

Early Years Funding Benchmarking Tool

Technical Note and User Guide

February 2025

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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 2024-25. It contains information on the datasets used and calculations 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 neighbours benchmarking tool can be found here:

Statistical neighbour benchmarking tool

The Department is publishing an updated **early years funding benchmarking tool** for each local authority. This tool includes the projected spend in 2024-25 to deliver early years places for children aged 9 months to 4-years-old and is based on the budget information from the Section 251 data provided by local authorities.

Who is this publication is for

This guidance is for:

- local authorities
- early years providers
- governing bodies in all maintained schools, academies and free schools

Main points

The government sets out requirements in legislation and guidance for local authorities to pass on funding to providers and to create their own local funding formulae. These requirements are set out in full in the <u>early years funding operational guidance</u>. The key requirements are that:

 all local authorities plan to pass on at least 95% of their early years funding to providers (which will increase to 96% from 2025-26).

- only use a limited set of funding supplements, with a total value capped at 12% of allocated budget to providers.
- 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, covering all the entitlement funding streams.

The benchmarking tool includes information about how local authorities are planning to meet these requirements in 2024-25.

Early years funding

Introduction

All funding for the early years entitlements is in the Dedicated Schools Grant (DSG), which is ring-fenced for education purposes. The Department for Education calculates a total amount of DSG for each local authority and distributes it to them.

Decisions on the distribution of funding for the early years entitlements to early years providers are made by local authorities within the regulations set out by the Department for Education in the Schools and Early Years Finance (England) Regulations.

Local authorities are required to use locally determined formulae to set the funding rates for all types of providers to fund the government entitlement places.

The early years funding benchmarking tool includes the planned spend for the early entitlements, listed below:

- the 15-hours entitlement for eligible working parents of children from 9 months up to 2-years-old (introduced in September 2024 and due to be extended to 30-hours from 1 September 2025)
- the 15-hours entitlement for eligible working parents of 2-year-old children (introduced in April 2024 and due to be extended to 30-hours from 1 September 2025)
- the 15-hours entitlement for disadvantaged 2-year-olds (to be referred to as the entitlement for families of 2-year-olds receiving additional support from 2025-26)
- the universal 15-hours entitlement for all 3 and 4-year-olds
- the additional 15-hours entitlement for working parents of 3 and 4-year-olds

The tool also includes information regarding special educational needs (SEN) inclusion funding, the early years pupil premium, and the disability access fund for 2024-25. 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 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 26 September 2024.

Technical note: the early years funding benchmarking tables – calculations and underlying data

The benchmarking tool is made up of eight individual tabs. Each sheet presents different numerical data from the Section 251 returns submitted by local authorities.

The sheets are as follows:

- Statistical Neighbours this is the cover sheet of the benchmarking tool. Users will select the local authority they wish to view data for, as well as being able to select the statistical neighbours for this local authority.
- **3-4-year-olds** shows local authority planned expenditure for the 3-4-year-old entitlement for both universal and additional hours (includes information on maintained nursery school supplementary funding).
- 2-year-olds (D) shows local authority planned expenditure for the 2-year-old disadvantaged entitlement. From 2025-26, this entitlement will be referred to as the '2-year-olds from families receiving additional support'. However, as the data for 2024-25 was collected under the name '2-year-old disadvantaged', we are publishing the data under the name it was collected.
- **2-year-olds (W)** shows local authority planned expenditure for the 2-year-old working parent entitlement.
- **9 month 2-years-old** shows local authority planned expenditure for the 9 months to 2-years-old working parent entitlement.
- Other EYFF funds shows local authority planned expenditure for SEN inclusion funding, contingency funding, and centrally retained expenditure for each of the early years entitlements.
- **DAF** shows local authority planned expenditure for the disability access fund for each of the early years entitlements.
- **EYPP** shows local authority planned expenditure for the early years pupil premium for each of the early years entitlements.
- **EY data** shows the full early years dataset that feeds into the rest of the benchmarking tool.

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.

