Department for Education

Guidance

2026 to 2027 early years national funding formulae: technical note

Updated 7 January 2026

Applies to England

Contents

1. Introduction

This technical note describes the methodology for the 3 early years (national) funding formulas (EYNFFs) that have been used to calculate final hourly rates that local authorities will receive for the early years government funded entitlements in the 2026 to 2027 financial year. These are:

- 3 and 4-year-old entitlements:
  - universal 15 hours entitlement
  - additional 15 hours entitlement for eligible working parents
- 2-year-old entitlements:
  - 15 hours entitlement for eligible families receiving additional support (FRAS). Throughout this technical note, this will be referred to as the 2-year-old 'FRAS' entitlement. This entitlement was previously referred to as the '2-year-old disadvantaged entitlement'
  - 30 hours entitlement for eligible working parents
- under 2s entitlement:
  - 30 hours entitlement for eligible working parents

This document also covers the methodology for:

- calculating the final hourly funding rate for maintained nursery school (MNS) supplementary funding
- calculating the national funding rates for the early years pupil premium (EYPP) and disability access fund (DAF)
- how we have rolled in additional funding to reflect the 2025 to 2026 early years National Insurance contributions and teachers' pay grant (EYNTPG). The latter reflects the additional costs of increases to teachers' pay from September 2025

This document accompanies the early years funding rates and step-by-step calculations 2026 to 2027 tables. These will be referred to as the 'accompanying step-by-step tables' and include:

- a 'National calculations' tab showing illustrative national funding totals for the entitlements and MNS supplementary funding and how formula factor rates have been derived
- a 'National average rates' tab, containing 2026 to 2027 illustrative national average rates to local authorities for the entitlements and MNS supplementary funding, and the national rates for EYPP and DAF

- local authority level hourly rates tables for each of the entitlements and MNS supplementary funding
- step-by-step tables for each of the entitlements and MNS supplementary funding showing how each local authority's funding rate has been calculated.
- additional tabs providing further details on the area cost adjustment (ACA) and formula factor data

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

Indicative allocations for the early years block will be announced in the dedicated schools grant (DSG) allocations table in December 2025.

2. Differences between 2025 to 2026 and 2026 to 2027

This section explains how the methodology for the early years national funding formulas (EYNFFs) in 2026 to 2027 differs from the previous year. Readers who are not already familiar with the EYNFFs' methodology may wish to skip this section for now.

Since 2025 to 2026, no significant changes have been made to the early years national funding formula (EYNFF) methodologies used to calculate local authority level hourly funding rates. However, we have made several changes that have affected the level of uplift applied to local authority level rates, and the distribution of those rates.

Annual funding rate uplifts
As in recent years, these have been calculated using the forecast average earnings growth (AEG) and consumer price index (CPI) inflation, and the 2026 National Living Wage (NLW) arrangements, based on the data available when setting the early years entitlements budget for 2026 to 2027.

For 2026 to 2027 these uplifts have been adjusted to include:

- a further uplift across all funding rates to take into account wider workforce cost pressures felt by the sector since April 2025
- for 3 and 4-year-old, 2-year-old, and under 2s rates a further uplift has been

applied to the national average rate to roll in funding in respect of the 2025 to 2026 EYNTPG

For 3 and 4-year-old rates only, the national average rates have been increased by a further 2.94% to offset the estimated impact, nationally, of moving to a termly funding model. See the 'EYNFF methodology' section for more detail.

Data updates
Data have been updated, where possible, resulting in changes to the area cost adjustments and formula factor hourly rates for the early years entitlements (see tables 3, 4 and 5 for relevant factor values). A full list of data updates is provided in annex B and the most notable data updates are:

- the local authority level distribution of working parent part-time equivalents (PTEs) for 2-year-olds and under 2s has been updated to use outturn data (collected in the January 2025 school, early years, and alternative provision (AP) censuses)
- to estimate the proportion of provision in schools for 2-year-olds and under 2s, data have been updated to use outturn data collected in the January 2025 censuses. See the ACA section for further details on this calculation
- the percentage of PTEs in school (used for weighting the premises costs portion of the ACA) has been adjusted this year following the precedent set by the EYNTPG. That is, state-funded governor-run settings, which are recorded in the early years census, have been counted as school-based PTEs for the purposes of these calculations

Protection arrangements
Have been updated and revised for 2026 to 2027:

- **Year-to-year protection** across the main 3 and 4-year old, 2-year old, and under 2s entitlements, a year-to-year protection of 0% has been applied against 2025 to 2026 early years DSG rates. This means that no local authority will see a 2026 to 2027 hourly rate that is lower than their 2025 to 2026 hourly rate.
- **Gains cap: for 2026 to 2027** we have removed the gains cap, which had previously been used to fund the year-to-year protection. Instead, the year-to-year protection will be funded in the same way as the minimum funding floor, that is, by 'top slicing' a portion of all local authority level rates to uplift those local authorities that would otherwise see a below 0% increase on their 2025 to 2026 rate.

For the 3 and 4-year-old formula, the **minimum funding floor (MFF)** has been increased to £6.20.

The MNS supplementary funding MFF has been increased to £5.47 and the cap remains at £10.

3. Early years national funding formulae (EYNFF) methodology

This section describes how 2026 to 2027 local authority level hourly funding rates for the 3 and 4-year-old, 2-year-old, and under 2s entitlements have been calculated. The steps taken to calculate MNS supplementary funding, EYPP and DAF are explained in later sections.

3.1 Overview

A step-by-step high-level summary of these funding rate calculations is initially provided below, which are then explained in more detail over the rest of the section:

- specify what data should be used for each age group and then calculate part-time equivalent (PTE) totals at local authority level and national level
- calculate the illustrative funding totals for each entitlement by multiplying the national level PTE totals by the 2026 to 2027 national average funding rates; these have been determined by applying an annual uplift to the 2025 to 2026 national average rates
- calculate the total funding available for each formula factor, that is, the base rate and the additional needs factors, by multiplying the illustrative funding totals by the formula factor weightings for each entitlement
- calculate national level formula factor rates by dividing the total funding available for each factor by the total area cost adjustment (ACA) weighted hours for each factor
- calculate local authority level factor funding by multiplying the national level factor rates by the ACA weighted hours for each factor for each local authority
- calculate the total ‘pre-protection’ local authority funding by adding together the factor funding for each local authority
- calculate the ‘pre-protection’ local authority level funding rates by dividing the total

pre-protection funding by the total hours for the first 15 hours of each entitlement

- apply the protections, that is, MFF and year-to-year protections on top of pre-protection rates for relevant local authorities

3.2 Part-time equivalent (PTE) data for the entitlements

Using PTE data

As in previous years, the funding rates for early years entitlements are calculated using PTEs, which are a unit of hours. One PTE is defined as 570 hours of childcare, presented as 15 hours per week over 38 weeks. Therefore, a child taking up 12 hours per week for 38 weeks would be counted as 0.8 PTE.

