Department for Education

Early Years Funding Benchmarking Tool

Technical Note and User Guide

November 2023

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Introduction

The purpose of this document is two-fold:

A. A technical note to give background information on the methodology which underpins the early years funding benchmarking tool for 2023-24. It contains information on the datasets used and any calculation performed by the Department.

B. A user guide to provide a brief explanation on how to use the early years funding benchmarking tool.

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 local 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

The Department is publishing an updated **early years funding benchmarking tool** and **early years proforma** for each local authority. Both tools include the projected spend in 2023-24 to deliver early years places for two, three and four year olds and is based on the budget information from the Section 251 data provided by the local authorities.

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. The key requirements are that:

- all local authorities plan to pass on at least 95% of their early years funding to providers

- only use a limited set of funding supplements, with a total value capped at 12% of allocated budget to providers. This cap has increased from 10% in the previous year.
- local authorities use a universal base rate to fund all providers
- 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)

The benchmarking tool includes information about how local authorities are planning to meet these requirements in 2023-24.

Early years funding

Introduction

All funding for the two, 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 Government 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 special educational needs (SEN) inclusion fund, the early years pupil premium and disability access fund for 2023-24. 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 **early years proforma** shows the detailed breakdown of each local authority's early years single funding formula as reported by the local authority.

Both the benchmarking tool and the proforma uses Section 251 budget statement data loaded on the COLLECT system as at 17 August 2023 by local authorities. All financial data is based on this return and it is the local authority's responsibility to ensure the submitted data is accurate. This data has been summarised in a Statistical Release published on 28 September 2023 and in benchmarking tables.

Technical Note: 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 grant[1]) 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 2023-24.

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 2023-24 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 the government's statutory entitlement hours only: i.e. for the statutory 'universal 15 hours' for all three- and four-year-olds and the statutory 'additional 15 hours' of free childcare for working parents of three- and four-year-olds. This does not include any local extra hours that some local authorities choose to fund on top of the universal 15 hours for children not eligible for the statutory additional 15 hours.

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

i) adding the total budgets for EYSFF: ('base rate'; 'supplements'; 'maintained nursery school lump sums') and 'SEN inclusion fund' (grant to providers element only), and dividing this by

ii) the total number of hours reported for: the 'universal 15 hours' and the 'additional 15 hours'.

This section also includes a graph to illustrate the components of the hourly average funding rate for all providers for statutory entitlement hours.

Average base rate for providers

This shows the hourly *average base rate* for the statutory entitlement hours (universal 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 'universal 15 hours' and 'additional 15 hours'.

Pass-through rate

All local authorities are required to plan to pass-through at least 95% of early years funding to providers. Local authorities may disapply this requirement providing that they meet certain criteria for exceptional circumstances. If any local authorities are successful in their disapplication, these local authorities and their approved disapplication rates, are 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 of funding paid through supplements.

All local authorities are required to ensure the total value of supplements must not be more than 12% 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 2023-24 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 budgets for EYSFF: (‘base rate’; ‘supplements’) and ‘SEN inclusion fund’ (grant to providers element only), 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 PVIs)

For completeness, it also shows the total delegated EYSFF budget for *all hours* (i.e. for the statutory universal 15 hours, statutory additional 15 hours and any local extra hours on top of the statutory hours for maintained settings[2] (excluding the budget for 'funded hours above statutory core hours' for PVIs).

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.

[2] For PVIs, any 'funded hours above the statutory hours' are accounted for within the central spend budget.

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.

User Guide: Early years funding benchmarking tool

The funding benchmarking tool includes the projected spend on early years providers to deliver early years places for two, three and four-year-olds. The information is broken down into provider types and includes budget per hour information.

Before you start, click the “Enable Content” to start using the toolkit.

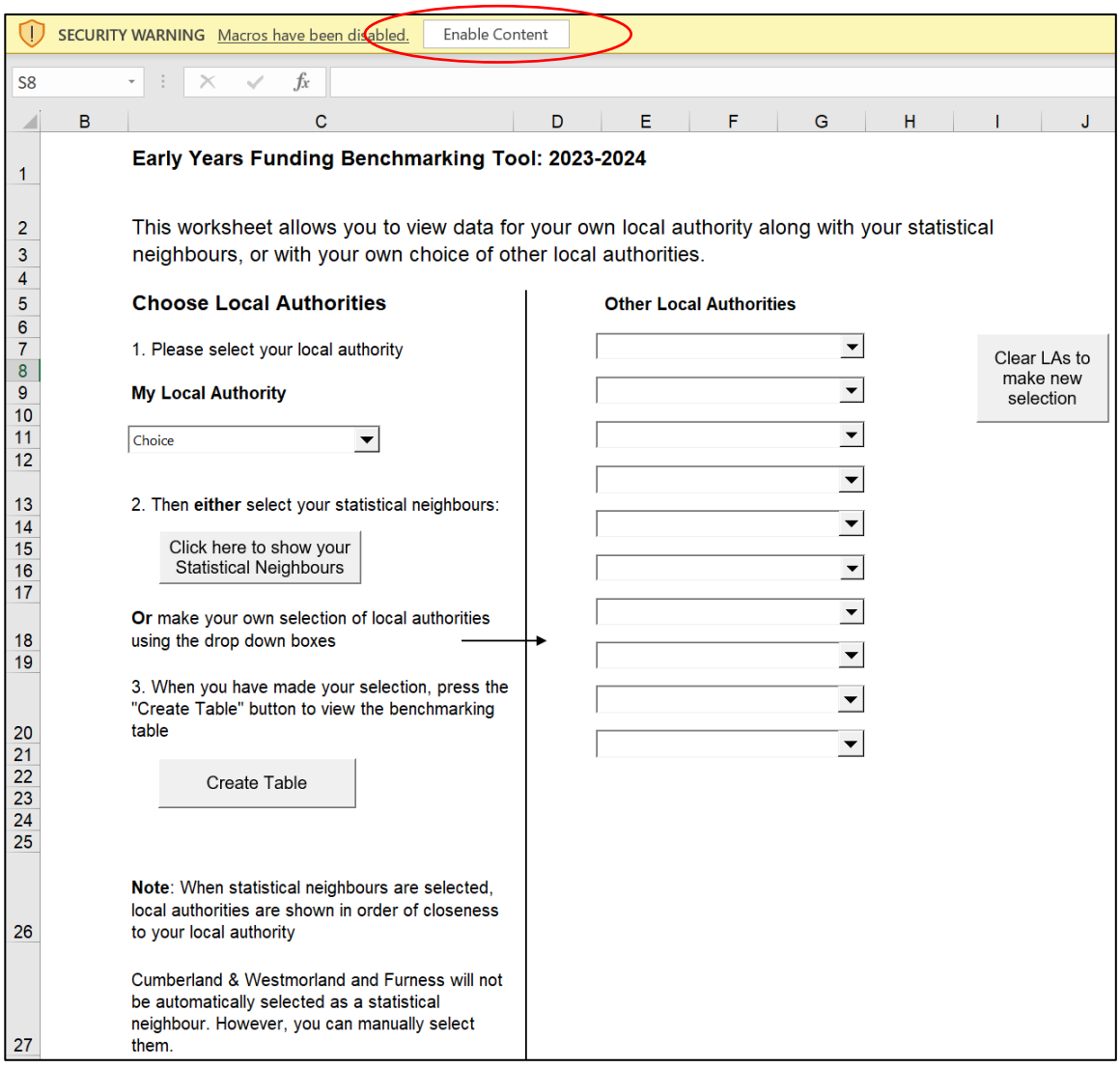


Figure 1: How to start using the tool

The benchmarking tool allows you to view data for a chosen local authority, with the added option to view data for up to ten of its statistical neighbours.

1. Click the drop-down button to choose the local authority.

2. If you want to see the data for statistical neighbours click on the button “Click here to show your statistical neighbours”.[3]

3. Click “Create Table” to generate the funding data tables.

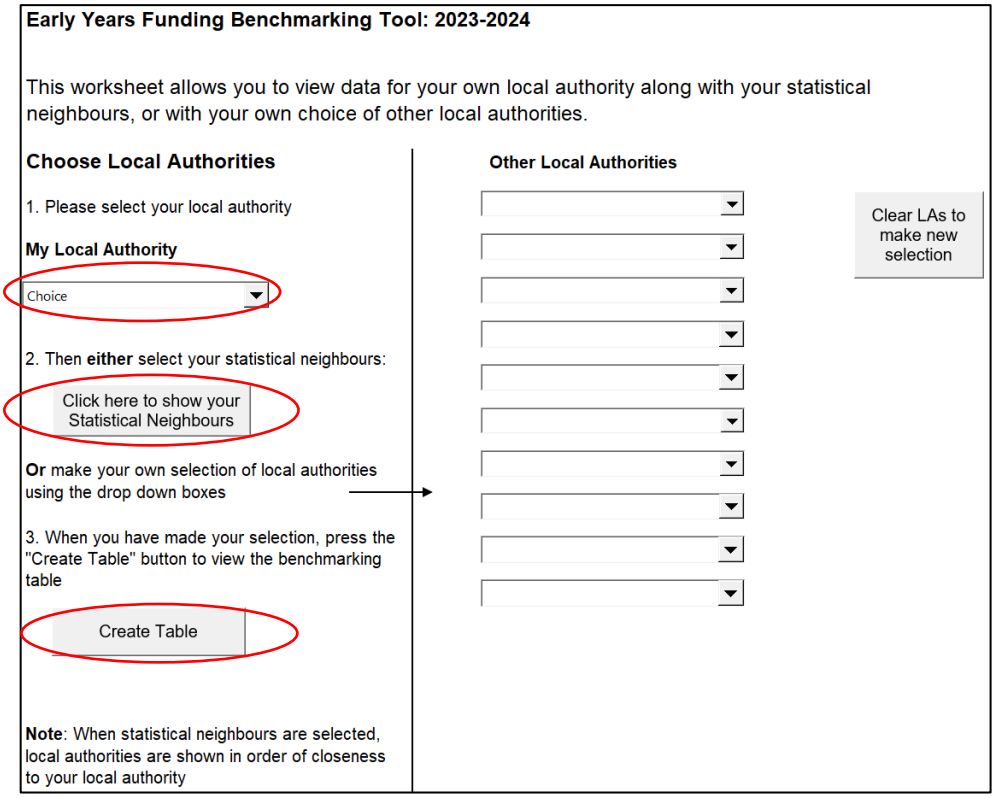


Figure 2: How to use the selection screen for the funding benchmarking tool

[3] The statistical neighbours dataset has not been updated since the local authority boundary change in April 2023. Therefore, the two new local authorities will not automatically be selected as statistical neighbours. If Cumbria was previously a statistical neighbour, the local authority will have one unpopulated dropdown box. The macro will still work like this, but a different local authority can also be manually selected.

In this example, the data for Manchester is selected and its statistical neighbours:

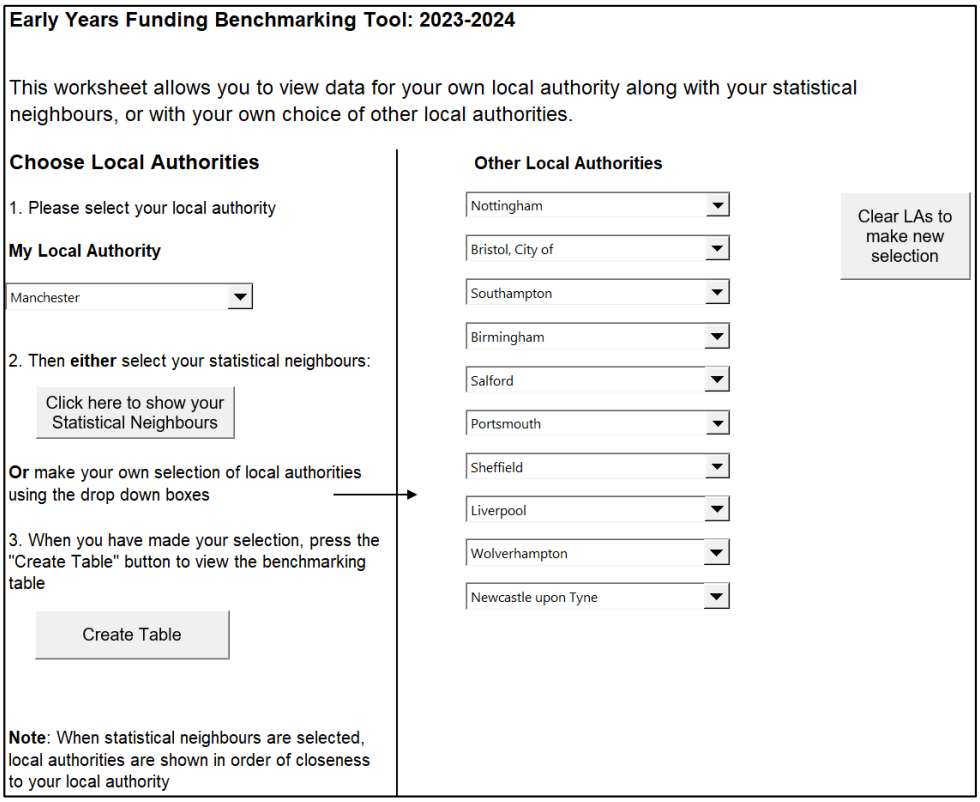


Figure 3: Example of using the statistical neighbour selection

The tool includes separate worksheets for three and four year-olds, two year-olds, Non-EYSFF (early years single funding formula) spend[4], early years pupil premium and disability access fund information.

Except for the non-EYSFF spend, each worksheet is split into two sections: key budget statistics and benchmarking against statistical neighbours.

[4] Non-EYSFF includes the funding for contingency, central and SEN Inclusion Fund (top-up grant).

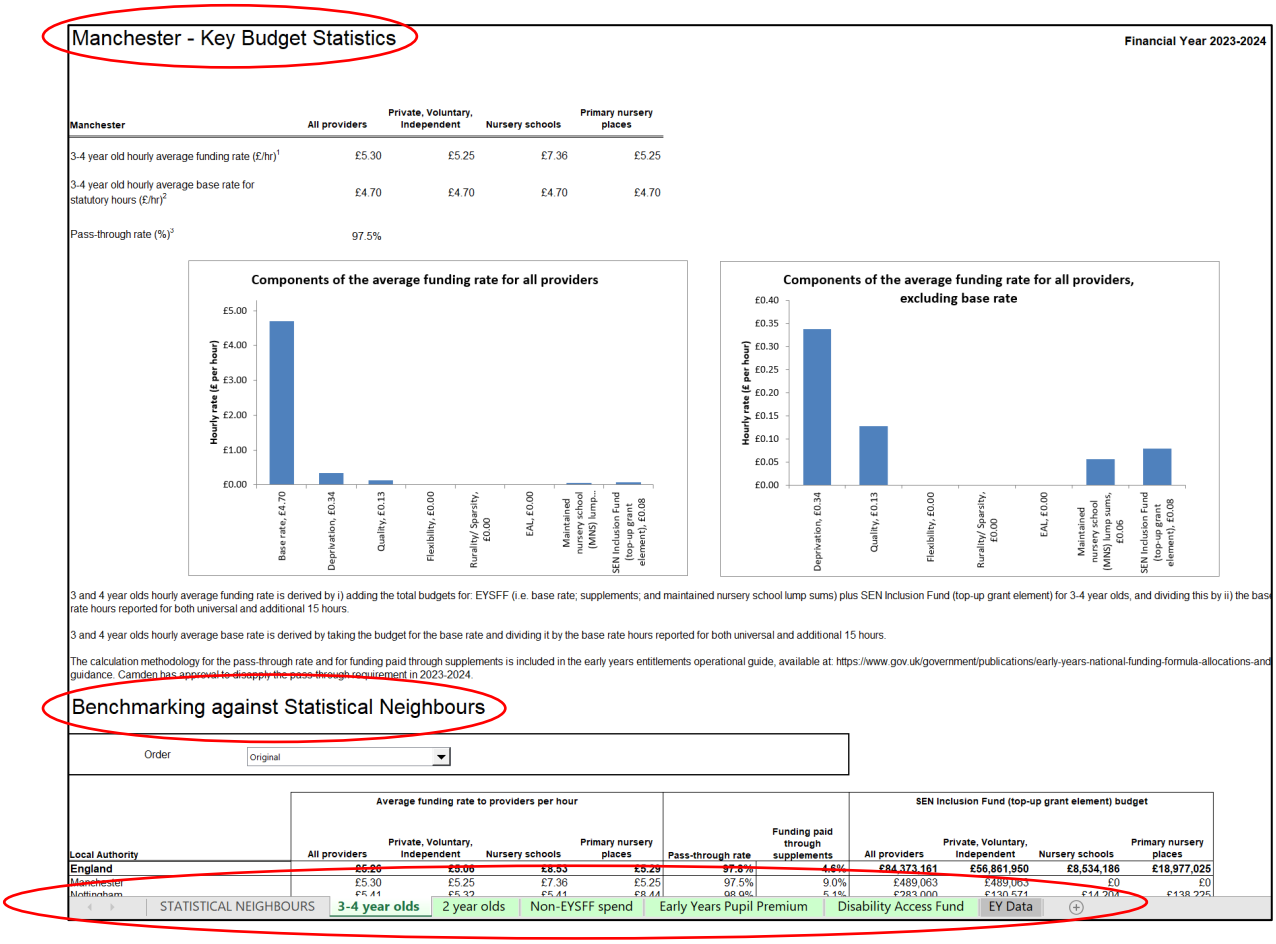


Figure 4: Example of an early years funding benchmarking tool page

Key budget statistics

For two, three and four year-olds, the key budget statistic tables show the average hourly funding rate (which is the total rate funding rate for base rate, supplements, lump sums and SENIF if applicable), and the hourly average base rate for all providers. There is also a breakdown of hourly rate for: PVI (private, voluntary & independent) providers, maintained nursery schools and nursery classes within a primary school.

For three and four-year olds: components of the average funding rate for all providers are represented as bar charts; and the pass-through rate for each local authority is shown as a percentage.

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

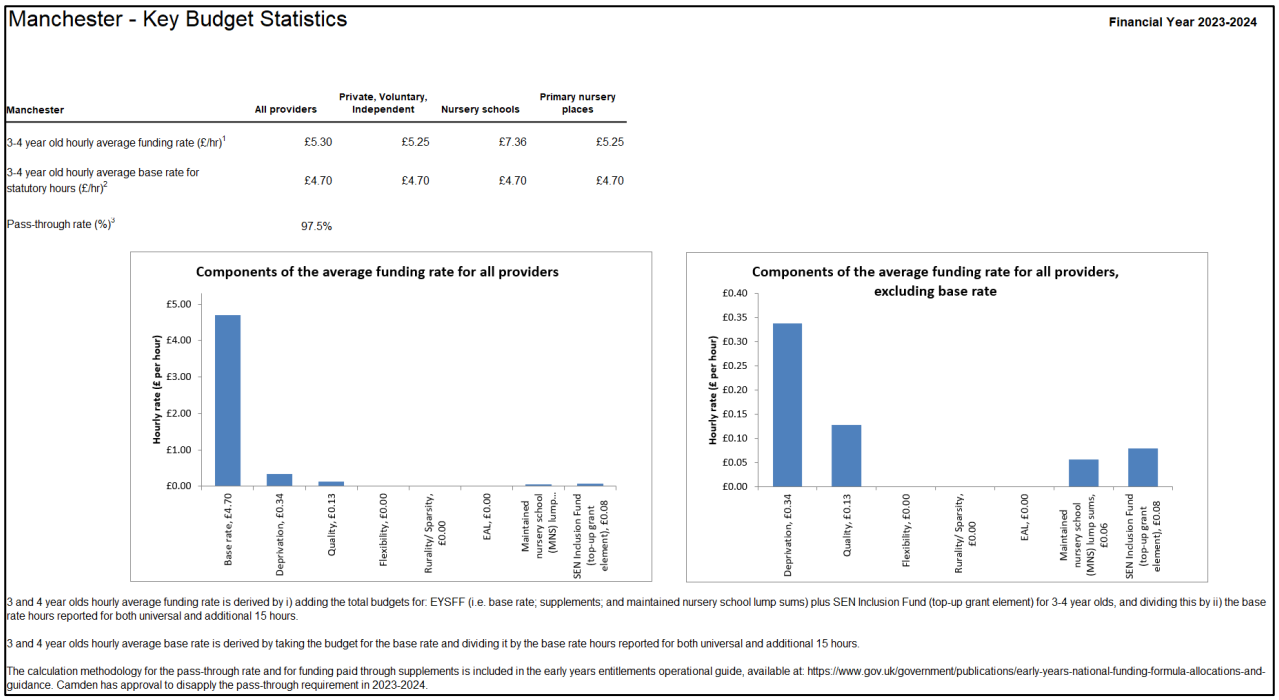


Figure 5: Example of the key budget statistics section

The presentation of these graphs has changed slightly from the previous year. Rather than one chart with one bar to compare funding rate components, there are now two graphs (one including base rate and one excluding base rate) with a bar for each individual component of funding.

