We distribute funding to LAs using national funding formulae, this determines the hourly rates LAs receive

Department for Education

We set hourly funding rates for each local authority, using funding formulae.

ocal Authorities

Set local rates using loc formulae to fund provide Must follow 'local rules

V manipage

funded for government partonics by the local authorit

National funding distribution (from DfE to LAs)

- We set LA-level hourly rates using EY National Funding Formulae, for the main entitlements.
- This reflects the different levels of cost and need across the country.
- We also set the funding rates for early years pupil premium (EYPP) and disability access fund (DAF), but we apply the same rates for all LAs.
- For local authorities with maintained nursery schools (MNS), we set LA- level hourly supplementary funding rates.

Each of our formulae have a similar structure:



funding rules' set by DfE. And the next level – LAs then determine distribution of funding to providers, within a set of 'local

Department for Education Education We set hourly funding rates for each local authority, using funding formulae.

Local Authorities

Set local rates using local formulae to fund providers. Must follow 'local rules'.

EY providers

Funded for government paid hours by the local authority.

Local funding distribution (from LAs to providers)

- DfE's regulations & guidelines stipulate how LAs should spend funding – known as 'local funding rules'.
- This ensures consistency, while giving LAs flexibility to deliver the entitlements in ways appropriate to local circumstance and need.
- LAs must consult with providers and schools forum on their hourly rates.
- They can also retain **up to 5%** for central services.
- We closely monitor LA's funding decisions by requiring them to complete detailed annual returns on their spending plans. These are published via the Early years funding benchmarking tool on gov.uk.

Local rules include the requirement to passthrough at least 95% of funding to providers. This 95% is made up of:

- The **universal hourly base rate**, paid to all providers.
- **Supplements:** deprivation, rurality or sparsity, flexibility, quality and EAL, paid against certain eligibility criteria.
- Special educational need inclusion fund (SENIF), children with lower level or emerging SEN.
- Contingency funding set aside for changes in the number of children taking up the entitlements throughout the year.

NB: the various funding streams in the pass through can be targeted at some providers and not others. This means that individual providers may receive more or less than 95%.