PTEs are used for all entitlements, including where the entitlement exceeds 15 hours per week. This ensures a consistent approach to accounting for take up across the entitlements.

- **for example:** a child aged 2 or under, taking up the working parent entitlement in full in 2026 to 2027 would count as 2.00 PTEs.

For each of the age groups, only the PTEs relating to the first 15 hours of each entitlement are used to calculate the funding rates. These rates are then applied to all hours of the relevant entitlements. This method has been used to ensure consistency of approach, where possible, in the calculation of funding rates across the entitlements and means that:

- for 3 and 4-year-olds, the universal hours PTEs are used to calculate funding rates, and these rates are then applied to both the universal and additional hours entitlements
- for 2-year-olds, the estimated first 15 hours [footnote 1] (that is, the sum of the PTEs for the 2-year-old FRAS entitlement and the PTEs relating to the estimated first 15 hours for the 2-year-old working parent entitlement) are used to calculate funding rates which are then applied to all hours of 2-year-old entitlements
- for under 2s, similarly, the PTEs relating to the estimated first 15 hours of the working parent entitlement are used to calculate funding rates, which are applied to all hours of under 2s working parent entitlement

PTE data used for each age group

For the 3 and 4-year-old entitlements, PTEs from the January 2025 school, early years, and AP censuses (collectively, 'the January 2025 censuses') have been used at both national and local authority level. See annex B for the exact data specification used for these PTEs.

For the 2-year-old entitlements, a similar approach has been taken as in 2025 to 2026:

- for the 2-year-old FRAS entitlement, PTEs from the January 2025 censuses have been used for both national and local authority-level, please see annex B for the exact data specification used
- for PTEs relating to the estimated first 15 hours of the 2-year-old working parent entitlement, a national level forecast of 2026 to 2027 PTEs has been used (see annex A for further detail on this forecast). This national level forecast has been distributed to local authority level based on the data collected in the January 2025 censuses. See annex B for the exact data specifications used
- similarly, for PTEs relating to the estimated second 15 hours of the 2-year-old working parent entitlement, in absence of outturn data on the take up of the second 15 hours, a national level forecast of PTEs has been used. Again, this national total has been distributed to local authority level based on data collected in the January 2025 censuses

For the under 2s entitlement, the approach taken follows that used for the 2-year-old working parent PTEs. That is, for PTEs relating to the estimated first 15 hours, a national forecast for the total is used and is distributed to local authority level using data on the under 2s working parent entitlement collected in the January 2025 censuses; see annex B for the exact data specifications used. For PTEs relating to the estimated second 15 hours, a different national forecast is used, with the January 2025 censuses used to distribute to local authority level.

3.3 Entitlement funding for 2026 to 2027

This section sets out the illustrative funding available for 2026 to 2027 for the 3 and 4-year-old, 2-year-old, and under 2s entitlements.

As part of the illustrative funding total calculations, the 2026 to 2027 average funding rates are calculated as follows:

- across all entitlement funding streams, uplifting the most recent 2025 to 2026

average funding rates by applying annual cost pressure-based increases. These increases have been calculated using forecast average earnings growth and CPI inflation, and final 2026 NLW arrangements, based on the data available when setting the early years entitlements budget for 2026 to 2027. On top of this, a further uplift has been applied to reflect wider workforce cost pressures felt by the sector since April 2025. The exact cost pressures applied vary depending on the age group, primarily driven by differences in staffing ratios for children of different ages

- for 3 and 4-year-old, 2-year-old, and under 2s rates a further uplift has been applied to the national average rate to roll in funding in respect of the 2025 to 2026 EYNTPG. See the 'Early years national insurance and teachers' pay funding' section below for more details on how this additional funding has been incorporated
- for 3 and 4-year-old rates only, the national average rates have been increased by a further 2.94% to offset the estimated impact, nationally, of moving to a termly funding model. See the 'Termly funding adjustment for 3 and 4-year-old funding rate' section below for more details on how this uplift has been calculated

See annex B for further detail on the specific data used. Please note that calculations use **unrounded** average rates and cost pressures which we have displayed to the nearest penny and 2 decimal places, respectively, for presentational purposes within this document.

Early years funding is demand led therefore it is important to bear in mind that the funding totals for 2026 to 2027 used for rate setting are purely illustrative. They are based on (a) 2026 to 2027 average rates and (b) an estimate of annual total hours of childcare delivered, based on the most recent censuses where possible, and, in the absence of outturn data, based on forecasts. However, local authorities' actual 2026 to 2027 funding allocations and average rates will be based on termly outturn data collected throughout the 2026 to 2027 financial year.

Early years national insurance and teachers' pay funding

For 2026 to 2027, £24.8 million of funding has been included in early years funding rates in respect of the increase in National Insurance contributions (NICs) in schools and a further £22.7 million for the increases to teachers' pay from September 2025.

The method used to roll in funding is different to previous years:

- firstly, at national level we have split the funding between and 4-year-old, 2-year-old, and under 2s entitlements, to align with proportions of funding that were allocated through the grant. We have therefore added £42.8 million to the

illustrative 3 and 4-year-old funding and £4.5 million and £0.1 million respectively, to the illustrative amounts available for 2-year-old and under 2s entitlement funding

- we have then calculated notional average hourly rates based on the total funding for each age and the PTEs for each age

Termly funding adjustment to 3 and 4-year-old funding rate
Starting from 2026 to 2027 we are using termly census data for the 3 and 4-year-old and 2-year-old FRAS entitlements, bringing these in line with the approach used for the other entitlements.

For the 3 and 4-year-old entitlements, the expected impact of this change to the funding system will be to reduce the calculated numbers of funded PTEs when compared to the previous method of using only January census data, whereas local authorities will experience no such change in the PTEs they are expected to fund. We have therefore decided to include a 2.94% uplift to the 3 and 4-year-old national average funding rates ahead of the transition to the new funding system to offset the impact from reduced calculated PTE volumes. This adjustment has been informed by the retrospective termly data collection for the 2024 to 2025 financial year, which was also used to inform the PTEs used in the indicative allocations.

The 2.94% adjustment will be applied to both 3 and 4-year-old universal hours and additional hours rates [footnote 2]. The adjustment is calculated as the funding rate increase required to offset the reduction in PTEs observed in the indicative allocations as a result of the change to termly funding, that is, the funding rates are multiplied by: January 2025 PTEs [footnote 3] divided by the adjusted termly funding system PTEs used in the indicative 2026 to 2027 financial year DSG allocations.