Benchmarking against statistical neighbours

The benchmarking against statistical neighbours section includes a table showing the average funding per hour for all early years providers and broken-down for the different provider types; and the same information represented in a bar chart form.

The data presented here are averages across individual local authorities. Therefore, the hourly rates may not be the actual rate individual providers receive.

This section also allows comparison against statistical neighbours on: the percentage pass-through rate; percentage funding paid through supplements; and special educational needs (SEN) inclusion fund (top-up grant element) budget. The same information is also represented in a bar chart form.

The benchmarking tables shows the England average or total budget as relevant for each provider type. The median, minimum and maximum of the selected local authorities is also included, where possible.

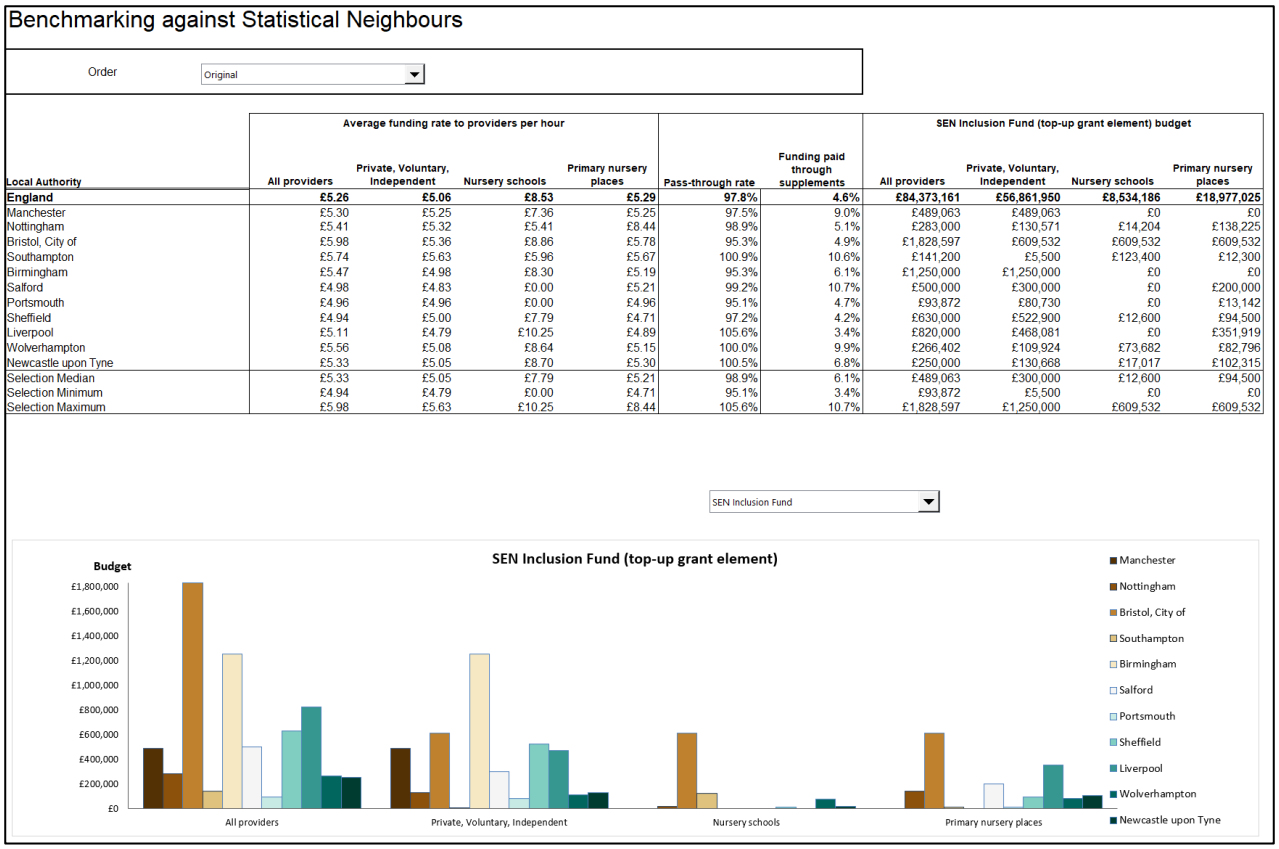
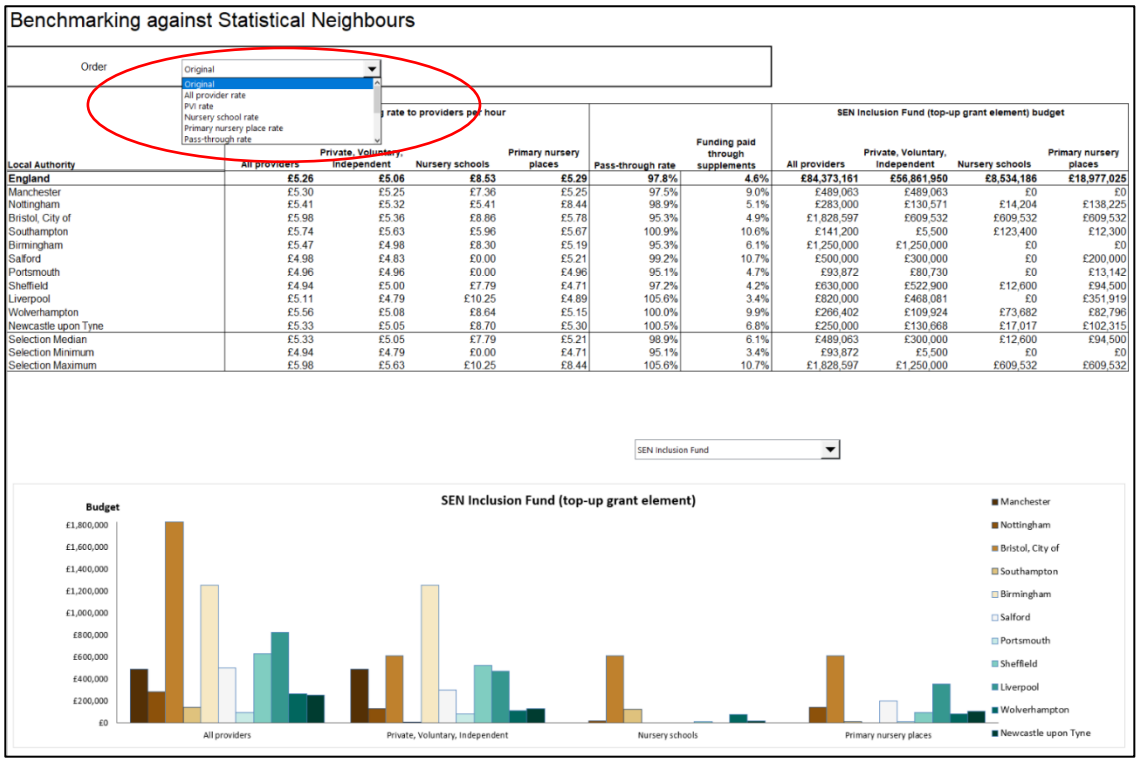


Figure 6: Example of the benchmarking against statistical neighbours section

The table can be sorted for each of the columns by using the drop down box.