Entitlement age groups

Once 'create table' has been selected on the 'statistical neighbours' cover sheet of the benchmarking tool, the subsequent 7 data sheets will be generated. Sheets 2-5 (each titled with the specific age group of the entitlement) show information about how local authorities plan to fund their early years providers in 2024-25 for each of the early years entitlements.

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 pass-through and the percentage of funding paid through supplements is included in the <u>early years national funding formula</u> operational guide.

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

Other EYFF spend

The benchmarking table on this sheet shows the total budget for each of the early years entitlements for:

- SEN Inclusion Fund (top-up grant element) budget
- early years contingency funding
- early years centrally retained spending
- total delegated EYFF budget

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.

User guide: early years funding benchmarking tool

The early years funding benchmarking tool includes the projected spend on early years providers to deliver early years places for each of the early years entitlements.

Before you start, click 'enable content' to start using the toolkit.

AutoSave ✓ 🚺 🖫 💆 ∨ 🚭 ∨ 🔡 🔻 Early Years Funding Benchmarking Tool - 2024-25 🔞 No Label • Last Modified: Just now ∨ Insert Draw Page Layout Formulas Data Review View Automate Help Dynamics NAV Home = = = ∞ -- 10 - A A Conditional F **≡ ≡ ≡ ∓ ∓** 3 Formatting ~ Alignment Number E SECURITY WARNING Macros have been disabled. Enable Content \vee : $\times \checkmark f_x \checkmark$ N18 Early Years Funding Benchmarking Tool: 2024-2025 2 This worksheet allows you to view data for your own local authority along with your statistical neighbours, or with your own choice of other local authorities. 5 Choose Local Authorities Other Local Authorities 1. Please select your local authority • Clear LAs to make new • 9 My Local Authority selection 10 11 Oldham • -13 2. Then either select your statistical neighbours: -14 Click here to show your 15 • Statistical Neighbours -Or make your own selection of local authorities 18 using the drop down boxes • 3. When you have made your selection, press the • "Create Table" button to view the benchmarking 20 table 22 Create Table

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 it's statistical neighbours.

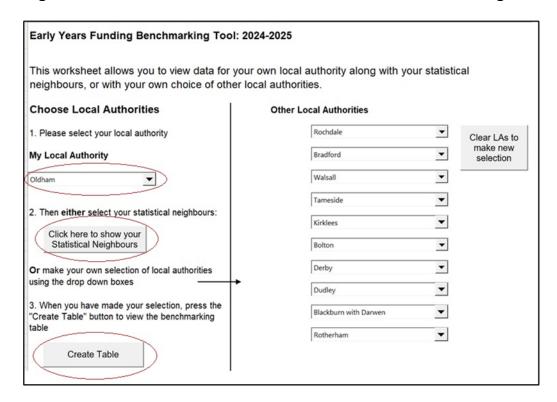
1. click the drop-down button to choose the local authority.

STATISTICAL NEIGHBOURS

23 24 25

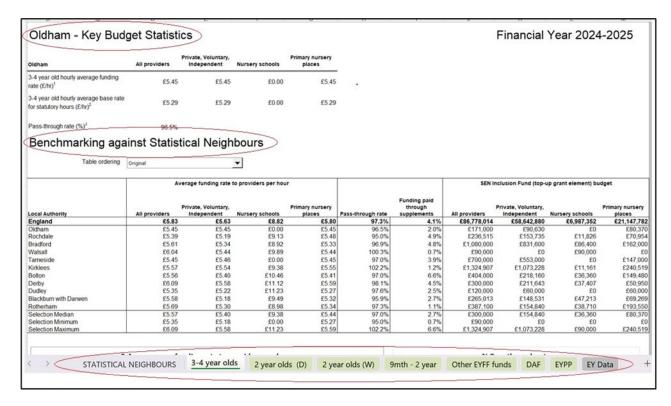
- 2. if you want to see the data for statistical neighbours, click on the button labelled 'click here to show your statistical neighbours'.
- 3. click 'create table' to generate the funding data tables.

Figure 2: how to use the selection screen for the benchmarking tool



In this example, the data for Oldham is selected and the statistical neighbours for this local authority are populated into the boxes on the right of the image.