3 and 4-year-old illustrative funding total
The combined 3 and 4-year-old 2025 to 2026 average rate was £6.12 [footnote 4]. This is based on 2025 to 2026 initial early years allocations (that is, 2025 to 2026 early years DSG local authority level funding rates, and January 2025 PTEs). To this average rate, an adjusted cost pressure-based annual uplift of 3.83% has been applied and on top of this 6.8p has been added to reflect the roll in of the EYNTPG giving a total combined average rate of £6.42. This average rate has then been further increased by 2.94% to offset the estimated reduction in PTEs for 3 and 4-year-olds due to the move to termly funding arrangements. This leads to a combined 3 and 4-year-old 2026 to 2027 average rate of £6.61.

There were 1,101,520.57 3 and 4-year-old PTEs (759,532.48 universal hours PTEs plus 341,988.09 additional hours PTEs) in the January 2025 censuses.

Therefore, the total illustrative funding for 3 and 4-year-olds in 2026 to 2027 is £4.2

billion, calculated as £6.61 × 1,101,520.57 × 15 × 38 [multiplying by 15 and then by 38 converts PTEs into the number of hours of childcare received during a year].

This breaks down into a separate universal hours funding of £2.9 billion and an additional hours funding of £1.3 billion.

> Please note that this is an illustrative funding total, for the purposes of rates calculations only. Actual allocations for the 3 and 4-year-old entitlements will differ from these totals due to use of termly outturn data collected throughout 2026 to 2027 financial year.

2-year-old illustrative funding total

The estimated combined 2-year-old 2025 to 2026 average rate is £8.54 [footnote 5]. To this average rate, an adjusted cost pressure-based annual uplift of 4.06% has been applied and on top of this 1.5p has been added to reflect the roll in of the EYNTPG. This results in a combined 2-year-old 2026 to 2027 average rate of £8.90.

For 2026 to 2027 illustrative funding, a total of 533,822.29 2-year-old PTEs has been used. This is based on the January 2025 data on the 2-year-old FRAS entitlement, in addition to a forecast of the total 2-year-old PTEs for the working parent entitlement; see annex A for further detail on this forecast.

Therefore, the total illustrative funding for 2-year-olds in 2026 to 2027 is £2.7 billion, calculated as £8.90 × 533,822.29 × 15 × 38.

Under 2s illustrative funding total

The estimated under 2s 2025 to 2026 average rate is £11.56 [footnote 6]. To this average rate, an adjusted cost pressure-based annual uplift of 4.17% has been applied and a further 0.1p has been added to reflect the roll in of the EYNTPG. This results in an under 2s 2026 to 2027 average rate of £12.04.

For 2026 to 2027 illustrative funding, we have used a total of 441,595.30 under 2s PTEs. This is based on a forecast of the total under 2s PTEs for the working parent entitlement; see annex A for further detail.

Therefore, the total illustrative funding for under 2s in 2026 to 2027 is £3.0 billion, calculated as £12.04 × 441,595.30 × 15 × 38.

3.4 Area cost adjustment (ACA): accounting for variations in costs

The ACA formula
Within the EYNFFs, ACAs are used to account for the relative differences in costs between different areas of the country. The ACA acts as a multiplier to the formula factor rates. Further details on this are in the ‘Calculating ’pre-protection’ local authority-level funding rates’ section.

The ACAs for each local authority are calculated separately for each age group, to account for differences in the types of setting used for childcare in different parts of the country.

To construct the ACA, we use the following data and weightings:

- general labour market (GLM) data, to reflect variation in staffing costs: weighted 80%
- nursery, infant and primary rates cost adjustment (NIPRCA) to reflect variation in premises costs: weighted 10%
- the remaining costs are assumed not to vary between local authorities and are weighted at 10%

That is, the ACA for each local authority is calculated as:

(80% × GLM) + (10% × NIPRCA) + (10% × 1)

Further detail on ACA data
GLM data:

- the variation in staffing costs element of the national funding formula ACA is based on the general labour market specific cost adjustment calculated for 2013 to 2014 by the Ministry of Housing, Communities and Local Government (MHCLG)

NIPRCA data and calculations:

- the nurseries rates cost adjustment (NRCA) and infant and primary rates cost adjustment (IPRCA) values themselves are based on Valuation Office Agency (VOA) data on rateable values and floorspace of nursery, infant and primary school premises. An average of the 3 latest available years of data is used, rather

than a single year measure, to smooth the impact of data updates relating to revaluations, where the VOA updates the rateable value of properties every few years

- each local authority's NIPRCA is calculated as a weighted sum of their NRCA and their IPRCA, based on the relative proportion of childcare, measured in PTEs, delivered in these 2 types of setting. This is calculated as:

[(1 - % of PTEs in schools [footnote 7]) × NRCA] + (% of PTEs in schools × IPRCA)

The exact calculations of the ACA for each local authority for each age group are provided in the 'ACA' tab of the accompanying step-by-step tables and further detail on the specifics of the data used are provided in annex B.

3.5 Formula factors

This subsection describes how the formula factors have been calculated for each of the EYNFFs.

For the EYNFFs, funding is split between 'base funding' and 'additional needs funding'.

Only PTEs relating to the first 15 hours of entitlements are used for rates calculations, with the resulting funding rates applied to all hours of childcare delivered through those entitlements. As such, for rates calculations, the total funding used relates to the first 15 hours only. That is:

- for 3 and 4-year-olds, funding for the universal hours PTEs is used
- for 2-year-olds, funding for the 2-year-old FRAS PTEs and PTEs relating to the estimated first 15 hours of the working parent entitlement is used
- for under 2s, funding for PTEs relating to the estimated first 15 hours for the under 2s working parent entitlement is used

To calculate the funding for each factor, we first take the total illustrative funding for the first 15 hours and make three adjustments to ensure the final local authority hourly funding rates remain affordable:

- where the distribution of PTEs across the country differs between the first 15 and second 15 hours, a small zero-sum adjustment is made to the funding total used to calculate rates. This adjustment does not impact the overall funding available

for each age group, rather this means that, within each age group a small amount of funding is ‘redistributed’ from the funding available for the first 15 hours to the remaining hours, or vice versa. This ensures that all funding (across both the first 15 and second 15 hours) is spent and that rates remain affordable

- additionally, for the 3 and 4-year-old entitlement, which has a minimum funding floor (MFF), as in previous years, the MFF (described in the ‘Applying protections’ section) is paid for out of the total funding available for the 3 and 4-year-old entitlements. This is implemented by ‘top slicing’ a small portion of funding (under 1% of the illustrative funding total for 2026 to 2027) to uplift any local authority rates that are below the MFF
- finally, to ensure that the year-to-year protection of 0% against 2025 to 2026 DSG rates is affordable, for each age group, if required, a further small portion of funding is ‘top sliced’ to uplift any local authority rates that are below their 2025 to 2026 DSG rate. This was only necessary for the 3 and 4-year-old entitlement this year

Once we have made these adjustments, the remaining funding is split between funding for the base rate and funding for the additional needs factors in the following proportions:

- 89.5% of funding is used for the base rate, and
- 10.5% of funding is used for the additional needs factors. See table 1 for the breakdown of this funding into each individual factor and note that the 3 and 4-year-old national funding formula (NFF) does not use an income deprivation affecting children index (IDACI) factor

Table 1: additional needs factor weightings for the EYNFFs

Additional needs factor	3 and 4-year-old NFF weighting	2-year-old and under 2s weighting
Free school meals (FSM)	8%	4%
Income deprivation affecting children index (IDACI)	N/A	4%
English as an additional language (EAL)	1.5%	1.5%
Disability living allowance (DLA)	1%	1%

For the IDACI factor, in the 2-year-old and under 2s NFFs, the 4% total is split between IDACI bands A to F in different proportions. The calculations underpinning these band weightings are explained in annex C, and the resulting weightings are presented in table 2.

Table 2: IDACI band weightings for the 2-year-old and under 2s NFF

IDACI band	2-year-old weighting	Under 2s weighting
A	0.53%	0.52%
B	0.76%	0.75%
C	0.70%	0.69%
D	0.62%	0.62%
E	0.77%	0.78%
F	0.62%	0.64%

The data used for additional needs factors are:

- **Free school meals (FSM) eligibility**, based on the measure used for FSM in performance tables. These data are used as a proxy for relative levels of deprivation across the country to reflect the additional costs of providing childcare for children with disadvantage or low-level SEN. As there are no comprehensive FSM data available for children across all early years settings, data for this factor are based on the proportion of full-time children eligible for FSM in state-funded nursery and primary schools.
- **IDACI**, a proxy indicator for the proportion of children in each local authority living in deprived areas. These data are used in the 2-year-old and under 2s NFFs as a second proxy for relative levels of deprivation, again trying to reflect the additional costs of providing childcare for children with disadvantage or low-level SEN. Further detail on the specific method used to construct this proxy indicator can be found in annex C.
- **English as an additional language (EAL)**, data, from state-funded primary schools, are used to proxy for relative levels of EAL in local authorities. This aims to reflect the cost of additional support for children who do not have English as a first language.
- **Disability living allowance (DLA)**, entitlement data are used to proxy for relative

levels of more complex special educational needs or disabilities (SEND) across the country. This factor intends to reflect the additional costs associated with providing childcare for children with more complex SEND.

The data sources described above give us the proportion of children in each local authority who have each additional needs characteristic. For each local authority, we estimate the number of PTEs for each factor by multiplying the relevant additional needs factor proportion by the number of PTEs used in the rates calculations (that is, universal hours for 3 and 4-year-olds, PTEs relating to the estimated first 15 hours for 2-year-olds, and PTEs relating to the estimated first 15 hours for under 2s).The exact calculation of additional needs factor PTEs for each local authority can be found in the 'Formula factor data' tab of the accompanying step-by-step table.

- **for example:** if 50% of a local authority's nursery and primary school pupils are eligible for FSM, and there were 200 PTEs used for rates calculations in that local authority, then the number of FSM factor PTEs for that local authority will be 100 (that is, 50% of the 200 PTEs used in rates calculations)

To calculate the total PTEs for each factor, we simply sum the relevant additional needs factor PTEs across all local authorities.

Next we calculate the national hourly rate for each factor. The exact calculations are available to follow in the 'National calculations' tab of the funding output tables, but the calculation of each factor rate is:

national funding total for the factor

divided by

the national sum of: each local authority's PTEs for the factor x each local authority's ACA × 15 × 38

The resulting formula factor rates [footnote 8] are shown in tables 3, 4 and 5.

Table 3: 3 and 4-year-old formula factor rates

Funding factor	Hourly rate (£/hour)
Base rate	£5.28
FSM	£1.89
EAL	£0.36

DLA	£1.35

Table 4: 2-year-old formula factor rates

Funding factor	Hourly rate (£/hour)
Base rate	£7.15
FSM	£1.29
EAL	£0.53
DLA	£3.44
IDACI band A	£1.34
IDACI band B	£1.02
IDACI band C	£0.96
IDACI band D	£0.87
IDACI band E	£0.56
IDACI band F	£0.46

Table 5: Under 2s formula factor rates

Funding factor	Hourly rate (£/hour)
Base rate	£9.64
FSM	£1.79
EAL	£0.77
DLA	£4.67
IDACI band A	£1.92
IDACI band B	£1.46

IDACI band C	£1.38
IDACI band D	£1.25
IDACI band E	£0.80
IDACI band F	£0.66

3.6 Calculating ‘pre-protection’ local authority-level funding rates

This subsection describes how the PTEs, ACAs and formula factor values described above are used to calculate the hourly funding rates for each local authority, before protections are applied.

The first step is to create the local authority-level rates for each factor. These are calculated by multiplying the relevant formula factor hourly rate by each local authority’s ACA.

- **for example:** the EAL formula factor rate for 3 and 4-year-olds is £0.36. So, for a local authority with an ACA of 1.5, their local authority-level EAL factor rate for 3 and 4-year-olds would be £0.36 × 1.5, or £0.55. Note that these factor rates are unrounded but displayed in this note to 2 decimal places for presentational purposes only

Next, for the purpose of rates calculations only, pre-protection funding levels for each factor are calculated for each local authority. These are calculated as the local authority level factor rate multiplied by the local authority level PTEs for the factor, multiplied by 15 and then by 38 (to convert from PTEs to hours of childcare during a year).

- **for example:** a local authority with an EAL factor rate of £0.55 who has 1,000.00 EAL factor PTEs would have an EAL factor funding of £0.3 million (calculated as £0.55 × 1,000.00 × 15 × 38

Then, the total pre-protection funding for each local authority is calculated by summing the funding for all the factors for that local authority.

Finally, the pre-protection hourly rate for a local authority is calculated by dividing the

total pre-protection funding by the total PTEs used to calculate funding rates.

- **for example:** for 3 and 4-year-olds, the total pre-protection funding for a local authority divided by their universal hours PTEs), then dividing the result by 15 and then by 38. These calculations are available to follow in the step-by-step tabs of the accompanying step-by-step tables

3.7 Applying protections

Once the pre-protection rates have been calculated, 2 protections have been applied: the minimum funding floor and the year-to-year protection.

Minimum funding floor (MFF)
Provides a minimum hourly funding rate. This means that that every local authority will receive a funding rate of at least this amount (some will receive a higher rate).

For 3 and 4-year-olds the MFF has been increased from £5.71 in 2025 to 2026 to £6.20 in 2026 to 2027. This increase is in line with the pence increase to the universal hours average rate, and also reflects the funding rolled in for the 2025 to 2026 EYNTPG . That is, the MFF has been increased by £0.49, which comprises £0.24 from uplifting the 2025 to 2026 universal hours average rate by an adjusted cost pressure-based annual uplift, plus £0.06 and £0.19 from rolling in EYNTPG funding and including a termly adjustment to the rate respectively.

