



BRIEFING PAPER

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New early years funding formula from 2017-18, including maintained nursery schools (England)

By Tim Jarrett

1. Summary

This House of Commons Library briefing paper explains the new early years funding formula which was introduced in the 2017-18 financial year.

The formula determines how much funding each local authority receives from the Department for Education (DfE) in respect of the free childcare of up to 30 hours for 3 and 4 year olds. It is for local authorities to determine the actual funding rates that providers receive, although under the new formula there is a minimum pass-through rate and certain supplements may also be added.

Supplementary funding is being provided to Maintained Nursery Schools until 2019-20 to allow them to maintain their 2016-17 funding levels. A consultation will be held on the future funding of such settings.

Section 8 sets out the Government's rationale for changing the early years funding formula.

This note also provides information about the other funding available for children with special educational needs or who receive Disability Living Allowance (DLA), and the Early Years Pupil Premium for disadvantaged children.

2. Who does the formula apply to

The funding formula applies to Government-funded childcare for 3 and 4 year olds only – there is a separate formula for those 2 year olds who are eligible for free childcare.^{1, 2}

In England, parents of 3 and 4 year olds are entitled to free childcare as follows:

- 570 hours a year, usually taken as 15 hours of free childcare over 38 weeks for all such children ("universal" provision); and

¹ The Government has noted that the free childcare for 2 year olds "is already allocated on a fair and formulaic basis and so was not covered by our proposals" [Department for Education, [Early years funding – Changes to funding for three- and four-year olds: Government consultation response](#), December 2016, p17, para 33].

² For more information on the eligibility criteria for 2-year olds, see the [GOV.UK webpage](#).

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- an additional 570 hours a year (again usually taken as 15 hours over 38 weeks) – known as the “extended entitlement” – for qualifying working households (and certain other households) since September 2017.³

The new formula will apply to both the universal provision and the extended entitlement.

3. The new funding formula

3.1 How the funding flows from central Government to individual childcare providers – summary

In summary:

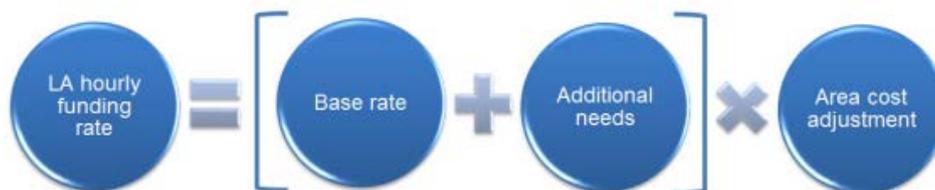
- the Government sets the England-wide early years budget for free childcare, utilising the national average funding rate;
- the budget is then allocated to individual local authorities, using a local hourly funding rate for each local authority (see section 3.2) and an estimate of the number of eligible children;
- the funding for the free childcare is included in each local authority’s Dedicated Schools Grant (DSG);
- although the DSG itself is ring-fenced, it is up to local authorities how much to allocate to early years, schools etc.;
- local authorities, in consultation with their Schools Forum, then determine the actual funding rate paid to local childcare providers (see section 3.3).

3.2 Funding from the DfE to local authorities

The new formula that determines the per-child funding that each local authority receives from the Government is composed of three parts:

- a base rate of funding for each child;
- an additional needs factor; and
- an area cost adjustment.

The following diagram sets out the formula:⁴



The base rate is expected to provide the bulk of funding for early years – of the total funding for the policy, the DfE states that the base rate “will allocate the majority (89.5%)

³ For more information on the eligibility criteria for the extended entitlement, see the GOV.UK webpage [Help paying for childcare – 2. 15 and 30 hours free childcare for 3 and 4-year-olds](#) and the Library briefing paper, [Children: Introduction of 30 hours of free childcare from September 2017 \(England\)](#).