Figure 3: example of an early years funding benchmarking tool page



Key budget statistics

At the top of each sheet for each of the entitlement age groups, the key budget statistics table 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 the early years pupil premium and the disability access fund, the key budget statistics table gives the planned total budget for the local authority.

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 4: example of the benchmarking against statistical neighbours section

Table ordering	Original		•							
Local Authority	Average funding rate to providers per hour						SEN Inclusion Fund (top-up grant element) budget			
	All providers	Private, Voluntary, Independent	Nursery schools	Primary nursery places	Pass-through rate	Funding paid through supplements	All providers	Private, Voluntary, Independent	Nursery schools	Primary nursery places
England	£5.83	£5.63	£8.82	£5.80	97.3%	4.1%	£86,778,014	£58,642,880	£6,987,352	£21,147,782
Oldham	£5.45	£5.45	00.03	£5.45		2.0%	£171,000	£90,630	03	£80,370
Rochdale	£5.39	£5.19	£9.13	£5.48		4.9%	£236,515	£153,735	£11,826	£70,954
Bradford	£5.61	£5.34	£8.92	£5.33	96.9%	4.8%	£1,080,000	£831,600	£86,400	£162,000
Walsall	£6.04	£5.44	£9.89	£5.44	100.3%	0.7%	£90,000	£0	£90,000	£0
Tameside	£5.45	£5.46	£0.00	£5.45	97.0%	3.9%	£700,000	£553,000	03	£147,000
Kirklees	£5.57	£5.54	£9.38	£5.55	102.2%	1.2%	£1,324,907	£1,073,228	£11,161	£240,519
Bolton	£5.56	£5.40	£10.46	£5.41	97.0%	6.6%	£404,000	£218,160	£36,360	£149,480
Derby	£6.09	£5.58	£11.12	£5.59	98.1%	4.5%	£300,000	£211,643	£37,407	£50,950
Dudley	£5.35	£5.22	£11.23	£5.27	97.6%	2.5%	£120,000	£60,000	03	£60,000
Blackburn with Darwen	£5.58	£5.18	£9.49	£5.32	95.9%	2.7%	£265,013	£148,531	£47,213	£69,269
Rotherham	£5.69	£5.30	£8.98	£5.34	97.3%	1.1%	£387,100	£154,840	£38,710	£193,550
Selection Median	£5.57	£5.40	£9.38	£5.44	97.0%	2.7%	£300,000	£154,840	£36,360	£80,370
Selection Minimum	£5.35	£5.18	£0.00	£5.27	95.0%	0.7%	£90,000	£0	03	03
Selection Maximum	£6.09	£5.58	£11.23	£5.59	102.2%	6.6%	£1,324,907	£1,073,228	£90,000	£240,519

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

The presentation of the graphs has changed slightly from the previous year. The graphs are presented side-by-side rather than being individually selected via a dropdown box.

3-4 yrs average funding rate to providers per hour % Pass through rate ■ Oldham £10.00 ■ Rochdale ■ Bradford **■** Walsall □ Tameside Kirklees Bolton 30.0% ■ Derby £2.00 ■ Dudley ■ Blackbu SEN Inclusion Fund (top-up grant element) % Funding paid through supplements ■ Rochdale ■ Walsall £600,000 □ Kirklees Bolton £400,000 ■ Derby ■ Blackbu

Figure 5: example of charts in benchmarking against statistical neighbours section

Other EYFF spend

The benchmarking table for other EYFF spend shows the planned budget information for each of the early years entitlements separately. The same information is also represented in a bar graph form.