For 2-year-olds and under 2s, there will be no MFF in 2026 to 2027.

Year-to-year protection
Guarantees each local authority will receive no reduction in their funding rates compared to their 2025 to 2026 DSG rate:

- for all 3 entitlements, local authorities will be protected at 0% against their 2025 to 2026 early years DSG rate

The hourly funding rates for each local authority, after protections have been applied, are then rounded to the nearest penny.

3.8 National average of local authority hourly funding rates

Table 6 summarises the national average funding rates for each age-group, based on the total 2026 to 2027 illustrative funding and the relevant PTEs. See the 'National average rates' tab of the accompanying step-by-step tables for the exact calculations.

Table 6: 2026 to 2027 national average of local authority hourly funding rates

Age-group	Average hourly rate [footnote 9]
3 and 4-year-old entitlements – combined average for universal hours and additional hours entitlements	£6.61 [footnote 10]
2-year-old entitlements – combined average for FRAS and working parent entitlements	£8.90 [footnote 11]
Under 2s working parent entitlement	£12.04

4. Maintained nursery school (MNS) supplementary funding

4.1 MNS supplementary funding total for 2026 to 2027

This section sets out the illustrative national funding total for supplementary MNS funding. This will total £91.8 million in 2026 to 2027 which is based on:

- uplifting the 2025 to 2026 MNS pre-protection supplementary funding rates in line with the adjusted cost pressure used for 3 and 4-year-olds
- increasing the MNS MFF, and
- the January 2025 funded MNS PTEs

The final 2026 to 2027 MNS allocation total will be based on termly outturn data collected throughout the 2026 to 2027 financial year.

4.2 Calculating ‘pre-protection’ local authority-level funding rates

To calculate the 2026 to 2027 pre-protection MNS supplementary funding rates, first the 2025 to 2026 pre-protection rates (which include the teachers’ pay funding rolled-in in 2025 to 2026) are uplifted by the adjusted 3 and 4-year-old cost pressure, 3.83%.

4.3 Applying the MFF and cap

For 2026 to 2027 the minimum supplementary funding hourly rate that local authorities can receive for their MNSs has been increased to £5.47. This has been calculated by uplifting the 2025 to 2026 MNS minimum funding hourly rate (£5.27) by the increase in average pre-protection rate.

To correct some of the most extreme outliers in the distribution of MNS supplementary funding a cap of £10 per hour was introduced in 2023 to 2024. The cap will remain at £10 per hour in 2026 to 2027 and will apply to all local authorities.

The hourly funding rates, after the MFF and cap have been applied, are then rounded to the nearest penny.

4.4 National average of local authority MNS hourly funding rates

The national average of local authority hourly funding rates for MNS supplementary funding, based on the total 2026 to 2027 illustrative funding and January 2025 PTEs is £6.11.

5. 2026 to 2027 EYPP and DAF national funding rates

EYPP has been uplifted to an hourly rate of £1.15 in 2026 to 2027 to support the most disadvantaged children.

DAF has been uplifted in line with the weighted average increase across the main entitlements (3.96%) and then rounded to the nearest pound. This results in a yearly funding of £975.

Table 7: 2026 to 2027 national funding rates

Entitlement / funding stream	National funding rate
EYPP – hourly funding rate	£1.15
DAF – yearly funding rate	£975

Further information
Details of the volumes used for the EYPP indicative allocations and DAF allocations for 2026 to 2027 will be set out in the DSG technical note 2026 to 2027, which is due to be published in December 2025.

6. Annex A: further detail on 2-year-old and under 2s working parent entitlement volumes forecasts

6.1 Background

This annex describes the methodology used to forecast the 2-year-old and under 2s working parent entitlement volumes for the 2026 to 2027 financial year, which have been used for both 2026 to 2027 rates calculations.

To inform the Spring Budget 2023 announcement of the new working parent entitlements, the department forecast the number of children aged 9 months to 2 years old of working parents who will be eligible for and take up these entitlements. The details of this forecast were published in the Spring Budget 2023 Childcare Expansion Policy costing information note [footnote 12] with an updated version of the original modelling subsequently presented in Annex A of the 2024 to 2025 early

years national funding formulae technical note [footnote 13] and Annex A of the 2025 to 2026 early years national funding formulae technical note [footnote 14].

We have refined these forecasts of likely volumes further, taking account of new data to update the methodology of likely volumes for the 2026 to 2027 financial year. These changes are detailed below.

6.2 Population

The population projections are now based on the Office for National Statistics (ONS) 2022-based interim national population projections [footnote 15]. These have been adjusted for population estimates up to mid-2024 and estimated deviations from birth projections up to end-2024, with estimates of 0-month-olds to 8-month-olds removed and then converted for use on a financial year basis.

Table A1: 2026 to 2027 financial year early years population projections

Age group	2026 to 2027
9-month-olds to one-year-olds ('under 2s')	720,000
2-year-olds	588,000

6.3 Eligibility rates

The same approach to eligibility rates is taken as outlined in annex A of the 2025 to 2026 early years national funding formulae: technical note, but using latest Office for Budget Responsibility (OBR) forecasts and more recent historical eligibility rate estimates.

The forecast eligibility rate for the new entitlements remains at around half of the overall population for 2025 to 2026.

6.4 Take-up rates

We now have final place data up to and including January 2025 (spring 2025), provisional data for summer 2025, and estimates for places for all ages in autumn 2025, based on analysis of eligibility codes issued to parents for use of the entitlements. We forecast growth for all ages based on assumptions around continuation of the current growth trajectory. Our take-up rate assumptions for 2026 to 2027 are:

- 9-month-olds to one-year-olds at around 65% to 70%.
- 2-year-olds at around 80% to 85%.

6.5 Hours per week taken

For 2026 to 2027, we continue to assume that 26 hours per week are taken.

6.6 PTEs taken

Overall PTEs taken for the 2 entitlements are calculated as follows:

PTEs = population × eligibility rates × take-up rates × hours per week ÷ 15

6.7. Estimating PTEs associated with the first and second 15 hours

For 2-year-olds, we incorporate into our forecasts the consideration that some children take their full 30 hours through the working parent entitlement, but others take their first 15 hours through FRAS and their second 15 hours through the working parent entitlement. We have forecasts for the 2-year-olds take-up rates for those taking working parents only. We use this in conjunction with the 2-year-olds population and eligibility rate forecasts described above to forecast 2-year-olds headcounts for those taking working parents only. From this we can estimate the PTEs taken associated with the first 15 hours, by assuming the estimated average hours per week is the same as the 2024 to 2025 financial year. The PTEs associated with the second 15 hours are then simply calculated as the difference between the overall PTEs and the first 15 hours PTEs.