⁴ Department for Education, [Early years funding – Changes to funding for three- and four-year olds: Government consultation response](#), December 2016, p7

of all early years formula funding". The DfE explained that the base rate is "funding for each child that will not vary across local authorities".⁵

The DfE explained that the additional needs factor will reflect "the extra costs of supporting children with additional needs to achieve good early learning and development outcomes" and its allocation will be based on: "free school meals eligibility, having English as an additional language, and being in receipt of Disability Living Allowance".⁶

The area cost adjustment reflects "the different costs of providing childcare in different areas of the country ... particularly in terms of the staff costs, which are the main cost driver for childcare providers". The adjustment will therefore be based on "general labour market measure, adjusted for relative nursery premises costs based on business rates data".⁷

The new funding formula took effect from April 2017 for the universal 15 hour entitlement, and from September 2017 for the additional 15 hours (the "extended entitlement").

3.3 Funding of childcare providers by local authorities

It is the local authority who decides what the actual hourly rate paid to providers is, and whether to pay a different rate to different types of childcare provider (e.g. childminder, nursery). The local authority may also retain some of their funding for their central administration costs.

As the DfE noted:

The formula will deliver a significant improvement to the way in which the national early years budget is allocated to local authorities. But this cannot, in and of itself, ensure that providers themselves receive the funding they need to deliver the free entitlements. To do this, we will improve the way in which local authorities distribute funding to their local providers via three key changes.⁸

Under the new funding formula, there are three key changes:

- a minimum pass-through rate of funding from the DfE to childcare providers;
- a single, "universal" base rate paid to providers irrespective of setting by 2019–20; and
- supplements on top of the base rate for certain criteria, but limited to 10% of total funding.

Minimum pass-through

Local authorities will be required to pass through to providers a minimum proportion of the early years funding that they receive from the DfE – 93% in 2017-18 rising to 95% thereafter. This will mean that "centrally retained funding (for central services or services in-kind) combined with any funding movement out of the early years block will be constrained to a maximum of 7% in 2017-18 and 5% from 2018-19".⁹ The DfE said that

⁵ Department for Education, [Early years funding – Changes to funding for three- and four-year olds: Government consultation response](#), December 2016, p7, para 8 and p12, para 6

⁶ Free school meals eligibility will be based on the proportion of children in a local area receiving free school meals at Key Stages 1 and 2. For English as an additional language, the DfE said that it "intend[s] to use Key Stage 1 and 2 data because there is no EAL metric for under-fives" [see [Government response](#), p13, para 13 and p14, para 15]

⁷ Department for Education, [Early years funding – Changes to funding for three- and four-year olds: Government consultation response](#), December 2016, pp7–8, paras 8–11

⁸ As above, p8, para 17

⁹ Education Funding Agency, [Early years national funding formula – Operational guide](#), December 2016, p9, para 16

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this would “ensure that our record investment in the early years entitlements reaches the front line”.¹⁰

Not all funding will be subject to the pass-through rules, including funding for the two-year entitlement, early years pupil premium and the Disability Access Fund (see section 7). The Education Funding Agency (EFA) also noted that “while MNS [maintained nursery school] supplementary funding is not considered in the determination of the high pass-through, we would expect local authorities to use this to maintain MNS stability”.¹¹

In order to ensure compliance, the EFA has stated that it “intend[s] to monitor outturn data, and may change to assessing compliance based on outturn in future. We will also monitor provision on the ground in order to follow up any anomalous results”.¹²

However, the EFA has said that it will consider individual requests for disapplication from the pass-through rules “in exceptional circumstances, until 2019-20 while early years funding changes bed in”.¹³ The DfE stated that “such requests will be judged against very tightly defined criteria, including evidence that local providers are content to deliver the entitlements if the local authority passes on less than 93% (in 2017-18) and 95% (from 2018-19)”.¹⁴ The criteria are set out on page 20 of the EFA’s [Early years national funding formula – Operational guide](#).

