



Department
for Education

Early Years Funding Benchmarking Tables

Technical Note

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Summary

The purpose of this technical note is to give background information on the methodology which underpins the early years funding benchmarking tool for 2017-18. It contains information on the datasets used and any calculations performed by the Department.

Users can view early years funding information for an individual local authority (LA), or compare authorities across the Children's Services Statistical Neighbours with up to ten other authorities. A more detailed explanation of statistical neighbours can be found in Appendix A of the following guide:

[Detailed explanation of statistical neighbours](#)

The current statistical neighbour benchmarking tool can be found here:

[Statistical neighbour benchmarking tool](#)

Who is this publication for?

This guidance is for:

- Local authorities
- Early years providers
- Governing bodies in all maintained schools, academies and free schools

Main points

Following the introduction of the early years national funding formula in April 2017, the Government made a number of reforms that govern how local authorities fund early years providers to deliver the three and four year-old entitlements from 2017-18. The new requirements are that:

- all local authorities pass 93% in 2017-18 of early years funding to providers
- only use a limited set of funding supplements, with a total value capped at 10% of allocated budget to providers
- local authorities use a universal base rate to fund providers, by no later than 2019-20
- all local authorities set up a local inclusion fund for children with special educational needs (mandatory for three and four year-olds but discretionary for two year-olds)

This year, the benchmarking tool includes information about how local authorities are planning to meet these requirements in 2017-18.

The benchmarking tool also includes the planned budget for the new Disability Access Fund for three and four year-olds for each local authority.

Early years funding

Introduction

All funding for the two year-old, and the three and four year-old entitlements, is in the Dedicated Schools Grant (DSG), which is ring-fenced for education purposes for children aged 2 to 16. The Department for Education calculates a total amount of DSG for each local authority and distributes it to them.

All decisions about the amount of DSG to be spent on early years entitlements are made by local authorities in consultation with their schools forum.

Local authorities are required to use a locally determined formula – the early years single funding formula (EYSFF) - to set the funding rates for all types of providers to fund the entitlement places.

The **early years funding benchmarking** table includes the planned spend on early years providers to deliver the early years entitlements for two, three and four-year-olds, including the early years pupil premium and new special educational needs (SEN) inclusion fund and disability access fund for 2017-18.

The benchmarking tables show the England average or total budget as relevant for each column. Graphs are also available to allow ready interpretation of the statistics.

The benchmarking tool uses Section 251 budget statement data loaded on the COLLECT system as at 18 September 2017 by local authorities. All financial data is based on this return and it is the local authority's responsibility to ensure the submitted date is accurate. This data has been summarised in a [Statistical Release](#) published on 21 September 2017, and in [benchmarking tables](#).

The early years funding benchmarking tables – calculation and underlying data

The spreadsheets are split into two sections: key budget statistics and benchmarking. There are separate worksheets for:

- Three and four year-olds
- Two year-olds
- Non-EYSFF (early years single funding formula) spend - contingency funding, central spend and SEN Inclusion Fund (top-up grant¹) budget
- Early Years Pupil Premium
- Disability Access Fund

Summary for the key budget statistics

For two, three and four year-olds, the key budget statistics give the hourly average funding rate and the base rate for all providers and for PVI (Private, Voluntary & Independent) providers, nursery schools and nursery classes within primary schools. The calculation methodology for these rates are included in the respective sections below. For three and four year-olds, this section also shows the local authority's planned funding pass-through rate in 2017-18.

For the early years pupil premium and the disability access fund, the key budget statistics gives the budget total for the local authority.

Summary for the benchmarking

The England average or total is given for each of the columns as relevant for all local authorities (except for the percentage pass-through rate and the percentage funding paid through supplements where the England figures exclude City of London and Isles of Scilly). Figures for the selected local authorities are provided, and the median, maximum and minimum of the selected local authorities are also given, where possible.

The benchmarking information can also be viewed in graphical format.

¹ SEN Inclusion Fund can be used in the form of: i) top-up grants; and/or ii) used to support specialist SEN services provided centrally by the local authority. The top-up grant element is the funding that is provided directly to providers for supporting children with SEN and not retained as central spend.

Three and four year-olds

The sheet shows information about how local authorities plan to fund all their early years providers in 2017-18 for delivering the three and four year-old entitlements.

Key budget statistics

Average funding rate for providers

This shows the hourly average funding rate for *all hours* ('core 15 hours', 'additional 15 hours' and 'funded hours above statutory core hours' for non-PVIs²).