Oldham Financial Year 2024-2025 Benchmarking against Statistical Neighbours 3-4 year olds
SEN Inclusion Contingency Central sy
Fund (top-up
grant
element) Total EYFF Budget £834,127 £515,071 £528,934 £807,965 £603,691 £15,848,661 £38,337,866 £83.413 £1,080,000 £90,000 £700,000 £1,324,907 £8,312,286 £4,046,399 £4,523,122 £7,233,300 £5,108,603 Bradford £38,337,866 £20,692,000 £14,549,580 £27,101,414 £21,179,717 £18,458,049 £18,112,640 £10,319,322 £490,000 £0 £0 £44,514 £230,537 £4,019,612 £4,364,324 £2,291,280 £4,456,753 £4,364,324 £3,364,416 £3,588,880 £1,872,966 Derby £300,000 £120,000 £52 820 £26,040

Figure 6: example of the other EYFF benchmarking table

As with the entitlements worksheets, the benchmarking table can be sorted by each of the columns by using the drop down box; and the graphs can be viewed at the bottom of the sheet.

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 7: example of the early years pupil premium benchmarking page

Oldham - Key Bud	get Statistics				
Oldham	All establishments		F	inancial Year	2024-2025
Early Years Pupil Premium - total	£425,187				
Benchmarking aga	Early Years Pupil Premium 3-4 year olds	Neighbours Early Years Pupil Premium 2 year olds (W)	Early Years Pupil Premium 2 year olds (Non)	Early Years Pupil Premium 9 mth - 2 year olds	Early Years Pupil Premium All providers
England	£44,196,992	£14,168,649	£14,624,088	£1,467,351	£74,457,080
Oldham	£264,956	£85,020	£66,141	£9,070	£425,187
Rochdale	£307,708	£89,426	£89,425	£10,568	£497,12
Bradford	£600,505	£171,403	£163,992	£16,772	£952,672
Walsall	£315,701	£127,581	£54,677	£10,935	£508,89
Tameside	£256,561	£133,222	£7,012	£8,415	£405,21
Kirklees	£537,020	£129,836	£173,190	£18,183	£858,229
Bolton	£214,133	£120,000	£9,935	£7,795	£351,863
Derby	£339,472	£92,734	£92,734	£9,272	£534,21
Dudley	£200,781	£55,310	£55,319	£6,640	£318,05
Blackburn with Darwen	£98,373	£44,559	£10,585	£3,342	£156,859
Rotherham	£351,573	£197,239	£0	£11,834	£560,64
Selection Median	£307,708	£120,000	£55,319	£9,272	£497,12
Selection Minimum	£98,373	£44,559	£0	£3,342	£156,85
Selection Maximum	£600.505	£197.239	£173,190	£18.183	£952,67

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.

As with the entitlements worksheets, the information in the benchmarking table is presented in graphical format below the table.

Disability access fund

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

Figure 8: example of the disability access fund benchmarking page

Oldham - Key Bu	dget Statistics					
			F	Financial Year 2024		
Oldham	All establishments					
Disability Access Fund - total	£215,670					
Benchmarking ag	gainst Statistica	Neighbours Disability Access Fund 2 year olds (W)	Disability Access Fund 2 year olds (Non)	Disability Access Fund 9 mth - 2 year olds	Disability Access Fund	
England	£28,226,195	£4,386,632	£3,974,927	£2,457,379	£39,045,13	
Oldham	£171,080	£18,938	£14,732	£10,920	£215,67	
Rochdale	£165,620	£29,120	£29,120	£17,290	£241,15	
Bradford	£388,570	£62,317	£59,623	£31,850	£542,36	
Walsall	£168,350	£41,405	£17,745	£17,290	£244,79	
Tameside	£168,350	£32,305	£32,305	£7,280	£240,24	
Kirklees	£217,490	£30,802	£41,088	£27,300	£316,68	
Bolton	£199,290	£48,230	£0	£18,200	£265,72	
Derby	£164,710	£32,760	£32,760	£17,290	£247,52	
Dudley	£192,010	£31,850	£31,850	£20,020	£275,73	
Blackburn with Darwen	£101,010	£23,296	£5,824	£9,100	£139,23	
Rotherham	£205,660	£59,150	£0	£20,930	£285,74	
Selection Median	£171,080	£32,305	£29,120	£17,290	£247,52	
Selection Minimum	£101,010	£18,938	03	£7,280	£139,23	
Selection Maximum	£388.570	£62.317	£59.623	£31.850	£542.36	

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.

As with the entitlements worksheets, the information in the benchmarking table is presented in graphical format below the table.



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