Universal base rate by 2019–20;

In the past, some local authorities have paid different hourly rates to different childcare providers, based on their settings.

Under the new approach, “a child in a private or voluntary setting would receive the same basic level of ‘per child’ funding as a child in a nursery class in a primary school”.

The DfE said that “to ease the transition to this new system, this will only be a requirement from 2019-20, although it is expected that local authorities will be making progress well ahead of then”.¹⁵

A higher funding rate will continue to be paid to maintained nursery schools up to and including 2019-20, however. For more information, see section 6 below.

Supplements on top of the base rate

As the EFA explained, “the total value of supplements used in any authority must not be more than 10% of the total value of planned funding to be passed through to providers”.¹⁶

There is one mandatory supplement, which local authorities “must use ... to recognise deprivation in their areas”, namely:¹⁷

¹⁰ Department for Education, [Early years funding – Changes to funding for three- and four-year olds: Government consultation response](#), December 2016, p21, para 43

¹¹ Education Funding Agency, [Early years national funding formula – Operational guide](#), December 2016, p11, para 20

¹² Education Funding Agency, [Early years national funding formula – Operational guide](#), December 2016, p9, para 17

¹³ Education Funding Agency, [Early years national funding formula – Operational guide](#), December 2016, p20, para 64

¹⁴ Department for Education, [Early years funding – Changes to funding for three- and four-year olds: Government consultation response](#), December 2016, p21, para 46

¹⁵ Department for Education, [Early years funding – Changes to funding for three- and four-year olds: Government consultation response](#), December 2016, p8, para 14

¹⁶ Education Funding Agency, [Early years national funding formula – Operational guide](#), December 2016, p13, para 26

¹⁷ Education Funding Agency, [Early years national funding formula – Operational guide](#), December 2016, p14, para 29

- deprivation.

However, it will be for local authorities to determine which metric they use to determine deprivation.¹⁸

There are also four discretionary supplements:

- sparsity/rurality – “to support providers serving rural areas less likely to benefit from economies of scale”;
- flexibility – “to support providers in offering flexible provision for parents”, e.g. wraparound care, or to encourage childminders in a certain area;
- quality – “to support workforce qualifications, and/or support system leadership”; and
- English as an additional language.¹⁹

Two of the areas proposed in the consultation document on the new formula for discretionary funding – efficiency and delivery of the additional 15 hours free childcare – were dropped from the final policy²⁰ (although the Government said that, in respect of the supplement for the additional 15 hours, it would “keep this supplement’s future possible inclusion under review”).²¹

The DfE provided a summary of which supplements are permitted in 2017-18, and whether they are mandatory or discretionary:²²

Supplements		
Category	Mandatory / discretionary	Allowed / not allowed
Deprivation	Mandatory	Allowed
Rurality/Sparsity	Discretionary	Allowed
Flexibility	Discretionary	Allowed
Quality	Discretionary	Allowed (used for workforce qualifications and/or system leadership)
English as an additional language	Discretionary	Allowed
<i>Efficiency</i>	<i>N/A</i>	<i>Not allowed</i>
<i>Additional 15 hours</i>	<i>N/A</i>	<i>Not allowed (future possible inclusion will be kept under review)</i>

4. Transition to the new formula

The DfE proposed, and subsequently implemented, that:

- “no local authority should face a reduction in its hourly funding rate of greater than 10% against its 2016-17 baseline as a result of introducing the formula. This

¹⁸ Department for Education, [Early years funding – Changes to funding for three- and four-year olds: Government consultation response](#), December 2016, p24, para 58

¹⁹ Education Funding Agency, [Early years national funding formula – Operational guide](#), December 2016, p14, paras 30–33

²⁰ Department for Education, [An early years national funding formula – Government consultation](#), August 2016, pp38–39, para 156

²¹ Department for Education, [Early years funding – Changes to funding for three- and four-year olds: Government consultation response](#), December 2016, p26, para 70

