

High Needs Report

Schools' Forum Date	14 th January 2021
Type of Decision	For information and decision
Background Documents	Early Years COVID guidance (here)
Authors	Philip Haslett, Head of Education Strategy and Development
Purpose of Report	The purpose of this report is to highlight the impact on Early Years (EY) providers from the DfE's decision to fund only those children attending settings from 1 January 2021, rather than the numbers of eligible children as was previously the case. It also seeks approval for Schools Forum to take steps to mitigate the impact on providers and maintain a sufficiency of EY provision in the County.
Key Recommendations	<p>That Schools Forum agree to fund Early Years providers, for the spring term, on the basis of eligible places and hours rather than attendance, taking account of the DfE measures to offset the financial shortfall set out in this report.</p> <p>That the current surplus of £1.3 is used to offset the costs of continuing to fully fund eligible places.</p>
Resource Implications	Use of the £1.3m surplus in the Early Years Dedicated Schools Grant.

1. Introduction

- 1.1. This report summarises the urgent funding issues emerging within the Early Years sector that need timely consideration by the Schools Forum. These issues are driven by low attendance numbers in settings due to the COVID-19 pandemic and the change in DfE guidance to only fund places based on attendance from 1 January 2021.

2. Background

- 2.1. During the first phase of the COVID-19 pandemic (national lockdown) Early Years providers were in a similar position to the schools, only open to vulnerable children and those of key workers. During this period and beyond (end of December), DfE guidance was to continue to fully fund providers based on eligible numbers regardless of attendance. This was part of the national response to support the sustainability of critical services.
- 2.2. As we have entered into the current national lockdown Early Years providers have been told, based on public health guidance, to stay open for all pupils, whilst schools have reverted to a position of partial closure again.
- 2.3. The DfE have also confirmed that funding, from January 2021, will revert back to the pre Covid arrangement and utilise the 2021 January census. The guidance can be found [here](#). The guidance recognises that numbers on the census will be lower than usual and has a funding mechanism to mitigate this, up to 85% of the census levels in 2020, should numbers start to increase after the January census date (21st January 2021).

3. Provider sufficiency and sustainability

- 3.1. The Local Authority is concerned that the funding approach outlined by the DfE does not go far enough to ensure the sustainability of providers. This is a message that we have also received clearly from the sector, with many providers having been in touch over recent days.
- 3.2. Although Early Years providers have been asked to remain open for all children, parental confidence is not high and many are operating well below their usual numbers. Available data suggests that numbers attending are broadly in line with the first national lockdown in which providers were partially closed.
- 3.3. The reduction in numbers attending varies between settings but appears in some cases appears to be up to 50% of eligible. If funding is based only on attendance, it will create a funding gap for providers, which they cannot sustain. Furloughing staff through the government scheme is often not practicable, unless the provider decides to close and furlough all staff.
- 3.4. To address these issues and ensure sufficiency of provision we are aware that many localities have committed to continue funding eligible places, regardless of attendance. Of 13 local authorities that have responded to our enquiry about this, 11 have confirmed they are continuing to fund on the number registered places, rather than attendance. This approach follows the approach applied in the first lockdown but not the current DfE guidance updated on the 17th December 2020.
- 3.5. We have made contact with the DfE to confirm whether, given the recent announcement of a national lockdown, their guidance on funding claims would be updated to ensure that providers are appropriately supported, during a period, where attendance will undoubtedly

be lower. There has been no formal response yet, other than to confirm that this has been highlighted by a number of localities and is being actively considered. We believe that the move to a national lockdown and the potential further tightening of restrictions make the proposed funding approach by the DfE untenable and are expecting some changes to protect sufficiency in the Early Years sector.

4. Funding and financial implications

- 4.1. Whilst we await further guidance from the DfE, we have also been exploring the financial impact if they continue with the current model.
- 4.2. The current approach means that funding for the spring and summer terms are based on the census data taken at the end of January and submitted to the DfE in March. Once this exercise has been completed we will be able to confirm the scale of the funding gap.
- 4.3. If the DfE policy on funding places, does not change there is a mechanism in place to provide support for increases after the census date up to a cap of 85% of the January 2020 census.
- 4.4. The table below shows the financial impact of funding eligible places, based on reduced attendance levels:

Activity %	£M
50	5.0
60	4.0
70	3.0
80	2.0
90	1.0

- 4.5. The pattern of funding for Early Years has always been lower in the autumn than in the spring and the summer, which creates a surplus of funding at the end of the autumn term. The DfE have agreed that funding for the autumn term 2020 will be based on the January 2020 census, which means funding was at the usual levels. If the funding system was operating normally, it would have been based on the January 2021 census. This means that there is currently a forecast surplus of up to £1.3m in the Early Years block.
- 4.6. If government policy does not change and given the urgent nature of this issue and the need to ensure the sustainability of Early Years provision in Gloucestershire, the local authority recommends:
 - That Schools Forum agrees to fund Early Years providers, for the spring term, on the basis of eligible places and hours rather than attendance, taking account of the DfE measures to offset the financial shortfall set out in this report.
 - That the current forecast surplus of £1.3 is used to offset the costs of continuing to fully fund eligible places.