

Title of meeting: Schools Forum

Date of meeting: 2nd December 2020

Subject: 2020-21 Early Years Providers Covid-19 additional grant.

Report by: Alison Jeffery, Director of Children, Families and Education

Wards affected: All

Key decision: No

Full Council decision: No

1. Purpose of report

1.1. The purpose of this report is to seek approval from the Schools Forum to pay early years providers additional funding in the form of a one off grant in order to support the sustainability of the market. This would apply to providers who offered funded early years provision for two, three and four years old during the first national coronavirus lockdown.

2. Recommendations

It is recommended that Schools Forum:

- 2.1. Approves the grant values as set out in section 4.3 to be paid in the autumn term 2020.
- 2.2. Notes that a further review of the Dedicated Schools Grant Early Years block funding and expenditure will be undertaken in quarter four of the 2020-21 financial year, in relation to a potential further grant payment in the spring term 2021 as set out in section 8.2.

3. Background

3.1. The Coronavirus pandemic has produced many financial challenges for early year's providers since the first national lockdown which came into effect in March 2020. The main priority for the council's Early Years team has been to ensure the city had enough settings open to accommodate both children of critical workers and vulnerable children and also to secure sufficiency and sustainability for our childcare providers during this period and beyond.



- 3.2. Portsmouth early years providers were paid in full based on their forecast task at the beginning of April 2020 for the summer term, however, although financial assistance was given to some in the form of business rates relief, and business grants (where eligible), significant financial challenges faced settings due to their increased staffing and cleaning costs in order to adhere to infection control guidance and this placed an extra financial burden on settings. Just over a third of providers received business rate relief.
- 3.3. The local authority gave additional payments to term time settings who stayed open during the Easter and May half-term holiday to cover their exceptional costs. Any children of critical workers or vulnerable children who moved to a new setting because theirs had closed, either filled vacant funded hours already paid for in another nursery, or were funded to attend a childminder. Any setting that delivered over and above the hours paid to them on their forecast payment were paid for these additional hours at the end of the summer term.
- 3.4. The government recognised that many settings would not have the usual numbers of children attending in the autumn term due to the pandemic and therefore the DfE guidance was to *'fund 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'*.
- 3.5. The authority followed this guidance and made payments to providers based on their indicative budget using autumn 2019 hours. In addition an actual headcount task was issued mid-term and providers who had delivered more hours than paid for on their indicative budget will be paid an additional payment during November.

4. Proposed Grant Funding

- 4.1. There are 83 childminders and 88 group based providers, including school based nurseries, who are currently registered to provide early education funding across the city. In recent weeks five settings have had to close completely on the advice of Public Health England, for a two week period of isolation due to positive Coronavirus cases, and one setting has had to close throughout the second lockdown due to their setting being based in a Gym premises. Since September childminders and nurseries have also had to close 'bubbles' within settings in order to isolate due to positive Coronavirus cases which again has a profound effect on their private income as they cannot charge for private fees during these periods of closure.
- 4.2. We have evidence from the number of hours 23 nursery settings submitted for this term that the hours they are providing are significantly less than



autumn 2019 and that without the extra support to pay providers on their indicative hours based on autumn 2019, their long term sufficiency would be very precarious. These settings have engaged in business support either with our quality and sufficiency officers or Hempsalls. The current lockdown and high number of positive Coronavirus cases in Portsmouth is impacting negatively on early year's business sufficiency due to loss of private income. Over 50% of providers actively participated in Hempsalls business support workshops or 1:1 business support and expressed concern for future business viability.

- 4.3. A grant to support future sufficiency would give an extra boost to the continued recovery and sufficiency of the sector moving into 2021. It is proposed that nurseries and pre-schools would receive a grant payment of £2,700 each and childminders a payment of £500 each. This would reflect the extra cost of overheads, staffing and number of children in nurseries and pre-schools, in comparison with childminders who work from home and care for far fewer children.

5. Reasons for recommendations

- 5.1 The concerns about sufficiency within the early year's sector have been well documented recently and Portsmouth providers are no exception. Coronavirus government grants that were made available to the early years sector have had limited uptake as settings and childminders reported they did not meet the criteria and therefore this prevented a substantial uptake. Data shows that 13 providers benefited from a discretionary grant from the council, the level of which depended on the amount of their fixed costs as the scheme was designed to help providers cover for these costs.
- 5.2 After following the guidance given by the DfE in the summer and autumn terms we are now able to reconcile our funding and commitments to providers, and we are able to afford to pay an additional one-off grant to settings. This will assist early year's providers in their long term sufficiency and any loss of income streams experienced due to the Coronavirus pandemic and the financial challenges providers are facing. It is vital to ensure our early year's sector remains financially strong so that we continue to support working parents and provision for our youngest children across the city.

6. Integrated impact assessment

- 6.1. An integrated impact assessment has been completed and is attached at Appendix 1. It confirms that the proposals will not have a negative impact on the areas of equality and diversity, communities & safety, regeneration & culture, environment and public space.

7. Legal implications

- 7.1. There are no legal implications arising directly from the recommendations contained within this report.

8. Director of Finance's comments

- 8.1. As part of the national Coronavirus response, the Department for Education¹ updated the guidance and advice re regulation 16 of the School and Early Years Finance (England) regulations 2020 regarding the Early Years Block of the DSG. This enables local authorities to "redirect early years DSG funding from providers that are closed² in order to ensure provision of childcare for vulnerable children and children of critical workers". The aim of the funding is to ensure that providers which are open and offering the entitlements or are closed due to public health reasons are funded at broadly the same level that they would have expected to if Coronavirus had not happened.
- 8.2. The authority has funded early year's providers in line with the Government advice during the summer and autumn terms without having to deduct any funding from providers who had to close. Financial modelling indicates that there could be £0.5m available to fund these additional grants, based on the current understanding of the guidance. The proposals will cost £0.3m and should there be no change to the assumptions in the modelling, a further allocation to providers could be considered in the spring term.

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Signed by:

Appendices:

Appendix 1: - Integrated Impact Assessment.

Background list of documents: Section 100D of the Local Government Act 1972

¹ Guidance on the use of free early education entitlements funding during coronavirus (Covid-19) - 20 July 2020 - [Use of free early education entitlements funding during coronavirus \(COVID-19\) - GOV.UK](#)

² Closed without a public health reason

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

The information upon which this report has been based has been drawn from a variety of sources: however much of the information used is held in budget files prepared by the children and Education Finance Team. Please contact Angela Mann, Finance Manager, if required.

Title of document	Location

The recommendation(s) set out above were endorsed as amended/ deferred/ rejected by on

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Signed by: