Early Years Provider Reference Group - Meeting

Date and time: Wednesday, 7 January 2026

Venue: Teams

Present: Alison Bishop (Chair),
Caroline Allanson, Chris Barton, Charlie Baxter, Caroline Maryon, Emma Read, Julie Pearson, Mitchell Clark, Karen Scott

Apologies: Annette Brooker, Annie Tierney, Deborah Parfitt, Gary Croxon, Gemma Hope, Kate Spencer Allen, Lesley Hart, Martin Wade

Notes: Donna Mills

1	**Welcome and Introductions** • Charlie Baxter, Stretton Pre-School. • Caroline Maryon, Service Manager for Coram, PACEY, supporting childminders in Cambridgeshire. • Chris Barton, Senior Advisor for Access and Inclusion in the Early Years Childcare and School Readiness Service. • Caroline Allanson – Manager at Eaton Socon Preschool • Karen Scott, Head of Histon Early Years Centre, maintained nursery school. • Alison Bishop, Head of Babraham Nursery and Chair of the Group. • Emma Read – Business and Governance Advisor, primary carry out Early Years Funding Audits. • Julie Pearson – Children Services Manager for the Early Years Alliance. Representing the voluntary sector but also support two settings in Cambridge. • Mitchell Clark – Finance Business Partner for education at Cambridgeshire County Council. • Donna Mills, Business Officer, Cambridgeshire County Council, taking minutes.
2	**Election of chair and vice chair** This item is scheduled for the first meeting of each year. AB (Chair) raised the question of whether the election should be deferred to the next meeting, as the Vice Chair (DP) was not present. Members agreed that they were happy to defer the election to the next meeting. **ACTION** – Add item to next agenda, Election of Chair/Vice Chair.
3	**Agreement of local funding formula for school's forum** The Department for Education has mandated that funding rates for 2026–27 must be announced by 28 February 2026. This requires sign-off by councillors, which means the proposal must go through the Children and Young People's Committee and Schools Forum beforehand. Schools Forum is expected around 20 January. An extension was granted until the end of today to share funding rates and gather feedback.

The pass-through rate has increased from 96% last year to 97% this year, and this percentage applies separately to each entitlement category. For Cambridgeshire, the term “funded twos” will continue to be used for two-year-olds unless there are strong objections.
For three- and four-year-olds, reporting requirements have changed: universal and extended entitlements are now combined for reporting purposes, although the funding strands themselves must remain separate. Each strand has its own elements, which must be monitored independently.

Funding allocations are based on census data and updated throughout the year, meaning the final figures are only confirmed after the financial year ends (April–March). The final allocation is typically known in July, so current figures are based on estimates. This can lead to slight changes in the final pass-through percentage. The team works to predict figures based on submitted data, but adjustments by the DfE can differ from expectations.

Key Change for 2026–27: Funding will now be allocated termly based on a termly census rather than annually. This will significantly impact providers because claims must accurately reflect actual numbers at the census date. Late amendments will no longer attract funding, so providers must ensure timely and accurate submissions. Currently, Cambridgeshire offers considerable flexibility, but this will need tightening to avoid funding gaps. For example, some settings have made multiple amendments after the claim period, which will not be sustainable under the new system.
The aim is to maintain flexibility for families and settings (e.g., allowing children to start after census dates), but stricter processes will be required. Providers must ensure their termly census submissions match actual claims and avoid delays, as missed claims will result in lost funding.

A question was raised about children joining mid-term and whether providers can continue notifying the council after they start. Under the new termly census system, this will change. Providers will need to plan ahead and include future starters in their headcount submissions to ensure funding is secured.
The new Early Years system (EYES) will introduce a “future starters” feature, which allows providers to add children to the headcount before they begin attending.
Providers will need to monitor codes carefully and update records as needed. The council is working on safety checks within EYES to help prevent errors and ensure claims are accurate. This change aims to maintain flexibility for families while introducing stricter compliance to avoid funding gaps.

The funding rates were announced on 18 December, just before the end of term and the Christmas break, leaving very limited time to prepare. Work had to be completed quickly to meet today’s submission deadline. Preparations included setting up spreadsheets in advance so figures could be plugged in immediately once rates were confirmed.
The methodology is based on part-time equivalence, which assumes all children take up their full entitlement for the full number of weeks. This means calculations are based on “part children” rather than “part hours.” The team monitors and tracks these figures against DfE expectations to ensure alignment. Additional factors considered include SENIF funding, deprivation funding, and operational costs for the service.
At previous meetings, members indicated a preference for keeping the base rate as high as possible, and this approach has been applied this year.

