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# Early Years Budget 2020/21

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**Report being considered by:** Schools Forum Monday 15<sup>th</sup> June 2020

**Report Author:** Avril Allenby

**Item for:** Information **By:** All Group Members

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## 1. Purpose of the Report

- 1.1 Progress in the preparation of the Early Years Deficit Recovery Plan.
- 1.2 To provide the COVID 19 context for Early Years Providers and Budget outturn 2020/21.

<b>Will the recommendation require the matter to be referred to the Council or the Executive for final determination?</b>	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
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## 2. Deficit Recovery Plan for Early Years

- 2.1 The Early Years Funding Group have not met since the last Schools Forum.
- 2.2 As a result work to explore possible approaches to recover the deficit, commencing in the budget year 2021/22, have been delayed and will be provided in the July meeting.

## 3. COVID 19 Context

- 3.1 From 23<sup>rd</sup> March 2020 all schools and early years' settings were required to only provide places for vulnerable children and those of key workers. It was also announced that local authorities will continue to be paid their early years DSG as normal.
- 3.2 The initial early years DSG allocations for 2020 to 2021, announced in December 2019, will be updated to provisional allocations in July 2020 in the usual way (that is, using the January 2020 early years census and schools census).
- 3.3 There is also an expectation that local authorities will continue to pass through funding to providers in the normal way. This follows a set pattern across the financial year with agreed dates set out for providers to return information and for the local authority to make payments.
- 3.4 The table below details these important date for the financial year 2020/2021, as you will see the funding cycle for the Spring Term was already in train when the early years providers and schools were required to close to all children except for those of key workers and deemed vulnerable.

**Funded Entitlement Important Dates for 2020-2021**

		West Berks responsibility	Provider responsibility
Summer term 2020	Estimate	Tasks to providers by: 16.03.20	Tasks to be returned by: 30.03.20
	"Estimate" Payment	Due 21.04.20	
	Headcount Day 30.04.20	Tasks to providers by: 27.04.20	Tasks to be returned by: 11.05.20
	"Actual" Payment	Due 02.05.20	
	Adjustment Task"	Tasks to providers by: 15.06.20	Tasks to be returned by: 26.06.20
	"Adjustment" Payment	Invoice or payment due by: 14.07.20	
Autumn term 2020	Estimate	Tasks to providers by: 05.07.20	Tasks to be returned by: 17.07.20
	"Estimate" Payment	Due 01.09.20	
	Headcount Day 10.09.20	Tasks to providers by: 07.09.20	Tasks to be returned by: 21.09.20
	"Actual" Payment	Due 13.10.20	
	Adjustment Task"	Tasks to providers by: 02.11.20	Tasks to be returned by: 16.11.20
	"Adjustment" Payment	Invoice or payment due by: 08.12.20	
Spring term 2020-21	Estimate	Tasks to providers by: 30.11.20	Tasks to be returned by: 11.12.20
	"Estimate" Payment	Due 05.01.21	
	Headcount Day 21.01.21	Tasks to providers by: 11.01.21	Tasks to be returned by: 25.01.21
	"Actual" Payment	Due 16.02.21	
	Adjustment Task"	Tasks to Providers by: 22.02.21	Tasks to be returned by: 05.03.21
	"Adjustment" Payment	Invoice or payment due by: 23.03.21	

- 3.5 The entitlement funding which schools and settings receive is based upon an estimate task for which they are paid 50% of their funding and an actual task which then provides the other 50% with any necessary adjustments.
- 3.6 Funding for the Summer Term is then finalised using a 'Headcount Day' task dated 30<sup>th</sup> April 2020. Obviously by this stage some settings had closed completely and others were now only offering places to a reduced number of children. So following government guidance settings will be funded based upon the estimate. To support the settings the payment dates for this has also been revised from 2<sup>nd</sup> June to 26<sup>th</sup> May 2020.
- 3.7 This process would be repeated for the Autumn Term however as settings are working to the guidance provided by government they will be re-opening on 1<sup>st</sup> June but with reduced numbers we will be using headcount information from 2019 to provide a guide for funding subject to further guidance from the DfE.
- 3.8 There are other aspects of the funding which will need to be considered as we progress through the year including parental eligibility for their additional hours. As many parents may well have been furloughed or face job losses there is likely to be movement in this area of need and funding. To support parents at this time the government have extended the eligibility time scales.

<https://www.gov.uk/government/news/eligibility-for-government-childcare-offers-protected>

<https://www.gov.uk/government/collections/financial-support-for-businesses-during-coronavirus-covid-19#support-for-businesses-through-the-coronavirus-business-interruption-loan-scheme>

- 3.9 The Government have also given local authorities some flexibility to remove or re-distribute funding however as an authority we have taken the decision not to use these powers due to the adverse effect on provider financial stability.

Full guidance <https://www.gov.uk/government/publications/use-of-free-early-education-entitlements-funding-during-the-coronavirus-outbreak>

- 3.10 Alongside the free entitlement funding most providers rely on income from charging for services, this includes small charges to the parents of entitlement funding but for the day-care providers this includes the fees they charge for younger children and for extended hours. This has been hugely impacted upon by the current arrangements.

- 3.11 To support providers there are a number of financial measures in place including the furlough scheme, rate relief and small business grants and loans. However not all providers are able to access this additional funding leaving them facing financially instability.

#### 4. Conclusion

- 4.1 The local childcare market is in a very fragile state facing many changes and challenges as the providers try to respond to the guidance for the re-opening of their provision. These challenges include:

- Staffing issues; shielding, vulnerable and childcare
- Reduced numbers of children attending due to social distancing measures
- Impact on income generation
- A whole range of different financial support packages to navigate
- Funding allocation uncertainty as headcount arrangements cannot be used

- 4.2 Members of the Early Years Funding Group have not met since the last Forum due to the difficulties the members are facing. So have not had the opportunity to fully explore the potential impact of COVID 19 arrangements on the current budget or to prepare a deficit recovery plan.

- 4.3 The recovery plan will need to be considered in the context of the budget allocation, emerging shape of the local childcare market and levels of need as parents return to work.