²² Department for Education, [Early years funding – Changes to funding for three- and four-year olds: Government consultation response](#), December 2016, p26

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funding floor will limit the overall reductions that individual local authorities may face”; and

- to “limit local authorities’ reductions in their hourly rates at 5% in 2017-18 and 5% in 2018-19”.²³

The DfE also noted there would be a “transitional approach” for the move to the 95% minimum pass-through by setting it at 93% in 2017-18, and that to “ease the transition to this new system” the universal base rate payable to all providers would only be a requirement in 2019-20. However, the DfE confirmed that the Minimum Funding Guarantee for early years would be removed.²⁴

5. Funding rates in 2017-18

5.1 From central government to local authorities

The national average hourly funding rate set by the DfE was increased to £4.94 for 2017-18 (from £4.56) – this figure included the Early Years Pupil Premium, the Disability Access Fund as well as our supplementary funding for maintained nursery schools, and quality and expertise funding.²⁵

The actual rate would vary by local authority, but the DfE said in December 2016 that:

it is sensible to provide further support to authorities by guaranteeing that every local authority will receive a minimum funding rate of at least £4.30 per hour, paid for by additional investment, i.e. on top of the £300m uplift. With the high pass-through of funding to the front line (detailed below), this will give local authorities the scope to pay providers an average funding rate of at least £4 per hour.²⁶

The figure of £4 is based on the assumption that the minimum 93% pass through is applied.

The DfE has published *Early years national funding formula (EYNFF): local authority allocations – 2017 to 2018 financial year* which sets out the assumed hourly funding rate for each local authority, and is available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/574003/EYNFF_local_authority_allocations_table.xlsx

5.2 From local authorities to providers

As noted above in section 3.3, it is for local authorities to determine their actual hourly funding rates. Data on each local authority’s rates are not readily available, however.

²³ Department for Education, [An early years national funding formula and changes to the way the three- and four-year-old entitlements to childcare are funded – Government consultation](#), August 2016, p52, para 213 and p53, para 216, and Department for Education, [Early years funding – Changes to funding for three- and four-year olds: Government consultation response](#), December 2016, p5

²⁴ Department for Education, [Early years funding – Changes to funding for three- and four-year olds: Government consultation response](#), December 2016, p8, paras 13 and 14 and p34, para 99

²⁵ Department for Education, [Early years funding – Changes to funding for three- and four-year olds: Government consultation response](#), December 2016, p5

²⁶ Department for Education, [Early years funding – Changes to funding for three- and four-year olds: Government consultation response](#), December 2016, p7, para 7

6. The position on maintained nursery schools

6.1 The original proposal – funding for two years

When the DfE issued its consultation on the new formula in August 2016, it noted that:

Maintained nursery schools (MNS) have a well-deserved reputation for providing high quality early years education and childcare. In March 2016, of 406 MNSs inspected, 60% were rated as outstanding by Ofsted (compared with 17% nursery / preschools and 13% childminders) and 39% rated as good (compared with 73% nursery / preschools and 70% childminders). The majority of them are based in disadvantaged areas, and they therefore make valuable contributions to the improvement of the life chances of the children who live there.

We know that MNS continue to thrive where they have evolved to meet the changing needs of parents, including offering more flexible provision; acting as a hub for their local community by providing other services for children and families; and leading the drive for increased quality in their local areas. The Government wants to support maintained nursery schools that work in this way and to ensure that the important contribution they make to the early years sector, and the life chances of young children in disadvantaged areas, continues to grow.²⁷

Among the issues the new funding formula sought to address included that “some councils ... unfairly differentiate the funding rates that they pay to different types of providers which leads to a non-level playing field between those from the maintained sector and those from the private/voluntary sector. This matters to 30 hours delivery, as the majority of 30 hours places will need to be delivered by the private/voluntary sector”.²⁸

In its analysis of how local authorities funded local providers (using grant money provided by central Government), the consultation stated that:

different types of provider can often be funded at very different rates without a clear justification of why this is the case. In some localities, this favours the maintained sector and in others, it favours the private, voluntary and maintained sector.

