

MATTERS ARISING - Early Years Single Funding Formula Spring Term 2021

PLEASE NOTE THAT THIS STATEMENT WAS WRITTEN PRIOR TO THE ANNOUNCEMENT OF THE NATIONAL LOCKDOWN ON 4 JANUARY. THE DfE MAY ADJUST ITS GUIDANCE (AND OUR APPROACH MAY ADJUST AS A CONSEQUENCE OF THIS). THIS REPORT IS PROVIDED TO THE FORUM TO FACILITATE DISCUSSION ON THIS ISSUE.

Introduction

The DfE published on 17 December national guidance on the approach that is expected to be taken approach to the calculation of early years entitlement funding for the spring term 2021. This guidance can be found here:

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

The headline is that all local authorities are expected to return to their 'normal funding arrangements' for spring term 2021, using their normal arrangements for counting and funding actual numbers of entitlement hours recorded for children on roll (the normal 'funding follows the child' approach).

On this basis, authorities will be funded by the DfE for the spring term 2021 (Early Years Block, which is then used to fund providers) on the numbers recorded by providers in the January 2021 Census, which takes place in the week commencing 18 January 2021. There will be a limited route through which authorities can claim exceptional Early Years Block funding from the DfE, where their total January 2021 Census numbers are lower than 85% of the numbers recorded in January 2020 and where spring term 2021 entitlement delivery in the authority significantly increases after the January 2021 Census has been taken. There is only limited information available about this route at the moment. The DfE has said that further guidance will be provided. However, 85% is a very low threshold and we do not anticipate that this route will substantially support the position in Bradford, if at all.

The DfE has also refreshed its guidance on how providers that are employers can adjust (increase) their access to the Coronavirus Job Retention Scheme (CJRS 'furloughing') from 1 January 2021 where their entitlement funding adjusts (reduces) as a result of the return to normal funding arrangements. This guidance can be found here:

<https://www.gov.uk/government/publications/coronavirus-covid-19-financial-support-for-education-early-years-and-childrens-social-care>

Our Normal Arrangements

Our normal Early Years Single Funding Formula (EYSFF) arrangements for the 2020/21 financial year, and for the spring term 2021, are set out in our [Technical Statement](#).

We would normally fund all providers for the spring term 2021 based only on the census taken in week commencing 18 January 2021 with a 2nd headcount of 2 year olds taken on 25 February 2021.

We have already established rates of funding for all providers. These rates of funding were temporarily uplifted by £0.20 per hour in the autumn term.

Schools, academies and PVI providers are now receiving payments for spring term entitlement delivery based on estimated numbers and on their original funding rates (with the additional £0.20 removed).

Payments in respect of additional funding streams - DAF, EHCPs, EYIF and EYPP – have continued unadjusted throughout the year based on actuals.

Following the DfE's 17 December guidance, we plan to use our normal arrangements to initially confirm spring 2021 entitlement funding. However, recognising that the January Census is taken relatively early in the spring term and that entitlement delivery may increase following this Census, more so this year than would happen in a normal year, we plan for providers to be given the opportunity to claim additional entitlement funding where

they evidence that their delivery has increased after the January Census and 2nd headcount for 2 year olds have been collected.

Schools Forum – Spring Term Arrangements Early Years Block Impact 2020/21

We presented to the Schools Forum on 9 December (Document MH Appendix 1) a forecasted spending position for the Early Years Block, which did not include any additional cost that may come from confirmed spring 2021 EYSFF arrangements. We indicated that a model, which protected providers based on their spring 2020 delivery, might cost in the region of an additional £1.0m.

Whilst the DfE has confirmed that authorities are not to continue to protect provider entitlement funding, our planned arrangements are unlikely to be cost neutral to the Early Years Block. This is because we will fund providers for the growth in their entitlement delivery after the January 2021 Census has been taken. We see this to be a necessary adjustment to our EYSFF approach for this year only, which is permitted by our exceptional sustainability provision within the 2020/21 Technical Statement. If we did not make this adjustment, we potentially would substantially underfund providers for their actual delivery. We may also significantly restrict the flexibility that otherwise would be available for the system to respond to the cohort of children that have become eligible for the entitlement this year and who may take longer than normal to register with providers. However, as the Early Years Block will be funded for spring term 2021 only on January 2021 Census numbers, and as we calculate that the DfE's exceptional 85% funding route will make little if any difference to our DSG funding, we take the view that the cost of funding growth in delivery later in the spring term will need to be fully met from our existing Early Years Block funds. We plan to make budget provision with this understanding.

However, the cost is difficult to estimate at this time. This will depend a) on the numbers actually recorded in the 2021 Census to be taken week commencing 18 January and b) on the extent of growth of delivery between this Census and the end of March. Both these factors will not be confirmed until later in the term. The extent of growth after the Census is taken is the most critical issue here.

We present an updated 2020/21 DSG spending forecast to this meeting in Document MP Appendix 1. The forecast for the Early Years Block now includes an estimated £0.60m spend associated with the additional cost of spring term EYSFF arrangements. We now forecast that the Early Years Block will overspend in 2020/21 by £1.328m and that a balance of £3.273m will be carried forward into 2021/22.

The £0.60m is a broadly 'mid-point' cost estimate within a £0.2m - £1.2m range. Cost could be very low (if January 2021 Census numbers are strong and if there is little subsequent growth) but could also be very high (if the January 2021 Census numbers are weak and if there is significant subsequent growth).

We anticipate being in a position to provide an update on spring term 2021 cost to the March Schools Forum meeting.

The knock-on and related implications and issues for the 2021/22 EYSFF and Early Years Block is discussed further in Document MR presented to this meeting.