

**EARLY YEARS NATIONAL FUNDING FORMULA REVIEW 2019/20 UPDATE**

*To:* Cambridgeshire Schools Forum  
*Date:* 29<sup>th</sup> March 2019  
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**1.0 INTRODUCTION**

The Department for Education (DfE) announced the introduction of the Early Years National funding formula which would come into effect from April 2017 and the introduction of a new early learning and childcare scheme for working parents from September 2017. Eligible working parents are now entitled to access an additional 15 hours of free childcare above the Universal Entitlement which would enable them to access 30 hours of free childcare in total. From Nov 2018 – December 2018 Early Years Funding team (EYF) consulted with providers on the following and their responses has formed the basis of the recommendations in this report which has been supported by Early Years Reference Group.

**2.0 Funding for 2019 – 2020**

The DfE recently published the Early Years National Funding Formula Hourly Rates for 2019 – 2020 financial year. This confirms that there will be no increase to baseline funding rate of £4.42 received during 2018 -19 and no changes within the operational guidance which will have an impact on the Cambridgeshire Funding Formula.

Funding to local authorities is calculated on the basis of 3 factors; a universal base rate of funding, plus additional needs factors and then multiplied by an area cost adjustment. For Cambridgeshire this results in overall funding of £4.42 per hour:



**3.0 Summary of the Proposed Cambridgeshire Formula for 2019/20**

**Supplements**

To keep the formula as simple as possible and to keep funding within the base rate, deprivation will remain the only supplement within the formula. This would be allocated in the same way as at present at the following rates:

Rank	Residence of child	IDACI Rank	Value per hour
1	Highest 10% per IDACI	0 - 3284	£1.30
2	Next highest 10% per IDACI	3285 - 6568	£1.00
3	Third highest 10% per IDACI	6569 – 9852	£0.65
4	Fourth highest 10% per IDACI	9853 - 13136	£0.30
0	Remaining 60% least deprived	13137 - 32844	£0.00

### **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 support the creation of an SEN inclusion fund (SENIF) totalling £1m.

The SENIF will provide 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, or an Education Health and Care Plan (EHCP). Funding will provided in the form of top-ups or lump sums for providers according to the needs of individual pupils.

### **5.0 Early Years Centrally Retained Funding**

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

The following table shows the proposed centrally retained amounts for the financial year 2019 - 2020:

Centrally Retained Budget	Value
Contribution to Support Early Years statutory duties and additional duties including <ul style="list-style-type: none"> <li>• Qualifications and supporting workforce development</li> <li>• EY Access</li> <li>• Early Years childcare development and support</li> </ul>	£1,048,935
EYPP Eligibility	£11,000
<b>Total</b>	<b>£1,059,935</b>

An amount of £130k has been retained in the previous two financial years to support the implementation of the extended 30 hour entitlement. **This amount will not be retained for the financial year 2019/20.**

### **What Base Rate does this give?**

Overall funding paid to local authority	£4.42
Less: Est. Deprivation Funding	£0.14
Less: SEN Inclusion Fund contribution	£0.07
Less: LA centrally Retained Funding	£0.16
Base Rate to all providers	<b>£4.05</b>

This base rate is £0.06 higher than the base rate that would be received if the LA were to retain the full 5%:

Overall funding paid to local authority	£4.42
Less: Est. Deprivation Funding	£0.14
Less: SEN Inclusion Fund contribution	£0.07
Less: LA centrally Retained Funding	£0.22
Base Rate to all providers	<b>£3.99</b>

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

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

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

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

**Top-up funding due to EHCPs or 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.

#### **2 Year-old funding**

2 Year-old funding will continue to be administered in the same way as currently. Cambridgeshire will receive a rate of £5.41 and this will be passed on in full to providers.

#### **Funding to Nursery Schools**

Maintained Nursery School funding has been extended until the end of the Summer term 2020.

### **7.0 Recommendation**

**Members of Schools Forum are asked to note the contents of the report and to approve the planned Centrally Retained amounts for 2019/20 as set out in section 5.**