be allocated to local authorities in 2020-21 at their 2019-20 supplementary funding rate. As such, supplementary funding to MNS will continue at the current levels in 2020-21.

## 3.0 **Funding in addition to the hourly rate**

3.1 **Deprivation Supplement:** Will continue at the rates outlined earlier in this document.

3.2 **Early Years Pupil Premium:** Will continue to be paid at a rate of £0.53 per hour for eligible children.

3.3 **Disability Access Funding:** the £615 lump sum paid to settings for eligible children will continue.

3.4 **Top-up funding from SEN Inclusion fund:** Funding rates will continue to be determined based on the individual needs of the child and in accordance with separate published policy and guidelines.

## 3.5 **Two-year-old funding**

Two-year-old funding will continue to be administered in the same way as currently. Cambridgeshire will receive an increased rate of £5.49, and this will be passed on in full

to providers.

#### 4.0 **Sector Consultation**

4.1 For the purpose of agreeing the proposals for the 2020-21 formula, the local authority has consulted with the Early Years Provider Reference Group as representatives of the sector. The proposals have been developed following discussions at the Group in November 2019 and confirmed in January 2020.

4.2 In coming to agreement, the Reference Group made clear:

- the increase proposed by the local authority continues to fall behind the real cost per hour of funded provision; in the current year, real costs have been estimated to have risen between 6% and 8% (against a 2% increase)
- the funding gap is therefore increasing from an already challenging position, with no increase between 2017 and 2019, and a 1p per hour increase (0.25%) increase in 2019-20.
- this shortfall creates pressures on provision reflected in uncompetitive rates of pay, leading to recruitment and retention challenges across the county and sector
- the Group's support for the proposals is based on the benefit which funding for two-year-olds with SEN will gain from the additional £250k.

#### 5.0 **Recommendation**

5.1 Schools Forum is asked to note the contents of the report and to approve the planned Centrally Retained amounts for 2020/21 as set out in section 2.4.

Source Documents; None