Future Changes:

- The move to termly census submissions may require changes to headcount dates to align with census deadlines and allow sufficient time for data uploads to the DfE. These uploads involve multiple files and checks, so revised dates will be communicated as soon as possible.

- The council aims to maintain flexibility for new joiners after headcount dates, unlike some other local authorities. However, this will be monitored, and if funding impacts become significant, changes may be considered. Any potential changes will be discussed with providers in advance.

This year introduced a significant challenge due to the move from an annual census to a termly census. As a result, the DfE published two separate rates for three- and four-year-olds:

- Without termly adjustment
- With termly adjustment

These dual rates have caused considerable complexity. The additional "with termly adjustment" figure is intended to offset funding losses caused by changes in how child numbers are calculated under the new system. For Cambridgeshire, this adjustment could otherwise result in a loss of approximately 1% of the annual budget.

Other Key Changes:

- EYPP (Early Years Pupil Premium): Increased to £1.15 per hour, applied to the first 15 hours of attendance.
- DAF (Disability Access Fund): Increased to £975 per child. These amounts are fully passported to providers, and any underspend will be reviewed for best use, as in previous years.

Proposed Hourly Rates:

- Three- and four-year-olds: £6.04
- Two-year-olds: £8.44
- Under-twos: £11.42

For two-year-olds and under-twos, the full DfE increase has been passported, with an additional penny per hour for under-twos where affordable. For three- and four-year-olds, the calculation is more complex due to the two DfE rates. The proposed rate includes the full "without termly adjustment" figure plus an additional amount where possible. This approach is pragmatic, as future increases may be smaller and less proportional. All pass-through calculations are based on the lower "without termly adjustment" figure, meaning Cambridgeshire is passporting more than the DfE expects.

The proposed two-year-old rate continues to be underpinned by approximately £65,000 from retained funding. While the slide referenced the "working two" rate, the calculation is more complex and is based on what the council retains overall.

A further point relates to the 19p increase applied to three- and four-year-old funding. This adjustment compensates for the way the DfE calculates rates under the new termly census system. It is intended to offset potential funding losses caused by changes in methodology, ensuring Cambridgeshire can maintain stability in its budget while passporting as much as possible to providers.

The current pass-through rate requirement is 97%, and Cambridgeshire is exceeding this across all entitlement groupings. For funded two-year-olds, the pass-through remains significantly above the minimum, at approximately 102% (down slightly from 104% last year). This approach ensures that rates for funded twos remain aligned with the working two rate and as high as possible, given the additional pressures on this budget.

Maintaining these higher rates is a priority, but it is becoming increasingly challenging due to rising costs and the need to balance allocations across all entitlements. The council will

continue to monitor the impact and adjust where necessary to sustain fairness and compliance.

A question was raised regarding why additional funding is drawn from the working twos allocation rather than funded twos, and whether both groups receive the same allocation.

It was explained that at year-end, finance must report spending for each entitlement separately, including SENIF and deprivation funding. Cambridgeshire does not apply additional supplements (such as flexibility or quality supplements) to keep the base rate as high as possible. The only mandatory supplements are SENIF and deprivation.

SENIF allocations vary depending on need, and children from disadvantaged backgrounds are statistically more likely to have SEND. This places greater pressure on the funded twos budget compared to working twos. While the universal three-year-old budget is also affected, the impact is less noticeable due to the higher proportion of working families in that group.

To maintain parity between funded twos and working twos, additional money is drawn from the centrally retained pot and reallocated to underpin the funded twos rate. Deprivation funding only applies to three- and four-year-olds and is broadly consistent across entitlements, with minor differences due to rounding.

Figures shown in the breakdown may include minor rounding differences due to spreadsheet calculations. It is essential to retain approximately 3% of the budget, which is split across several areas:

- Statutory Duties: Funding retained to cover mandatory responsibilities, including early years advisory services and support functions.
- Contingency: Held to manage fluctuations in funding caused by changes in uptake, birth rates, or other unpredictable factors. This ensures stability if numbers drop unexpectedly.
- Termly Adjustment Reserve**:** A portion of the 19p increase is retained as a safeguard against uncertainties arising from the move to termly census. While modelling suggests the impact is accounted for, this reserve provides flexibility if funding changes more than anticipated.

If the reserve is not required by the end of the financial year, the council will passport the remaining funds to providers. This approach ensures compliance while maintaining financial resilience.

