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## Guidance

# Early years national funding formula: technical note for 2020-21

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## Introduction

This technical note describes the methodology for calculating the 2020-21 hourly funding rates for both the 2-year-old entitlement and the 3 and 4-year-old entitlements (the universal 15 hours entitlement and the additional 15 hours entitlement for eligible children of working parents). It also sets out information on supplementary funding for maintained nursery schools.

The 2020-21 initial allocations for the early years block will be announced in the dedicated school grant allocations table in December 2019.

For the early years block allocations, the national funding rate for the early years pupil premium is 53 pence per eligible child per hour, and the Disability Access Fund is £615 per eligible child per year.

This document accompanies the [Early years national funding formula: funding rates and step-by-step calculation for 2020-21](#), which includes:

- a table showing the 2020-21 hourly funding rates for 2-year-olds for each local authority
- a table showing the 2020-21 hourly rates for 3 and 4-year-olds for each local

authority

- a step-by-step table that shows how each local authority's 2020-21 funding rates have been derived

The Isles of Scilly and City of London have been excluded from this table, as these local authorities receive a central grant from the government which will include funding for early years.

## Calculating hourly funding rates for 2-year-olds

The [2019-20 funding rates](#) are the starting point for calculating the 2020-21 hourly funding rates for 2-year-olds.

2020-21 funding rates for 2-year-olds are then calculated by applying an 8 pence increase for all local authorities.

## Calculating hourly funding rates for 3 and 4-year-olds

In December 2016, we published the [EYNFF: local authority allocations for 2017 to 2018](#), with and without transitional protections and capping, together with a step-by-step guide on how they were derived.

The EYNFF rates for 2018-19 and 2019-20 are available on the same web page along with step-by-step guides.

The vast majority of local authority funding rates will be increased from 2019-20 by 8 pence per hour. The councils who have previously been protected from large drops to their funding rate as a result of the 'loss cap' will have their 2019-20 hourly funding rates maintained in 2020-21.

When the EYNFF was introduced, a loss cap protection was applied to ensure that no area could lose more than 10 per cent from their 2016-17 funding baseline. A minimum funding floor was introduced to ensure no areas saw less than £4.30 per hour.

The starting point for calculating the 2020-21 rates are the EYNFF rates before both protections are applied. This can be derived by adding columns labelled [p], [q], [r] and [s] in the [EYNFF: step-by-step guide on the calculation for 2017 to 2018](#). This figure is rounded to the nearest penny.

Rates are then uplifted from this starting point by 8 pence.

We then top up all rates to an increased minimum funding floor of £4.38.

For those local authorities protected by the loss cap, we then top up those that would receive less than their 2019-20 rate in 2020-21.

For further detail on derivation of the 2020-21 rates please refer to the accompanying [funding rates and step-step calculation for 2020-21](#).

## Supplementary funding for maintained nursery schools

Since the introduction of the EYNFF, local authorities have received supplementary funding for maintained nursery schools (MNS) on top of their EYNFF allocation. This is to protect their MNS funding at their 2016-17 level for the universal 15 hours.

Supplementary funding for MNS will be allocated to local authorities in 2020-21 at their 2019-20 supplementary funding rate.

The supplementary funding rate is the difference between the 'provider equivalent rate' and the 2016-17 MNS baseline. Please see the [EYNFF: technical note for 2019 to 2020](#) on the calculation for the 2019-20 'provider equivalent' funding rate.

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