Our Cost of Childcare Review, however, found that costs are broadly similar between the main types of early years provider. For example, the representative hourly cost (at average adult to staff ratios) for children aged three and four was £4.25 in private settings and £4.37 in primary schools with nursery provision. As the requirements of these providers, and the quality of the early education they provide, should be the same everywhere, we do not think that there should be such significant funding rate differentials between them.²⁹

However, the consultation also noted that:

Maintained nursery schools are of course schools and as such, bear costs over and above other providers because of their structure.³⁰

During the proposed move to a universal base rate, the DfE said that “we want to minimise disruption and reassure maintained nursery schools on their position”. The consultation put forward the provision of “supplementary funding for maintained nursery schools for at least two years”, amounting to £55 million a year, to take “account of maintained nursery schools’ current costs and will provide much needed stability to the nursery school sector while they explore how to become more sustainable in the longer

²⁷ Department for Education, [An early years national funding formula](#), August 2016, p37, paras 147 and 148

²⁸ As above, p5, para 4

²⁹ As above, p20, paras 67–68

³⁰ As above, p37, para 149

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term, including exploiting scope for efficiencies. We will consult on further detail in due course”.³¹

The extra funding would be available to local authorities to provide, at their discretion, a higher hourly funding rate for maintained nurseries:

for at least two years, local authorities will continue to have the autonomy, should they wish to, to fund maintained nursery schools at a different rate to maintain their stability. This means that the indicative average hourly rates for providers we have published are unlikely to be relevant to most maintained nursery schools. Instead, a reasonable planning assumption might be for continuation of similar funding levels.³²

6.2 Responses to the proposal

In response to the consultation, the National Association of Head Teachers (NAHT) said that its analysis “shows that hundreds of nursery schools across England, which are most often in areas of high social deprivation, would be forced to close if the government doesn’t adjust its proposals”. The General Secretary of the NAHT, Russell Hobby, noted that:

Nursery schools achieve their fantastic results by employing more highly qualified staff. As a result, they have higher operating costs. They cannot benefit from either lower staffing costs, as private and voluntary settings do, or lower fixed costs, as some primary schools can.

The DfE’s own data shows that any funding approach that does not reflect these costs on an ongoing basis will be a body blow for early years education in nursery schools. There is additional funding available, but only for two years. After that point, England’s nursery schools will cease to be financially viable.³³

After the consultation had closed in September 2016, an E-Petition was submitted on 3 November 2016 entitled “Save State-Funded Nursery Schools”. The attracted 29,200 signatures by the time it closed on 3 May 2017.

In response to the E-petition, the Government said “we want maintained nursery schools to be sustainable for the long-term” and added that the additional funding proposed in the consultation “will also give us the time to consult on the future of maintained nursery schools”.³⁴

6.3 The revised proposal – funding “for the duration of this Parliament”

In the Government response to the consultation published in December 2016, it was announced that the £55 million of annual additional funding for maintained nursery schools would be extended from the original timeframe of two years in the consultation document to “at least” the end of the current Parliament:

We will also extend our additional funding for maintained nursery schools to at least the end of this Parliament (2019-20).

[...]