It was noted that some providers query why the base rate does not equal 97% of the DfE allocation. This is because the pass-through calculation includes SENIF and deprivation funding, which are deducted before determining the provider base rate.

Members expressed support for the strategy of allocating as much funding as possible to the base rate. This approach was considered essential to help providers manage rising costs, including increases in the National Living Wage. The consensus was that prioritising the base rate aligns with previous discussions and provider expectations.

By mid-February, the council expects to review available funds and confirm how much can be passported back to providers.

There is a hope to uplift SENIF closer to its original rate, potentially from £7.50 to £7.75, subject to final applications and budget availability. The SENIF budget will remain fixed for this year, as increasing it would reduce the base rate for providers. Any uplift must be absorbed

within the existing budget to avoid negative impacts on two- and three-year-old rates, particularly funded twos.

Current underspend appears linked to lower than expected take up of additional hours and more applications at lower funding bands (rate one and two). The council will monitor this trend and adjust accordingly, ensuring any changes do not compromise base rates.

The SENIF rate will likely be announced later than the main funding rates to allow time for modelling and confirmation that any increase can be accommodated within the set budget. Main funding rates should be announced by the end of January, following approval by the Children and Young People's Committee, which meets just before month-end. This will ensure compliance with the DfE deadline of 28 February and provide settings with sufficient time for budget planning ahead of April.

When announcing the rates this year, the council plans to include a set of FAQs alongside the published figures. These will address common questions such as why a percentage of funding is retained, what it is used for, and why the base rate does not equal 97% of the DfE allocation. The aim is to improve transparency and reduce confusion by proactively explaining these points rather than waiting for queries.

A draft version of the FAQs will be shared with members alongside the minutes for review and feedback. Members are asked to check whether the FAQs are clear and answer the intended questions without creating additional confusion. The draft should remain confidential until the final version is published with the official rates.

CB agreed to attend a Team meeting with Coram PACEY to discuss the rates.

A member raised concerns about the deprivation supplement, noting that it feels like a "postcode lottery" and does not always reflect actual family need. They suggested that, if any funding area were to be reconsidered, deprivation would be their choice, acknowledging this may be controversial.

Questions were also raised about EYPP (Early Years Pupil Premium) being applied to two-year-olds, given that funded twos already receive SENIF support. The member explained that in their setting, EYPP funds are passed directly to parents as food vouchers, with none retained by the setting.

The discussion highlighted the complexity of funding streams and the challenges of ensuring fairness and transparency.

It was clarified that deprivation funding is a statutory requirement alongside SENIF, and both must be included in the funding structure. While alternative methods of administering deprivation have been explored, no fairer or system-compatible approach has been identified. Currently, deprivation funding requires significant manual processing, with multiple steps per child, creating a heavy workload for the team. There is no direct match between deprivation and free school meals, and restrictions apply to how the fund can be used.

The council intends to revisit this in the future, once other priorities such as implementing 30 hours and the new EYES system are complete. The goal will be to assess whether deprivation funding is reaching the children who need it most and whether improvements can be made.

	It was noted that the Maintain Nursery School Grant has not yet been reviewed. The immediate priority is to finalise funding rates and retention amounts for Schools Forum. Work on the grant will follow once the initial deadlines and approvals are complete. Agreement to take rates forward to the Schools Forum and give an update on the outcome. It was confirmed that Charlie will attend Schools Forum on 16 January at 10:00 a.m. The meeting will be held virtually.
4	**AOB** **EYES** The new Early Years system (EYES) is scheduled to go live on Monday, 8 June 2026, following successful migration of early years data and initial testing. Further testing will take place in the coming weeks, and development work is ongoing to resolve issues identified during trials. A sector briefing is planned for May, with training delivered in a bite-sized format to make the transition manageable. Sessions will focus on specific tasks (e.g., adding children, submitting estimates) and will be recorded for those unable to attend live. An interactive online training module is also being developed. Volunteers are sought to test the training materials using a demo system. Providers interested in participating should email CB to be added to the list. Childminders will also need to be involved, CB and CM to meet to discuss who might participate. The transition plan for the new EYES system was outlined. All summer term processes will continue on the current system (ONE). Providers' first interaction with EYES will be for autumn term tasks, including adding children and submitting autumn term estimates. These estimates will be processed and paid via EYES in early July. This timeline is slightly later than usual to allow providers sufficient time to complete summer term activities on ONE and to ensure a smooth transition. The new system is expected to reduce processing time compared to the current system. The EYES system is scheduled to go live on Monday, 8 June 2026, with provider access expected from 15 June. Headcount and estimate processes, normally completed at the end of June or early July, will be pushed back by approximately one week. This adjustment allows the team time to validate the live system, including testing the ECS checker and integrating the Ofsted feed, both of which cannot be tested in the demo environment. This approach ensures accuracy before providers begin using the system for autumn term estimates and child data submissions. A question was raised about whether funding forms will change with the introduction of the EYES system. It was confirmed that the forms will remain mandatory, as they are based on DfE requirements. However, a review will take place this term to consider improvements, pending release of the DfE model for next year. Members were informed that, with the move to termly census, the DfE is auditing local authorities to ensure robust audit procedures are in place. ER's role in checking how funding is used remains critical, and the council has reviewed its processes against DfE audit requirements.

