

TITLE OF REPORT: Early Years Funding Autumn Term 2020

Purpose of the Report

To inform and seek approval from Schools Forum of the proposed approach to the allocation of Early Years Dedicated Schools Grant (DSG) to schools and Private, Voluntary and Independent (PVI) childcare providers in the Autumn Term 2020. The approach has already been approved by Children's Adults and Families group management team (GMT).

Background

The Department for Education (DfE) issued guidance to LAs on 20th July on how they should fund providers in the Autumn Term 2020.

'From the start of the autumn term 2020, local authorities should continue to fund providers which are open at broadly the levels they would have expected to see in the 2020 autumn term had there been no coronavirus (COVID-19) outbreak. They should also continue to fund providers which have been advised to close, or left with no option but to close, due to public health reasons. Local authorities should not fund providers which are closed, without public health reason, from the start of the autumn term.'

The intention is to fund on the basis of 'as if autumn term 2020 were happening normally'. In order to do this, local authorities might, for example, use the numbers of children in places in the previous autumn to inform funding levels this autumn. This means that if a local authority is aware of particular changes in catchment demographics that would have impacted local demand (for example, a big increase in family housing in an area), they should take that into account. Local authorities should be transparent in the approach they take.'

Officers have carried out initial modelling exercises to identify the cost of adhering to this guidance. However, our funding process means that we have the estimated funded hours for the Autumn Term from all PVI providers, but schools are not required to submit this information. We will not receive 'actual' attendance data from both schools and PVIs until October. In some cases providers are forecasting an increase in funded hours from their Autumn Term 2019 figures.

The initial modelling shows that for PVIs, the uplift required for Autumn 2020 funding on the basis of Autumn 2019 funded hours, is £431k. The amount for maintained schools is not known. However, evidence, both locally and nationally, shows there is considerable uncertainty about the amount of parental demand for childcare in September, and beyond. It is therefore difficult to assess how accurate the estimated hours are, and what school nursery numbers will look like.

The DfE have stated that they will fund LAs for the Autumn term using January 20 census figures when they would normally use January 21 census figures. The DfE will keep its

funding guidance under review for the spring term but expect that the funding to LAs and the funding to settings to return to normal.

Proposal

At this stage, it is assumed that funding will be within the overall EY resources available through DSG. However, as it will not be possible to fully assess the cost implications of funding providers on the same basis as Autumn 2019 until actual hours are submitted to the LA in October, it is proposed that the uplift is considered in two stages.

It is therefore proposed that:

- PVI providers estimating fewer hours than in Autumn 2019 receive 50% of the 'uplift' in their initial payment of the term (the LA pays 70% of the term's funding in the first week of term, based on estimated hours)
- PVI providers estimating an increase in funded hours in September 2020 will be paid in the normal way, 70% of estimated hours.
- Once 'actuals' are known, officers will assess the impact on the EY DSG and determine how much additional 'uplift' can be made in the second payment of the term, up to the remaining 50%.
- Schools will be funded on the same basis as PVIs, however the process of transferring the funding to schools is different and takes place at year end.

This approach will support PVI providers' cashflow at the start of term, enabling them to meet essential costs at a time of financial uncertainty. It also enables the LA to ensure that sufficient funds are available to meet the cost as per the DfE guidance.

If Schools Forum do not agree this approach the funding allocation can be amended in the second payment to PVI providers and for the year end process for maintained schools.

PVI providers were informed in August of the proposed approach in order to enable them to make informed decisions about staffing levels and other essential costs prior to the start of term.

Further modelling will be undertaken in the Autumn term when there is more certainty around the actual number of children attending settings

Recommendations

It is recommended that Schools Forum approve the proposed approach to funding childcare providers in the Autumn Term 2020. A further report can be brought to Schools Forum outlining the financial implications of making further payment 'uplifts' later in the term when there is more certainty around the number of children and funding

For the following reasons:

- To provide early years providers with the funding in line with DfE guidance and enable all providers to plan their settings with some certainty.

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