There were differing views on the universal base rate from some types of providers. In particular, maintained nursery school (MNS) respondents noted that as a result of being constituted as schools, they had additional specific statutory responsibilities

³¹ As above, p37, para 149 and p58, para 230

³² As above, p58, para 230

³³ National Association of Head Teachers, [New government funding proposals will force nursery schools to close, warns NAHT](#), 21 September 2016

³⁴ UK Parliament, [Petition: Save State-Funded Nursery Schools](#), webpage

such as delivering teacher-led provision. The government recognises that MNS bear costs over and above other providers. For this reason, the government will provide supplementary funding of £55 million a year to local authorities for the duration of this Parliament. This will enable local authorities to maintain their current funding levels for MNS during the wider changes in early years funding, and ensure that the important contribution these schools make to the social mobility of young children in disadvantaged areas and the wider early years sector continues. As the universal base rate is introduced, we will allow local authorities to continue to provide a higher level of funding to maintained nursery schools. We remain committed to consulting in regard to the future role of maintained nursery schools and how best to secure their high quality provision for the longer term.³⁵

6.4 Subsequent guarantee of funding until 2019–20

At the time of the Government's response in December 2016, it was widely expected that the Parliament would run until May 2020;³⁶ however, a General Election was called and a new Parliament was formed in June 2017.

This cast some uncertainty on the assurance of additional funding "for the duration of this Parliament".

In a written parliamentary answer given in July 2017, the Minister for Education, Robert Goodwill, told the House: "we are providing supplementary funding to Maintained Nursery Schools so that they can maintain their 2016-17 funding levels until 2019-20".

The Minister added that allocations for 2018-19 and 2019-20 would be announced in due course.³⁷

7. Other factors alongside the new formula

7.1 Funding for children with additional needs

Under the new funding formula arrangements, there are two elements to support children with additional needs:

- the Disability Access Fund;
- Special Educational Needs (SEN) inclusion funds.

The DfE also made a commitment to review how both are delivered, "in response to concerns raised that the existing delivery model of the EYPP [Early Years Pupil Premium, see section 7.2] is sub-optimal".³⁸

On top of these two new elements, "additional funding for providing ongoing support for disabled young children will continue to be available from the high needs block of the DSG, including for children with Education, Health and Care (EHC) plans".³⁹

³⁵ Department for Education, [Early years funding Changes to funding for three- and four-year olds – Government consultation response](#), December 2016, p3 and p8, para 15

³⁶ Under the *Fixed-term Parliaments Act 2011*.

³⁷ [PO 1778 3 July 2017](#)

³⁸ Department for Education, [Early years funding – Changes to funding for three- and four-year olds: Government consultation response](#), December 2016, p28, para 80

³⁹ Department for Education, [Early years funding – Changes to funding for three- and four-year olds: Government consultation response](#), December 2016, pp27 and 28, paras 73 and 77

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Disabled Access Fund

The Disability Access Fund is available to those children who receive Disability Living Allowance (DLA), and the amount is £615 per child payable to early years settings that are providing a free entitlement place for three- and four-year olds.

The DfE said that “the purpose of the proposed fund would be to aid access to free childcare places for disabled children”.⁴⁰

SEN inclusion funds

The government will require all local authorities to establish SEN inclusion funds from April 2017 for three- and four-year olds who are taking up any number of hours of free entitlement (and invited a similar approach for two-year olds, although this is not a requirement). The DfE said that this would “build on existing good practice, and will support providers in all areas of the country to address the needs of individual children with SEN in the early years”.

In terms of eligibility, this will be determined by local authorities in consultation with their local early years providers, parents, and SEN specialists. The DfE’s view was that “the fund would be best focused on children with lower level or emerging SEN, since those with more complex SEN (broadly those children in receipt of an Education, Health and Care (EHC) plan) can receive additional funding via the high needs DSG block”.

Similarly, local authorities are “responsible for deciding the amount of money (pooled from either or both of their early years and high needs DSG funding) that they set aside for their SEN inclusion fund, and how the fund will be allocated to providers”, following discussions with providers.

Local authorities would be required to “publish details of their eligibility criteria along with the planned value of the fund at the start of the year, and the process for allocating funding to providers as part of their ‘Local Offer’”.⁴¹

7.2 Early Years Pupil Premium

The Early Years Pupil Premium (EYPP) provides additional funding for early years settings to improve the education they provide for disadvantaged 3- and 4-year-olds.

