

C E : E A

The government is currently consulting on changes to the way it calculates how much

However, as part of the consultation, the government is proposing to estimate how many children fall into this category by looking at how many children in **both state-funded nursery and primary schools** in the area receive free school meals using the most recent data available, which is now the **DfE Annual School Census from January**

Once the additional needs factor has been added to the local authority's base rate of

Two-year-old funding formula

The two-year-old funding formula is a much simpler calculation that determines how

At the moment, this data is from **2011-12**, but as part of the consultation, the DfE is proposing to use data from **2013-14** (which is the most recent data available in the required format required) and then **update this when new data becomes available**.

To pay for the year-to-year protections, the DfE is proposing to introduce a gains cap (i.e. a limit on how much a local authority's funding can increase by) of **4.5% for three- and four-year-old funding** and **8.6% for two-year-old funding**.

The DfE has modelled the likely impact of these changes on early years funding rates for each local authority in 2023-24 [here](#). It is important to note that these figures are the rates that local councils are likely to receive, not necessarily what