For under 2s, the situation is simpler, as there is no FRAS-equivalent. Here, we use under 2s headcount – as calculated through the under 2s population, eligibility rates and take-up rates described previously – with the 2024 to 2025 financial year estimated average hours per week taken to calculate the first 15 hours PTEs.

7. Annex B: data used for 2026 to 2027 final rate modelling

Tables B1 and B2 summarise the data sets that have been used to calculate the 2026 to 2027 funding rates, alongside the corresponding datasets that were used to calculate the 2025 to 2026 funding rates.

Detail on the data specification for PTEs sourced from DfE censuses are included in tables B3 to B7.

Table B1: Data sources for 3 and 4-year-old, 2-year-old, and under 2s formula

Data	Source of data	Date of data used for 2025 to 2026 DSG rates	Date of data used for 2026 to 2027 DSG rates
3 and 4-year-old PTEs	DfE school, early years and alternation provision censuses	January 2024	January 2025
2-year-old FRAS PTEs	DfE school, early years and alternation provision censuses	January 2024	January 2025
2-year-old working	DfE	National take up forecast for 2025 to 2026	National take up forecast for 2026

parent entitlement PTEs		(local authority-level take up – estimated using summer term data collected on 2-year-olds)	to 2027 (local authority-level take up – estimated using January 2025 census data collected on 2-year-olds)
9 months to 2-years-old (under 2s) working parent entitlement PTEs	DfE	National take up forecast for 2025 to 2026 (local authority-level take up – estimated using summer term data collected on 2-year-olds)	National take up forecast for 2026 to 2027 (local authority-level take up – estimated using January 2025 census data collected on under 2s)
Cost pressure data, inflation measures	OBR	March 2024 forecast AEG and CPI	March 2025 forecast AEG and CPI
Cost pressure data, NLW measure	OBR	NLW arrangements as at Autumn Budget 2024	Low Pay Commission (LPC) proposal [footnote 16]
FSM	DfE annual school census [footnote 17]	January 2024 (performance tables measure)	January 2025 (performance tables measure)
EAL	DfE annual school census	January 2024	January 2025

DLA [footnote 18]	Department for Work and Pensions (DWP)	February 2023	February 2024
ONS local authority-level mid-year population estimates	ONS	Mid-2023	Mid-2024
IDACI (2-year-old and under 2s formulas only)	MHCLG	2019	2019 [footnote 19]
ONS lower layer super output area (LSOA) level mid-year population estimates (2-year-old and under 2s formulas only)	ONS	Mid-2022	Mid-2022
Schools block NFF, IDACI primary unit values (2-year-old and under 2s formulas	DfE	2024 to 2025 [footnote 20]	2025 to 2026

only)			
NRCA [footnote 21] [footnote 22] [footnote 23] [footnote 24] [footnote 25] [footnote 26]	VOA	Average of 2022, 2023 and 2024	Average of 2023, 2024 and 2025
Infant and primary rates cost adjustment (IPRCA) [footnote 27] [footnote 28] [footnote 29] [footnote 30]	VOA	Average of 2022, 2023 and 2024	Average of 2023, 2024 and 2025
% of PTEs in schools weighting used to calculate NIPRCA [footnote 31] for the 3 and 4-year-old formula	DfE school and early years censuses	January 2024	January 2025
% of PTEs in schools weighting used to calculate NIPRCA [footnote 32] for the 2-year-old	DfE school and early years censuses	A combination of January 2024 data (on the 2-year-old FRAS entitlement) and May 2024 and summer 2024 local authority count data (on the 2-year-old working parent entitlement)	January 2025 (on the 2-year-old FRAS and working parent entitlements)

formula			
% of PTEs in schools weighting used to calculate NIPRCA [footnote 33] for the under 2s formula	DfE school and early years censuses	May 2024 and summer 2024 local authority count data (on the 2-year-old working parent entitlement)	January 2025 (on the under 2s working parent entitlement)
GLM	MHCLG	2013 to 2014	2013 to 2014

Table B2: Data sources for MNS supplementary funding

Data	Source of data	Date of data used for 2025 to 2026 DSG rates	Date of data used for 2026 to 2027 DSG rates
PTEs	DfE annual school, early years and AP censuses	January 2024	January 2025
Historic pre-protection MNS supplementary funding rates	DfE	2024 to 2025 DSG rates	2025 to 2026 DSG rates

7.1 PTE data specification

Table B3: PTE data specification for 3 and 4-year-olds

Census	Data used
January 2025 school census	All eligible PTEs in maintained nurseries, maintained schools, and all academies, aged 3 at 31 December 2024, aged 3 at 31 August 2024 but 4 by 31 December 2024, or in national curriculum year groups N1, N2, E1 or E2 and aged 4 at 31 August 2023

	All eligible PTEs in maintained nurseries, maintained schools, and all academies, whose national curriculum year group is missing or 'X' and aged 3 at 31 August 2024
January 2025 early years census	All eligible PTEs aged 3 and 4 at 31 December 2024
January 2025 AP census	Pupils with an open placement on census date in independent schools without a statement of SEN, education, health and care (EHC) plan or SEN support, aged 3 at 31 December 2024 or aged 3 at 31 August 2024 but 4 by 31 December 2024

Table B4: PTE data specification for 2-year-olds accessing the FRAS entitlement

Census	Data used
January 2025 school census	All eligible PTEs in maintained nurseries, maintained schools, and all academies, in national curriculum year groups N1, N2, E1 or E2 and aged 2 at 31 December 2024 All eligible PTEs in maintained nurseries, maintained schools, and all academies, whose national curriculum year group is missing or 'X' and aged 2 at 31 December 2024
January 2025 early years census	All eligible PTEs aged 2 at 31 December 2024
January 2025 AP census	Pupils with an open placement on census date in independent schools without a statement of SEN, EHC plan or SEN support, aged 2 at 31 December 2024

Table B5: PTE data specification for 2-year-olds accessing the working parent entitlement

Census	Data used

January 2025 school census	All eligible PTEs in maintained nurseries, maintained schools, and all academies, in national curriculum year groups N1, N2, E1 or E2 and aged 2 at 31 December 2024 All eligible PTEs in maintained nurseries, maintained schools, and all academies, whose national curriculum year group is missing or 'X' and aged 2 at 31 December 2024
January 2025 early years census	All eligible PTEs aged 2 at 31 December 2024
January 2025 AP census	Pupils with an open placement on census date in independent schools without a statement of SEN, EHC plan or SEN support, aged 2 at 31 December 2024

Table B6: PTE data specification for under 2s accessing the working parent entitlement

Census	Data used
January 2025 school census	All eligible PTEs in maintained nurseries, maintained schools, and all academies, in national curriculum year groups N1, N2, E1 or E2 and aged 9-months up to 2-years-old at 31 December 2024 All eligible PTEs in maintained nurseries, maintained schools, and all academies, whose national curriculum year group is missing or 'X' and aged 9-months up to 2-years-old at 31 December 2024
January 2025 early years census	All eligible PTEs aged 9-months up to 2-years-old at 31 December 2024
January 2025 AP census	Pupils with an open placement on census date in independent schools **without** a statement of SEN, EHC plan or SEN support, aged 9-months up to 2-years-old at 31 December 2024

Table B7: PTE data specification for maintained nursery school supplementary funding

Census	Data used
January 2025 school census	All eligible universal hours PTEs in maintained nursery schools, aged 3 at 31 December 2024, aged 3 at 31 August 2024 but 4 by 31 December 2024, or in national curriculum year groups N1, N2, E1 or E2 and aged 4 at 31 August 2024 All eligible universal hours PTEs in maintained nursery schools, whose national curriculum year group is missing or 'X' and aged 3 at 31 August 2024

8. Annex C: IDACI factor weightings and factor rates

The IDACI factor is one of two deprivation factors used in the 2-year-old formula and the under 2s formula (the FSM factor being the other). These factors target more deprived local authorities, assuming additional needs costs are greater in these areas.

