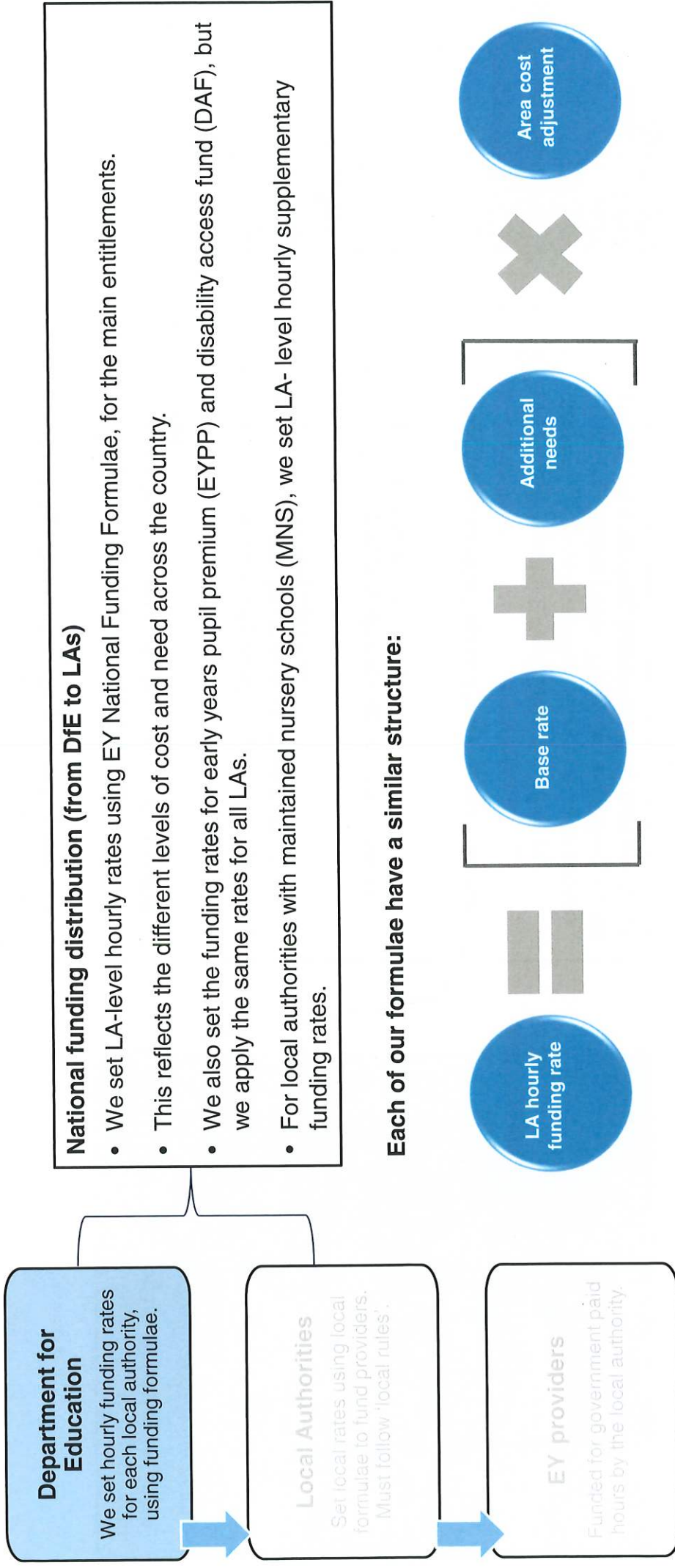
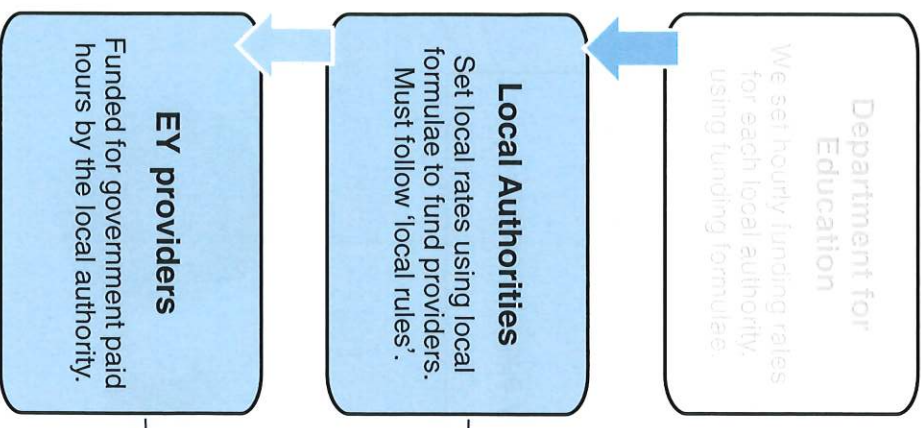


We distribute funding to LAs using national funding formulae, this determines the hourly rates LAs receive



And the next level – LAs then determine distribution of funding to providers, within a set of 'local funding rules' set by DfE.



Local funding distribution (from LAs to providers)

- DfE's regulations & guidelines stipulate how LAs should spend funding – known as '**local funding rules**'.
- This ensures consistency, while giving LAs flexibility to deliver the entitlements in ways appropriate to local circumstance and need.
- LAs must **consult with providers and schools forum** on their hourly rates.
- They can also retain **up to 5%** for central services
- We closely monitor LA's funding decisions by requiring them to complete detailed annual returns on their spending plans. These are published via the **Early years funding benchmarking tool** on gov.uk.

Local rules include the requirement to **pass through at least 95% of funding to providers**. This 95% is made up of:

- The **universal hourly base rate**, paid to all providers.
- **Supplements:** deprivation, rurality or sparsity, flexibility, quality and EAL, paid against certain eligibility criteria.
- **Special educational need inclusion fund (SENIF)**, children with lower level or emerging SEN.
- **Contingency funding** - set aside for changes in the number of children taking up the entitlements throughout the year.

NB: the various funding streams in the pass through can be targeted at some providers and not others. This means that individual providers may receive more or less than 95%.