While the likelihood is low, there is a slim chance that settings may be contacted directly by the DfE to participate in an audit. If this occurs, settings must provide the requested information. Any compliance issues would be the responsibility of the local authority, not the setting.

Childminders – three- and four-year-old rate

Point to explore a grant from centrally retained funding to support children remaining with their existing childminders when they turn three. This responds to feedback, particularly from childminders, that the three- and four-year-old funding rate can make continued care financially unviable, leading some childminders to stop accepting children once they reach age three.

The intention would be to offer targeted support only where:

- A child has been with the childminder for a sustained period (e.g., from nine months), and
- Parental preference is for the child to remain with the childminder (including cases with siblings already placed), and
- The funding gap is demonstrably linked to the lower ratio capacity for childminders (typically 1:3).

This concept is exploratory at present, no formal process or criteria have been agreed. Initial views were sought from settings on the principle of such a grant and its potential impact on continuity for children and families.

Members shared perspectives on the proposed grant to support children remaining with childminders when they turn three:

- National Campaigns: PACEY and other organisations are actively campaigning on this issue, highlighting the financial challenges childminders face when caring for three- and four-year-olds under current funding rates.
- Ratio Impact: Members acknowledged that the DfE funding model assumes higher ratios (1:7 or 1:8), whereas childminders operate at 1:3, making sustainability difficult. This fact changed some initial views and highlighted the need for clear communication.
- Misconceptions: Members noted that childminders are often perceived as being “in it for the money,” which is inaccurate. The reality is that low ratios (1:3) and rising costs make sustainability difficult.
- Importance of Explanation: Members agreed that without clear context, a proposal to give additional funding to childminders could be misunderstood by other providers. Transparency about the rationale—continuity for children, parental preference, and ratio differences—is essential.
- Impact on Other Settings: Concerns were raised about fairness and how the proposal would be framed to preschools and nurseries, which also face funding challenges. Communication must stress that the grant is about child welfare and placement stability, not preferential treatment.
- Recruitment and Retention: Members noted that such a grant could help retain childminders and potentially encourage more into the profession, which is critical given current shortages.
- Future Considerations: It was suggested that the upcoming DfE funding consultation may address whether childminder rates should differ from group-based settings due to ratio differences. The proposed grant would be a short-term measure to prevent disruption for children already placed with childminders.

Independent School Vacancy

The group discussed the current vacancy for an Independent School representative and whether this representation is necessary. It was noted that there are only six independent

	schools accessing funding across the county, which may not provide a representative view. The group acknowledged the ongoing challenge of attracting members and questioned whether the role should remain specific to independent schools or be broadened to a more general representation. LH sent emails to all independent schools prior to Christmas, but no responses were received. An offer to resend the invitation post-Christmas if the group wished. Alternatively, the group could consider redefining the vacancy to reflect wider county needs, such as areas with high deprivation or demographics currently underrepresented. The group agreed that reviewing the Terms of Reference would be the first step in addressing this issue. CB confirmed that changes could be made if agreed upon. The discussion included options for wording adjustments, such as creating an “Other” category with an asterisk specifying that the member should represent settings with a significant proportion of children receiving Early Years Pupil Premium or living in areas of high deprivation. It was suggested that this matter be brought to the next meeting, where data on deprivation funding and Early Years Pupil Premium distribution across the county could be reviewed. Maps and statistics will be provided to help identify priority areas. The group will then agree on the specific criteria for the vacancy and include this in the advert. The group expressed consensus on this approach and agreed to revisit the Terms of Reference and set priorities at the next meeting. **ACTION** – Add item to next agenda, current vacancy in group.
Next meeting date Wednesday, 18 March 2026 – 1 pm to 2.30 pm	