Aligning with the approach taken for the schools 2026 to 2027 NFF, we continue to base the IDACI element of the deprivation factor on the IDACI dataset for 2019, which is published by the MHCLG. IDACI is a relative measure of socio-economic deprivation: an IDACI 'score' is calculated for a LSOA (an area with typically about 1,500 residents) based on the characteristics of households in that area.

The IDACI score of an area does not mean that every child living in that area has particular deprivation characteristics: it is a measure of the likelihood that a child in that area lives in a household experiencing relative socio-economic deprivation. LSOAs are ranked by score, from the most deprived LSOA, with the highest score (and a ranking of 1), to the least deprived LSOA (which has a ranking of 32,844).

For funding purposes, the 2026 to 2027 formula for 2-year-olds and under uses IDACI ranks to group LSOAs into 7 bands of decreasing deprivation.

- **For example:** – Band A comprises the most deprived 2.5% of LSOAs. Table C1 shows the 7 IDACI bands, of which only A to F attract funding

Table C1: Percentile limits of IDACI bands A to G

IDACI band	Description	Ranks
A	most deprived 2.5% of LSOAs	1 to 821
B	next 5% most deprived LSOAs	822 to 2463
C	next 5% most deprived LSOAs	2464 to 4105
D	next 5% most deprived LSOAs	4106 to 5747
E	next 10% most deprived LSOAs	5748 to 9032
F	next 10% most deprived LSOAs	9033 to 12316
G	remaining LSOAs	12317 to 32844

For the 2-year-old and under formula, we determine the number of children aged 0 to 4 in each LSOA, according to the mid-2022 ONS population estimates. We then aggregate to local authority-level to determine the number of children aged 0 to 4 in each band within each local authority.

The percentage of children aged 0 to 4 in each band within each local authority is then calculated and these percentages are applied to the 2-year-old PTEs for each local authority to create an estimated number of 2-year-olds living within each IDACI band, within each local authority. This calculation is followed separately for under 2s using under 2s PTEs.

The 2-year-old and under formula is designed so that the formula factor rates for each band increase from F to A in the same proportions as the per-pupil primary school unit values in the calculation for the IDACI factor in the schools block NFF.

To allocate the funding for the IDACI factor:

- IDACI is split into 6 separate factors, which cover the bands A to F as explained above. The differences in the primary unit costs used within the schools block IDACI factor for each band, together with the estimated 2-year-old PTE population estimates within each band are used to produce these splits as described below and set out in table C2
- the relative increase of each schools block primary unit value for each band from the schools block band F primary unit value is calculated
- for each band, these relative increases are weighted by the corresponding ACA weighted 2-year-old PTE population per band figures. This gives the relative

funding required for each band. From this, the percentage of total IDACI funding for each band is then calculated (this calculation is followed separately for under 2s using ACA weighted under 2s PTEs)

- finally, this percentage is multiplied by 4%, which is the weighting of the total IDACI factor
- the full calculation for 2-year-olds is set out in table C2 below and for under 2s in table C4

Table C2: 2-year-old entitlements IDACI band calculations

		Band A	Band B	Band C	Band D	Band E	Band F
[a] SB 2025 to 2026 NFF primary unit values		£685	£520	£490	£445	£285	£235
[b] = Relative increase from band F	[b] = band rate / band F rate	2.915	2.213	2.085	1.894	1.213	1.000
[c] = ACA weighted estimated 2-year-olds PTEs per band [footnote 34]		11,788	22,211	21,861	21,373	41,081	40,089
[d] = Population per band uplifted by relative increase from F	[d] = [b] × [c]	34,360	49,148	45,583	40,473	49,821	40,089
[e] =	[e] = [d] ÷	13.24%	18.94%	17.57%	15.60%	19.20%	15.45%

Weighting to apply	total of row [d]						
Factor weight	[f] = [e] × 4% (IDACI total weighting)	0.53%	0.76%	0.70%	0.62%	0.77%	0.62%

Table C3: 2-year-old entitlements IDACI factor rates

		Band A	Band B	Band C	Band D	Band E	Band F
Factor total funding	[g] = [e] × total IDACI funding	£9.0 million	£12.9 million	£11.9 million	£10.6 million	£13.0 million	£10.5 million
Factor rate	[h] = [g] ÷ [c] ÷ 15 ÷ 38	£1.34	£1.02	£0.96	£0.87	£0.56	£0.46

Table C4: under 2s entitlement IDACI band calculations

		Band A	Band B	Band C	Band D	Band E	Band F
[a] Schools block 2025 to 2026 NFF Primary unit values		£685	£520	£490	£445	£285	£235
[b] = Relative increase from band F	[b] = band rate ÷ band F rate	2.915	2.213	2.085	1.894	1.213	1.000
[c] = ACA		8,038	15,288	14,880	14,844	28,964	28,937

weighted estimated under 2s PTEs per band [footnote 35]							
[d] = Population per band uplifted by relative increase from F	[d] = [b] × [c]	23,429	33,830	31,027	28,109	35,127	28,937
[e] = Weighting to apply	[e] = [d] ÷ total of row [d]	12.98%	18.75%	17.19%	15.58%	19.47%	16.04%
Factor weight	[f] = [e] × 4% (IDACI total weighting)	0.52%	0.75%	0.69%	0.62%	0.78%	0.64%

Table C5: Under 2s entitlement IDACI factor rates

		Band A	Band B	Band C	Band D	Band E	Band F
Factor total funding	[g] = [e] × total IDACI funding	£8.8 million	£12.7 million	£11.7 million	£10.6 million	£13.2 million	£10.9 million
Factor rate	[h] = [g] ÷ [c] ÷ 15 ÷ 38	£1.92	£1.46	£1.38	£1.25	£0.80	£0.66