The presentation of this graph has changed slightly from the previous year. The bars are now grouped by provider type as opposed to by local authority area, with the local authority area now being represented by a colour key to the right of the graph.



Local Authority	Average funding rate to providers per hour: All providers	Private, Voluntary, Independent	Nursery schools	Primary nursery places	Pass-through rate	Funding paid through supplements	SEN Inclusion Fund (top-up grant element) budget: All providers	Private, Voluntary, Independent	Nursery schools	Primary nursery places
England	**£5.26**	**£5.06**	**£8.53**	**£5.29**	**97.8%**	**4.6%**	**£84,373,161**	**£56,861,950**	**£8,534,186**	**£18,977,025**
Manchester	£5.30	£5.25	£7.36	£5.25	97.5%	9.0%	£489,063	£489,063	£0	£0
Nottingham	£5.41	£5.32	£5.41	£8.44	98.9%	5.1%	£283,000	£130,571	£14,204	£138,225
Bristol, City of	£5.98	£5.36	£8.86	£5.78	95.3%	4.9%	£1,828,597	£609,532	£609,532	£609,532
Southampton	£5.74	£5.63	£5.96	£5.67	100.9%	10.6%	£141,200	£5,500	£123,400	£12,300
Birmingham	£5.47	£4.98	£8.30	£5.19	95.3%	6.1%	£1,250,000	£1,250,000	£0	£0
Salford	£4.98	£4.83	£0.00	£5.21	99.2%	10.7%	£500,000	£300,000	£0	£200,000
Portsmouth	£4.96	£4.96	£0.00	£4.96	95.1%	4.7%	£93,872	£80,730	£0	£13,142
Sheffield	£4.94	£5.00	£7.79	£4.71	97.2%	4.2%	£630,000	£522,900	£12,600	£94,500
Liverpool	£5.11	£4.79	£10.25	£4.89	105.6%	3.4%	£820,000	£468,081	£0	£351,919
Wolverhampton	£5.56	£5.08	£8.64	£5.15	100.0%	9.9%	£266,402	£109,924	£73,682	£82,796
Newcastle upon Tyne	£5.33	£5.05	£8.70	£5.30	100.5%	6.8%	£250,000	£130,668	£17,017	£102,315
Selection Median	£5.33	£5.05	£7.79	£5.21	98.9%	6.1%	£489,063	£300,000	£12,600	£94,500
Selection Minimum	£4.94	£4.79	£0.00	£4.71	95.1%	3.4%	£93,872	£5,500	£0	£0
Selection Maximum	£5.98	£5.63	£10.25	£8.44	105.6%	10.7%	£1,828,597	£1,250,000	£609,532	£609,532

Figure 7: Different ways to sort data in the table

The graph can be viewed by ‘per hour funding rate’, ‘percentage pass through rate’, ‘percentage funding provided through supplements’ or ‘SEN inclusion fund (top-up grant) budget’.

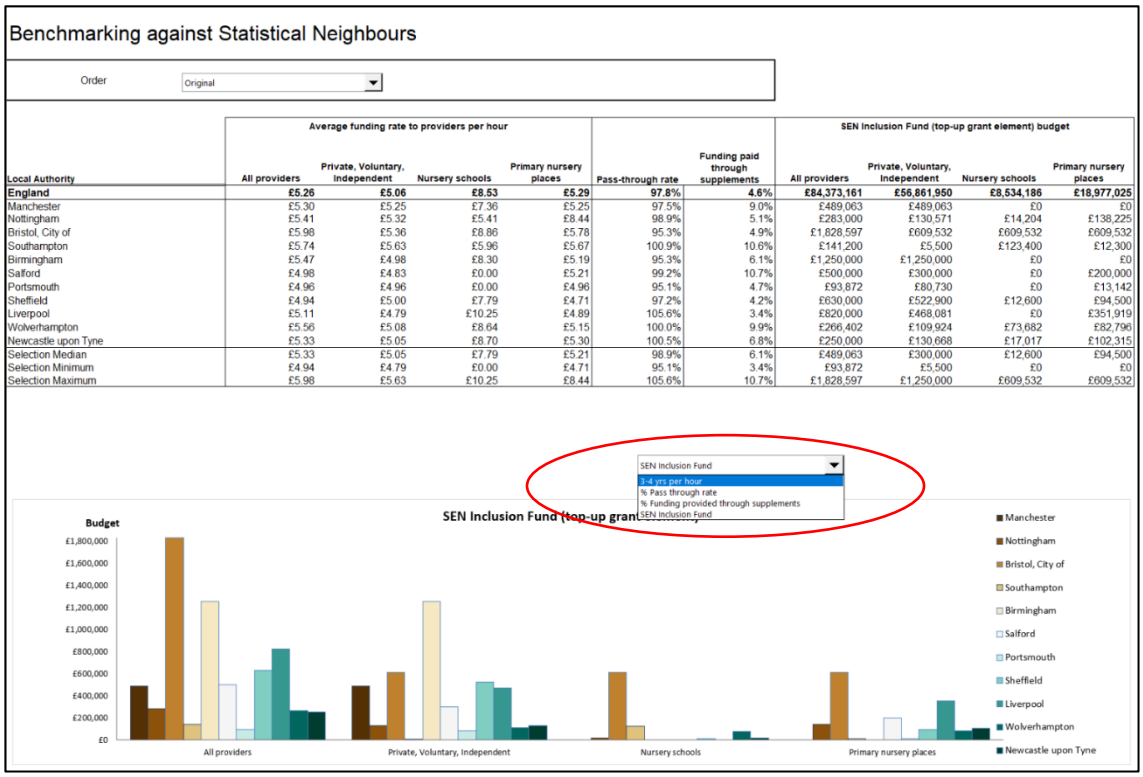


Figure 8: How to view the graph for different data

Non-EYSFF spend

The benchmarking table for the non-EYSFF spend worksheet shows the planned budget information for two, three and four year-olds separately. The same information is also represented in a bar graph form.

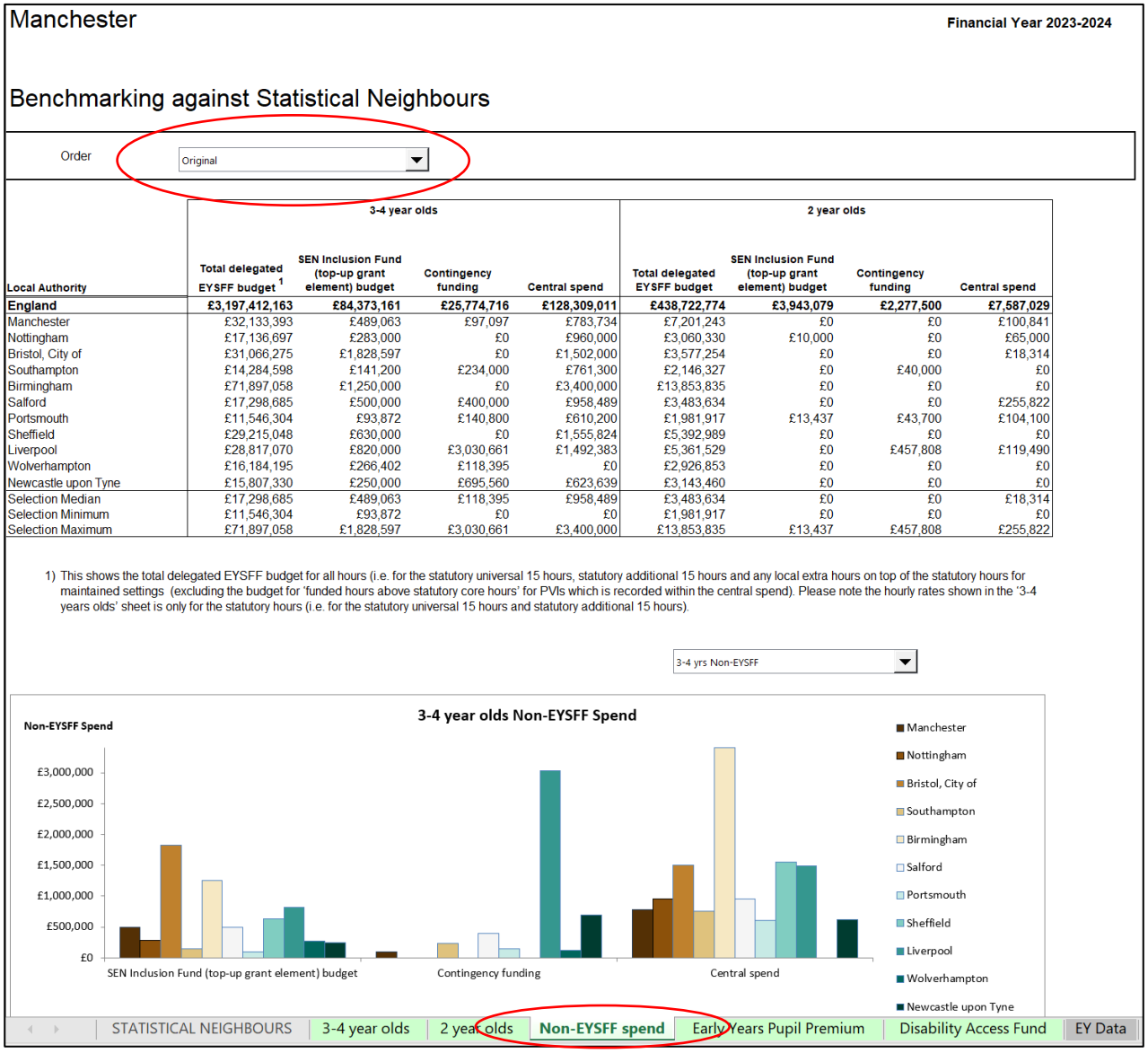


Figure 9: Example of the non-EYSFF benchmarking page

As with the two, three and four year-olds worksheets, the benchmarking table can be sorted by each of the columns by using the drop down box; and the graph can be viewed for each of the columns.

Early years pupil premium

The benchmarking table for the early years pupil premium worksheet includes the allocated budget per local authority against statistical neighbours.

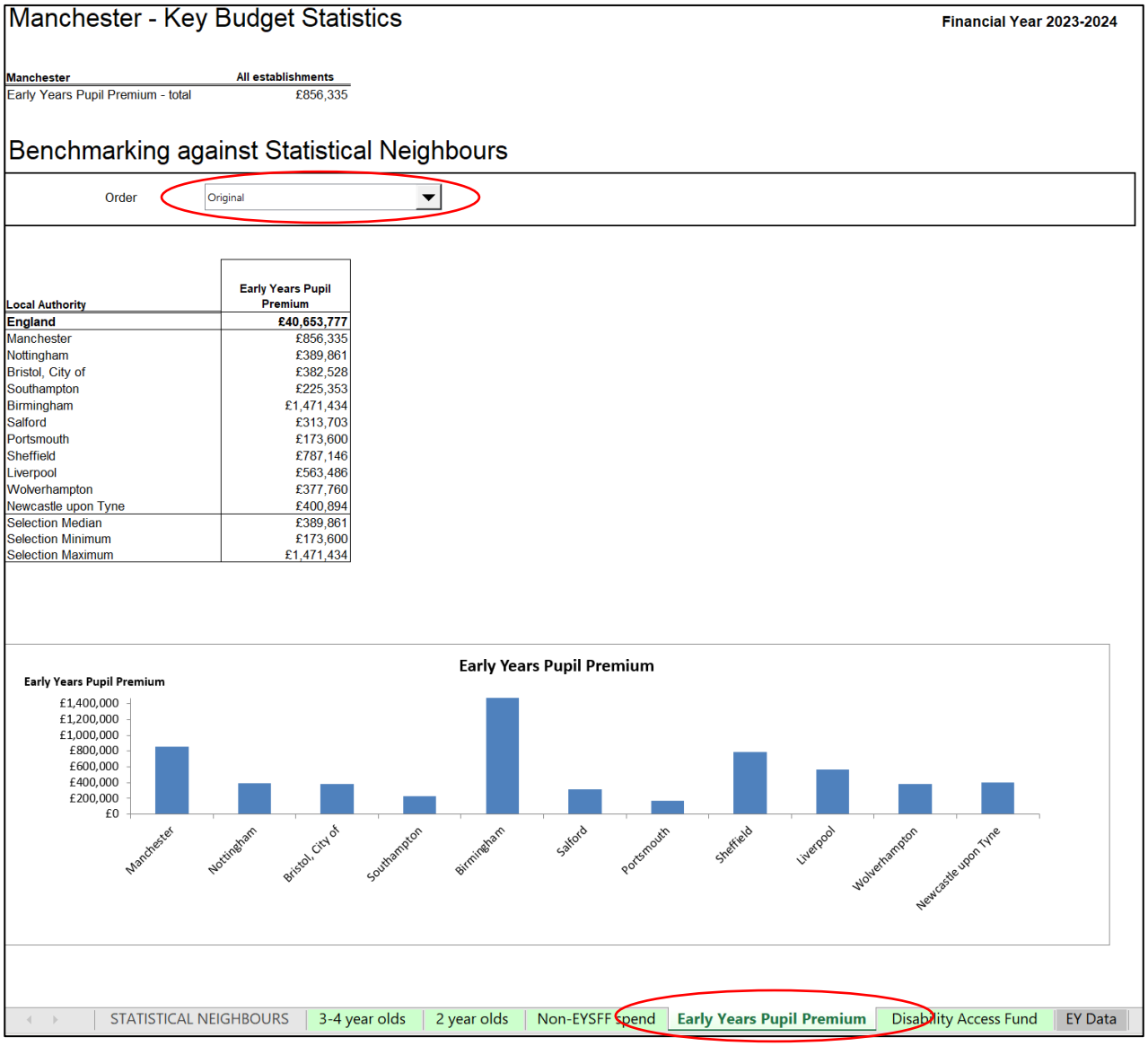


Figure 10: Example of the early years pupil premium benchmarking page

The table also allows you to change the order in which the data is presented by displaying the highest to lowest values by selecting early years pupil premium from the order drop down menu.

Disability access fund

The benchmarking table for the disability access fund worksheet includes the allocated budget per local authority against statistical neighbours.

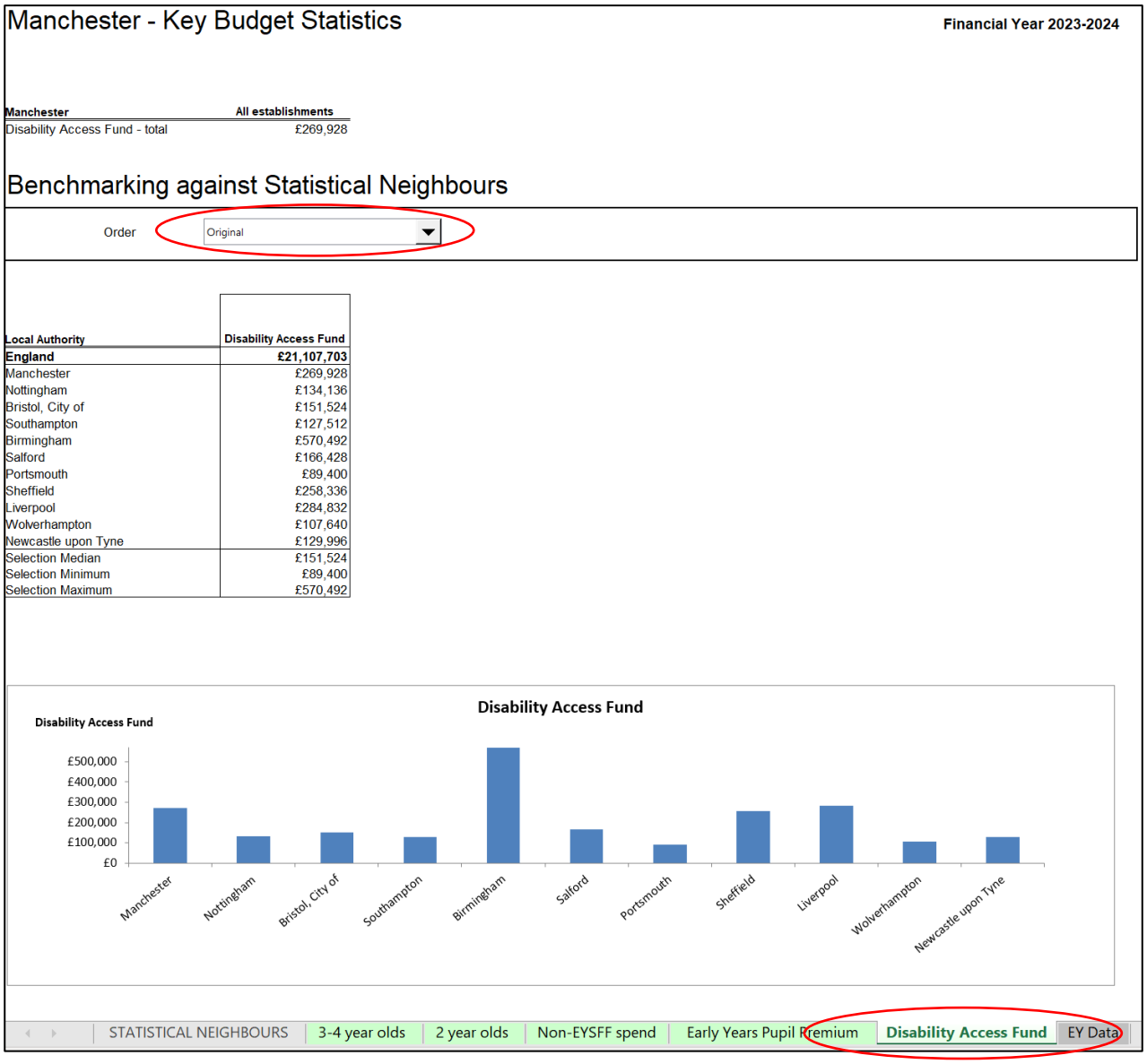


Figure 11: Example of the disability access fund benchmarking page

The table also allows you to change the order in which the data is presented by displaying the highest to lowest values by selecting disability access fund from the order drop down menu.

Early years proforma

Select the LA from the drop down box:

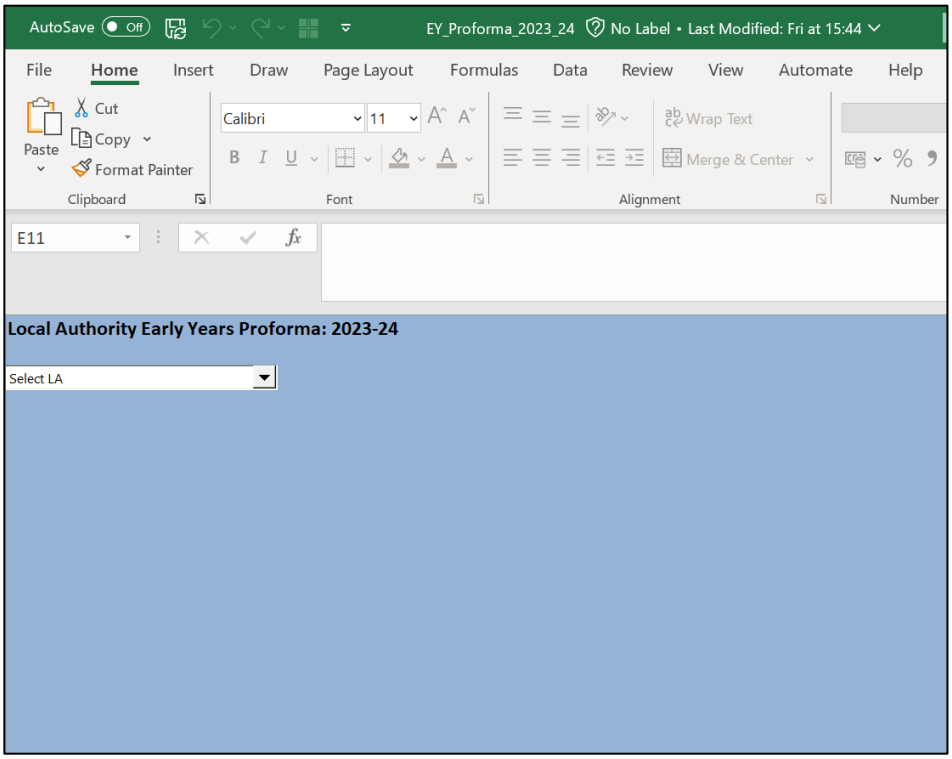
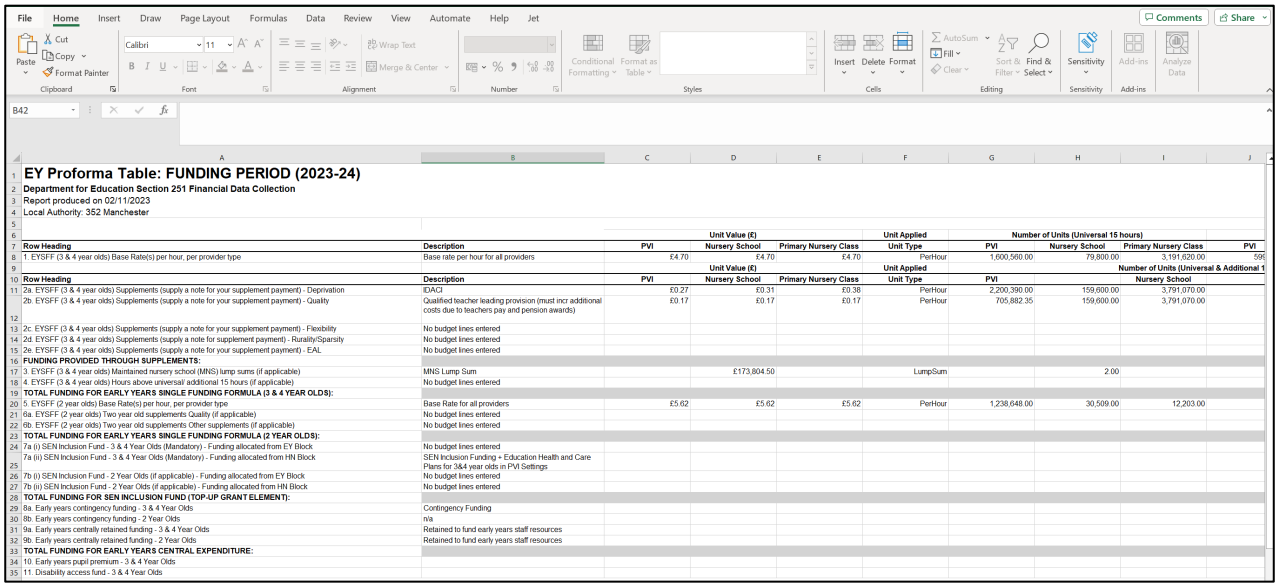


Figure 12: How to view data from the early years proforma



EY Proforma Table: FUNDING PERIOD (2023-24)

Department for Education Section 251 Financial Data Collection

Report produced on 02/11/2023

Local Authority: 352 Manchester

		Unit Value (£)			Unit Applied	Number of Units (Universal 15 hours)		
Row Heading	Description	PVI	Nursery School	Primary Nursery Class	Unit Type	PVI	Nursery School	Primary Nursery Class
1. EYSFF (3 & 4 year olds) Base Rate(s) per hour, per provider type	Base rate per hour for all providers	£4.70	£4.70	£4.70	PerHour	1,600,560.00	79,800.00	3,191,620.00

		Unit Value (£)			Unit Applied	Number of Units (Universal & Additional 1		
Row Heading	Description	PVI	Nursery School	Primary Nursery Class	Unit Type	PVI	Nursery School	
2a. EYSFF (3 & 4 year olds) Supplements (supply a note for your supplement payment) - Deprivation	IDACI	£0.27	£0.31	£0.38	PerHour	2,200,390.00	159,600.00	3,791,070.00
2b. EYSFF (3 & 4 year olds) Supplements (supply a note for your supplement payment) - Quality	Qualified teacher leading provision (must incr additional costs due to teachers pay and pension awards)	£0.17	£0.17	£0.17	PerHour	705,882.35	159,600.00	3,791,070.00
2c. EYSFF (3 & 4 year olds) Supplements (supply a note for your supplement payment) - Flexibility	No budget lines entered							
2d. EYSFF (3 & 4 year olds) Supplements (supply a note for supplement payment) - Rurality/Sparsity	No budget lines entered							
2e. EYSFF (3 & 4 year olds) Supplements (supply a note for your supplement payment) - EAL	No budget lines entered							
FUNDING PROVIDED THROUGH SUPPLEMENTS:								
3. EYSFF (3 & 4 year olds) Maintained nursery school (MNS) lump sums (if applicable)	MNS Lump Sum		£173,804.50		LumpSum		2.00	
4. EYSFF (3 & 4 year olds) Hours above universal/ additional 15 hours (if applicable)	No budget lines entered							
TOTAL FUNDING FOR EARLY YEARS SINGLE FUNDING FORMULA (3 & 4 YEAR OLDS):								
5. EYSFF (2 year olds) Base Rate(s) per hour, per provider type	Base Rate for all providers	£5.62	£5.62	£5.62	PerHour	1,238,648.00	30,509.00	12,203.00
6a. EYSFF (2 year olds) Two year old supplements Quality (if applicable)	No budget lines entered							
6b. EYSFF (2 year olds) Two year old supplements Other supplements (if applicable)	No budget lines entered							
TOTAL FUNDING FOR EARLY YEARS SINGLE FUNDING FORMULA (2 YEAR OLDS):								
7a (i) SEN Inclusion Fund - 3 & 4 Year Olds (Mandatory) - Funding allocated from EY Block	No budget lines entered							
7a (ii) SEN Inclusion Fund - 3 & 4 Year Olds (Mandatory) - Funding allocated from HN Block	SEN Inclusion Funding + Education Health and Care Plans for 3&4 year olds in PVI Settings							
7b (i) SEN Inclusion Fund - 2 Year Olds (if applicable) - Funding allocated from EY Block	No budget lines entered							
7b (ii) SEN Inclusion Fund - 2 Year Olds (if applicable) - Funding allocated from HN Block	No budget lines entered							
TOTAL FUNDING FOR SEN INCLUSION FUND (TOP-UP GRANT ELEMENT):								
8a. Early years contingency funding - 3 & 4 Year Olds	Contingency Funding							
8b. Early years contingency funding - 2 Year Olds	n/a							
9a. Early years centrally retained funding - 3 & 4 Year Olds	Retained to fund early years staff resources							
9b. Early years centrally retained funding - 2 Year Olds	Retained to fund early years staff resources							
TOTAL FUNDING FOR EARLY YEARS CENTRAL EXPENDITURE:								
10. Early years pupil premium - 3 & 4 Year Olds								
11. Disability access fund - 3 & 4 Year Olds								

Figure 13: Example of an early years Proforma

Department for Education

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