Although similarly funded through the DSG, the EFA explained that the EYPP “remains distinct from the early years national funding formula and will continue as a separate funding stream”.

The Agency added that “the government has committed to review the delivery mechanism for EYPP, taking account of the delivery mechanism for the new disability access fund (DAF). We will provide further details in due course”.⁴²

More information on the EYPP, including eligibility, funding and distribution, can be found in the DfE document, [Early years pupil premium: guide for local authorities](#).

⁴⁰ Department for Education, [Early years funding – Changes to funding for three- and four-year olds: Government consultation response](#), December 2016, p28, para 79

⁴¹ Department for Education, [Early years funding – Changes to funding for three- and four-year olds: Government consultation response](#), December 2016, p30, paras 84-87

⁴² Education Funding Agency, [Early years national funding formula – Operational guide](#), December 2016, p7, paras 9 and 11

8. The Government's rationale for changing the formula

In its August 2016 consultation on the new formula, the DfE noted that childcare providers "cannot be compelled" to offer the 30 hours of free childcare and that "funding is our principal means of incentivising them", adding:

we need to persuade significant numbers of providers to switch parent-paid hours for government-funded hours. As market rates exceed government funding rates, this is a significant challenge which we can only meet if we can distribute our early years budget as effectively and fairly as possible.

The Government said that the prevailing funding system was "manifestly not capable of doing this", and set out what it saw as the problems with it, starting with funding from central government to local authorities:

The principal problem is the way in which the Government allocates funding to local authorities based on historic council expenditure. This leads to significant variations in funding for local authorities which correlate neither with provider costs nor market prices. They are therefore impossible to justify or explain.

[...]

Funding rates are not based on relative costs or child characteristics in different local areas, but rather on historic spending patterns sometimes determined decades ago.

[...]

For example, while Stoke-on Trent and Sandwell have similar characteristics, Sandwell currently receives an hourly funding rate of £3.71 from central government compared to £5.00 in Stoke-on-Trent.⁴³

In terms of the problems around funding from local authorities to providers, the DfE noted that that "some councils retain far too much of their allocation as 'central spend'", citing a report by the National Audit Office (NAO) that found in 2015-16, "105 local authorities (out of 152) planned to spend up to 10% of the early years component on central services; 34 between 10% and 20%; and the remainder planned to spend over 20%".⁴⁴

In its March 2016 report, the NAO had also found that the "average hourly rates in a selection of local authorities showed large variations between them and their statistical neighbours", and that "across the country, the average funding rate per hour for 3- and 4-year-olds in 2015-16 ranged from £2.28 in Harrow to £7.15 in Westminster".⁴⁵

The DfE noted that some local authorities paid different rates to different types of providers "which leads to a non-level playing field between those from the maintained sector and those from the private/voluntary sector [which will deliver] ... the majority of 30 hours places".⁴⁶ However, the Government did acknowledge that "some of these differences are rational reactions to specific market conditions" such as funding for rural providers, or those offering flexible childcare.⁴⁷

The DfE contended that "these problems at both the national and local level mean that the funding levels that different providers receive for delivering the same entitlement vary

⁴³ Department for Education, [An early years national funding formula](#), August 2016, p5, paras 2–3 and pp15-16, paras 46 and 48

⁴⁴ As above, p18, para 59

⁴⁵ National Audit Office, [Entitlement to free early education and childcare](#), 2015-16 HC 853, 2 March 2016, p26, para 2.10

⁴⁶ Department for Education, [An early years national funding formula](#), August 2016, p5, para 4

⁴⁷ As above, p20, para 66

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considerably and not necessarily for good reasons” and that it was neither “fair nor efficient, and investing the additional £1bn of early years funding in the same way will simply exacerbate this inefficiency and inequity”.⁴⁸

⁴⁸ As above, p5, paras 5 and 6

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