1. The 2-year-old and under 2s working parent entitlements are 30 hour entitlements, and as such, do not automatically have a first 15 hours that can be used for rates

calculations (unlike the 3 and 4-year-old entitlements which can be broken down into universal and additional hours PTEs). To ensure consistency, and for the purposes of calculations only, we have therefore broken down the forecast of the total entitlement hours into an estimated first and second 15 hours, noting that this differs from how the entitlement will be delivered. ↩

2. This adjustment is calculated using universal hours data only. Additional hours data has not been used because we have seen larger than usual changes in additional hours take-up in 2024 to 2025, coinciding with the new entitlements roll-out; this means that analysis of this data results in calculated impacts from termly funding that are likely to be unrepresentative. Universal hours, on the other hand, was more stable over the financial year, so the data used for allocations provides a reasonable estimate for the impacts of termly funding. ↩
3. Spring 2025 PTEs would have been used to set the indicative DSG allocations with the old funding system ↩
4. The average universal hours rate was £6.14, and the average additional hours rate was £6.07. Whilst these entitlements are funded using the same local authority-level hourly rates, differences in the distribution of take up between each entitlement leads to different average hourly rates. ↩
5. This comprises the average 2-year-old FRAS entitlement rate of £8.65 and the average 2-year-old working parent rate of £8.51, which will differ from that presented in the latest published allocations as it is calculated using forecast LA-level PTEs. Whilst these entitlements are funded using the same local authority level hourly rates, differences in the distribution of take up between each entitlement leads to different average hourly rates. ↩
6. This estimated national average will differ from that presented in the latest published allocations as it has been calculated using forecast local authority level PTEs. ↩
7. As described in the ‘differences’ section of this method note, the percentage of PTEs in schools is calculated using a total schools PTEs figure that includes all PTEs recorded on the school census plus the state-funded governor-run settings PTEs recorded on the early years census. ↩
8. The formula factor hourly rates are unrounded and shown to 2 decimal places for presentational purposes only. ↩
9. National average hourly funding rates are subject to change when allocations are updated to make use of outturn data. For all entitlements, average rates will be updated based on termly data collected throughout 2026 to 2027. ↩
10. The 3 and 4-year-old entitlement combined average funding rate comprises the

universal hours average of £6.63 and the additional hours average of £6.56. Both entitlements are funded on the same 3 and 4-year-old funding rates at local authority level, but they have different PTE distributions, which leads to different national averages. For example, the universal hours entitlement has a higher proportion of PTEs in London local authorities than the additional hours entitlement, which means the universal hours average rate is higher than the additional hours average rate ↩

11. The 2-year-old entitlement combined average hourly rate is calculated from sum of the 2-year-old FRAS and 2-year-old working parent illustrative allocations. Both entitlements are funded using the same 2-year-old funding rates at local authority level, but will have different national average hourly rates if calculated separately due to having different local authority level PTE distributions. ↩
12. Spring Budget 2023 Childcare Expansion Policy costing information note (publishing.service.gov.uk) ↩
13. [2024 to 2025 early years national funding formulae: technical note] (www.gov.uk)] (https://www.gov.uk/government/publications/early-years-funding-2024-to-2025/2024-to-2025-early-years-national-funding-formulae-technical-note) ↩
14. 2025 to 2026 early years national funding formulae: technical note] (https://www.gov.uk/government/publications/early-years-funding-2025-to-2026/2025-to-2026-early-years-national-funding-formulae-technical-note) ↩
15. National population projections: 2022-based interim - Office for National Statistics ↩
16. The LPC proposal of £12.77 for NLW for workers aged 21 and over was the latest data available at the time of budget setting for the 2026-27 rates. This value was later confirmed at the autumn budget 2025. Internal estimates were used for the National Minimum Wage (NMW) for 18-20-year-olds and 16-17-year-olds for apprentices. ↩
17. The FSM and EAL data used is taken from the department's statistical release schools, pupils and their characteristics: January 2025. ↩
18. The data used are taken from the DWP Stat-Xplore system: benefit claimants eligible for disability living allowance in February 2024. These data are subject to statistical disclosure control, which is applied, by DWP, to all Stat-Xplore data. The 2024 cut of data is used alongside ONS mid-year population estimates, the latest of which are mid-2024. ↩
19. IDACI ranks are updated roughly every 3 to 5 years. ↩
20. The 2024 to 2025 schools block NFF IDACI primary unit values remain the latest available data when setting the 2025 to 2026 early years funding rates. ↩

21. The data supplied by VOA is derived from the datasets used in their official statistics release 'Non-domestic rating: stock of properties, 2025' ↩
22. The sub-national aggregate data supplied by VOA also includes unpublished floorspace data and school type classifications that are based on information held on VOA systems. ↩
23. NRCA dataset is based on special category (085) day nurseries / play schools with any maintained schools that can be identified filtered out added to the IPRCA dataset. ↩
24. The 2024 and 2025 NRCA data include the impact of the 2023 revaluation that is, where VOA update the rateable values of private nursery properties as part of creating the 2023 rating list. The 2023 NRCA data continues to be based on the rateable values recorded on the 2017 rating list. ↩
25. Floorspace is not recorded for private nurseries outside of London on the 2023 rating list due to a move to registered child places. These properties will use floorspace as recorded on the 2017 rating list where available. ↩
26. The NRCA floorspace measure is based on net internal area (NIA) where available else gross internal area (GIA). ↩
27. IPRCA dataset is based on special category (159) local authority schools with secondary and independent schools filtered out. ↩
28. The 2024 and 2025 IPRCA data include the impact of the 2023 revaluation, that is, where VOA have updated the rateable values of schools as part of creating the 2023 rating list. The 2023 IPRCA data continue to be based on the rateable values recorded on the 2017 rating list. ↩
29. The IPRCA floor space measure is based on GIA where available, else NIA. ↩
30. Properties that have no floor space data or zero rateable value are filtered out of IPRCA (and NRCA) datasets. ↩
31. PTEs in schools is defined for each local authority as the total 3 and 4-year-old entitlement PTEs recorded on the January 2025 school census, plus the State Funded Governor Run schools supplementary census, divided by the total 3 and 4-year-old entitlement PTEs recorded on the January 2025 school and early years censuses. ↩
32. PTEs in schools is defined for each local authority as the total 2-year-old entitlement PTEs recorded on the January 2025 school census, plus the State Funded Governor Run schools supplementary census, divided by the total 2-year-old entitlement PTEs recorded on the January 2025 school and early years censuses. ↩

33. PTEs in schools is defined for each local authority as the total under 2s entitlement PTEs recorded on the January 2025 school census divided by the total under 2s entitlement PTEs recorded on the January 2025 school and early years censuses. ↩
34. Calculated by applying the ACA to the estimated number of 2-year-old entitlements PTEs in each IDACI band for each local authority. ↩
35. Calculated by applying the ACA to the estimated number of under 2s entitlement PTEs in each IDACI band for each local authority ↩

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