

**TITLE OF REPORT: Early Years Sustainability Grant**

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**Purpose of the Report**

The purpose of this report is to seek approval to use Early Years Block of the Dedicated Schools Grant (DSG) reserves to create a sustainability fund to support early years providers that were open during April and May of the summer term 2020 of the Covid-19 crisis. The proposed fund is only for providers that have been open, had children attending and in receipt of early years DSG. The second purpose of this report is to request that during April and May where providers have accepted children from closed providers, they should be paid for these additional children.

**Background**

The 2019/20 Early Years Block (EYB) of the DSG is calculated by using 5/12 of the number of 2, 3 & 4year olds on the January 2019 census and 7/12 of the January 2020 census. The initial funding is based on January 2019 census with an adjustment the following year when the January 2020 pupil numbers have been taken into account. This can lead to either a clawback of funding if the estimated hours were too high or additional funding if the estimated hours are too low. Gateshead has had both additional funding and clawback of funding in recent years due to this mechanism.

Providers are funded based on actual attendance throughout the year, and not just at these two points in time. This leads to either an over allocation or under allocation of funding.

It is known that for 2019/20 initial funding was over allocated for Gateshead and clarity has been requested from the Department for Education (DfE) if there will be an update to the EYB DSG in June. The Government has indicated that Local Authorities have flexibility to use DSG funding to support providers.

The DfE issued guidance on 28 April stating that "ensuring sufficient places during the coronavirus outbreak may incur additional costs, where the providers that need to remain open cannot do so in a financially sustainable way. EYB DSG contingencies, where local authorities have them, or uncommitted central spend in the early years budget (that is, funds not passed onto providers in the '95% pass-through rule') should be considered first in order to meet any such costs." It goes on to say that "only in exceptional circumstance may local authorities consider using their flexibility to redistribute funding from providers who have closed to those who are open". The expectation is that local authorities will continue to secure the required childcare places by using places that are already funded through DSG.

However, it is recognised that this approach did not incentivise providers to remain open and take additional children from closed providers.

## Sustainability Grant

Schools will be able to apply for additional funding to support additional costs incurred as a result of the pandemic if they do not have an in-year surplus at the end of the financial year. The details on how to apply for this funding will be published in June.

Number of pupils	Maximum grant available
250 pupils or fewer	£25,000
251 to 500 pupils	£30,000
501 to 1,000 pupils	£50,000
Over 1,000 pupils	£75,000

The table below shows the numbers of providers open and the numbers of children in attendance (18 May 2020).

Provider Type	Total Number of Providers	Open with pre-school children	Number of pre-school children
Day nurseries	29	9	108
Pre-schools	22	5	12
Independent school & nursery	3	0	0
Childminders	99	29	43
Nursery School & Nursery Classes	48	20	38
<b>Total</b>	<b>201</b>	<b>63</b>	<b>120</b>

Providers that have remained open will have incurred additional costs such as higher staffing ratios due to settling children that have had no transition and ensuring social distancing in their practice, additional cleaning, additional time queuing for essential supplies and higher overheads per child due to lost parental contributions. This will be the case even if a proportion of staff have been furloughed.

The application forms and Terms and Conditions for the Sustainability Grant will be approved by Legal Services and must be signed by the owner/Director/Trustee/Governing Body/HT.

The application form will require evidence of additional costs or lost income (childminders), and information will be shared by applicants on an open book basis. This will include any other sources of Government funding that providers have been granted or applied for due to the Covid-19 crisis.

DfE guidance issued 27 May 2020 stipulated that “no organisation should profit from the exceptional financial support available, and should therefore only access the support required. For example, organisations which continue to receive government funding should not furlough staff whose salaries that funding could typically be considered to fund, and therefore will not need to access the Coronavirus Job Retention Scheme (CJRS). All organisations are expected to have

adequate and effective governance arrangements and controls in place to ensure public funding is spent effectively and appropriately”.

The document goes on to say “DfE is considering appropriate measures to monitor use of these schemes in order to detect any duplication of funding, and will be considering potential options to recover misused public funding as required”.

### **Double Funded Children**

Some children of key workers and vulnerable children have been displaced from their current provider as they have closed. These children have been cared for by other providers.

During this period there has been no movement of funding between providers for children during the lockdown period. As per guidance the original provider has received their early years DSG.

Day nurseries and some childminder providers were able and willing to accept these children; the total additional funding that will be required is approximately £15,000. As of 20/05/2020, based on the DfE data collection of early years attendance, 24 children have moved to 11 new providers.

### **Proposals**

These proposals will be time limited to April and May 2020 but may need to be reviewed following any further guidance or developments from the DfE on the requirement for early years places post 1 June 2020.

### **Sustainability Grant**

The Council propose to offer early years providers the opportunity to apply for a sustainability grant to reimburse them for additional costs or lost income that they have incurred whilst remaining open.

To be eligible the provider must have remained open (or been asked to re-open by the Local Authority) during April and May 2020 and cared for pre-school children of key workers and vulnerable children.

Maximum one-off grants available would be up to £2,500 for childminders, up to £5,000 for pre-schools and up to £7,500 for day nurseries and schools, based on additional costs incurred over a 2-month period.

If successful, providers will sign a Terms and Conditions of Grant letter, approved by Legal Services. As per PPN02/20 it will be a requirement of the grant that all providers share information on an open book basis and the application form includes a declaration from providers of any other Government grant funding they have secured, e.g. Business Rate Relief, Loans, except for DSG funding.

## **Update**

The initial officer meeting was held 26 June to review the applications. From a total of 201 settings in Gateshead the following applied for a sustainability grant:-

- 18 Childminders
- 9 Day nurseries
- 5 Pre-schools
- 7 Schools

The vast majority of settings have been asked for additional information as the information provided was not detailed enough to make a decision on.

The outcome of the process will be to a later Schools Forum.

## **Double Funded Children**

It is proposed in order to recognise the additional costs of settling in new children from a closed setting without any transition, that providers are paid their current hourly rate for their setting for the actual attendance of the additional child(ren) for April and May 2020. From the 1 June this will change to parental preference and funding will again follow the child.

## **Financial implications**

The estimated cost of the sustainability fund for PVI's (should all those remaining open apply for the maximum grant) and the double funding of displaced children would be £0.18m. Adequate provision exists within DSG reserves from EY underspends to fund these proposals.

## **Recommendations**

It is recommended that Schools Forum: -

- Approves the use of Early Years DSG reserves to fund successful applications from early years providers for a sustainability grant based on the maximum values of
  - £2,500 for childminders
  - £5,000 for pre-schools
  - £7,500 for day nurseries and schools
- Approves the use of Early Years DSG reserves to support providers taking children from closed providers during April and May 2020.

## **For the following reasons:**

- To support early years providers to remain open and cover the additional cost of remaining open with a reduced income from parents.
- To provide funding to settings who have taken children from closed providers during April and May 2020 without transition.

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