The hourly average funding rate for three and four year-olds is calculated by:

i) adding the total EYSFF budgets for: 'base rate'; 'supplements'; 'maintained nursery school lump sums'; and 'funded hours above statutory core hours' for non-PVIs³, and dividing this by

ii) the total number of hours reported for: the 'core 15 hours'; the 'additional 15 hours'; and 'funded hours above statutory core hours' for non-PVIs³. Error! Bookmark not defined.

This section also includes a graph to illustrate the components of the hourly average funding rate for all providers for all hours (i.e. for statutory hours and non-statutory hours).

Average base rate for providers

This shows the hourly average base rate for the *statutory hours* (core 15 hours and additional 15 hours).

Thus, the hourly average base rate for three and four year-olds is calculated by taking the budget for the 'base rate' and dividing it by the base rate hours reported for both 'core 15 hours' and 'additional 15 hours'.

² The 'core 15 hours' refers to the statutory universal 15 hours for all three- and four-year-olds; the 'additional 15 hours' refers to the statutory 30 hours of free childcare for working parents of three- and four-year-olds; and 'funded hours above statutory core hours' refers to any extra hours on top of the universal 15 hours that the local authority provides to children not eligible for the statutory 30 hours.

³ For PVIs, any 'funded hours above statutory core hours' are accounted for within the central spend data.

Please note the 'base rate' in the chart is the average base rate for *all* hours ('core 15 hours', 'additional 15 hours' and 'funded hours above statutory core hours' for non-PVIs) and therefore differs from the 'hourly average base rate for *statutory hours*' shown in the table for a small number of local authorities.

Pass-through rate

All local authorities are required to pass-through at least 93% in 2017-18 of early years funding to providers. A few local authorities have been given permission to disapply this requirement. A list of these local authorities, and their approved disapplication rates, is shown in the notes section of the benchmarking tool.

The methodology for calculating the funding pass-through rate is included in the [early years national funding formula operational guide](#).

Benchmarking table

The benchmarking table shows the average funding rate per hour for all providers and by early years provider types.

It also shows the percentage pass-through rate and the percentage funding paid through supplements.

All local authorities are required to ensure the total value of supplements must not be more than 10% of the total value of planned funding to providers. The methodology for calculating the percentage of funding paid through supplements is included in the [early years national funding formula operational guide](#).

The benchmarking table also allows comparison of the total budget for SEN Inclusion Fund (top-up grant element) for three and four year-olds.

Two year-olds

The sheet shows information about how local authorities plan to fund all their early years providers in 2017-18 for delivering the two year-old entitlement.

Key budget statistics

Average funding rate for providers

The hourly average funding rate for two year olds is calculated by:

- i) adding the total EYSFF budgets for: base rate and supplements, and dividing this by
- ii) the total number of hours reported in the base rate.

Average base rate for providers

The hourly average base rate for two year olds is calculated by taking the budget for the base rate and dividing it by the number of hours reported in the base rate.

Benchmarking table

The benchmarking table shows the average funding rate per hour for all providers and by early years provider types, as well as the total budget for the SEN Inclusion Fund (top-up grant element) for two year olds.

Non-EYSFF spend

The benchmarking table shows the total budget for two year-olds, and three and four year-olds for:

- SEN Inclusion Fund (top-up grant element) budget
- Early years contingency funding
- Early years centrally retained spending (including the budget for 'funded hours above statutory core hours' for PVI's)

For completeness, it also shows the total delegated EYSFF budget (excluding the budget for 'funded hours above statutory core hours' for PVI's).

Early Years Pupil Premium

The benchmarking table includes the allocated budget per local authority.

Disability Access Fund

The benchmarking table includes the allocated budget per local authority.

Early years proforma

The early years proforma provides more detailed information on how each local authority distributes early education funding. The proforma is intended to complement the benchmarking tables. The early years proforma contains the data as reported by the local authority in their Section 251 budget submission. For each local authority, the proforma includes details of:

- The early years single funding formula (EYSFF) for two year-olds, and three and four year-olds, setting out the base rates, supplements and any lump sums paid
- Details on any 'funded hours above statutory core hours' funded by the authority for three and four year-olds
- Details of the amount of early years SEN inclusion fund (top up grant element) and the qualifying criteria used
- Information on how early years central spend is utilised
- The size of early years contingency funding
- Planned budget for early years pupil premium
- Planned budget for the disability access fund

The early years proforma also shows the pass-through rate and the supplements funding percentage for each authority.



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