Education & Skills Funding Agency

Guidance

Early years funding guidance for local authorities: spring term 2021 and the 2021 to 2022 financial year

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This is a technical guidance for local authorities which sets out:

Section 1: how local authorities can access the top-up financial support we have put in place during the 2020 spring term, up to a capped level of 85% of January 2020

Section 2: how local authorities will fund the early years entitlements in the financial year 2021 to 2022.

Section 3: information for local authorities on how to submit the data and key dates.

This follows from the policy guidance we published on the end of free education entitlements funding during the coronavirus (COVID-19) outbreak.

Section 1: spring term 2021 (financial year 2020 to 2021)

Local authorities will receive their early years delivered childcare spring (EDS) funding payments for the 2020 spring term as set out in the 2020 to 2021 Dedicated schools grant court (to cover 2020 to 2021 December 2020 and the January 2021 payments) (to cover January 2021 to March 2021). In addition to this, eligible local authorities may also access top-up funding for the spring term from the Early years funding allocation for the 2020 to 2021 financial year, as described below.

1.1 Eligibility for spring term top-up funding

All local authorities are eligible for top-up funding for any of the government's 2, 3 and 4 year old early years entitlements (excluding the disadvantaged 2 year olds fund) if the take up of any of those entitlements, at the time of the January 2021 census, are lower than 85% of their January 2020 census in childcare attendance hours, and this take-up has then increased over the course of the term.

1.2 Maximum top-up funding

As we announced in the policy statement, funding to local authorities for the early years entitlements for the 2020 spring term will be based on the January 2020 census. However, for local authorities who may have seen a low level of early years attendance in the January census, we will cap the amount of top-up funding we will make to pay for the entitlements taken up above the January 2020 levels (and, up to the capped value of 85% of the January 2020 census. For an eligible local authority, the size of the top-up funding is dependent on the level of attendance increase during the term. For example, if a local authorities 2-year old entitlement attendance was 1,000 hours in January 2020 and 800 hours in January 2021, the local authority's 85% cap would be 850. If they saw the average of January 2020 and May 2020 (count is 900 PTEs), which is less than the 85% of the January cap (1,020 PTE), therefore the local authority will get a top-up equivalent to 50 PTEs taking them to 950 PTEs. The maximum limit of what we will top-up to, for each of the entitlements, is capped at 85% of the January 2020 January 2020 attendance levels for the summer term.

1.3 How attendance increase will be measured

We will pay for the increase in attendance hours over the term for each of the dedicated schools grant (DSG) early years funding streams as described in section 1.5 – up to the level of the 85% of January 2020 cap for each entitlement. The early years entitlements are:

- 2 year olds
- 3 and 4 year olds - universal 15 hours
- 3 and 4 year olds - extended 15 hours
- maintained nursery schools (PNI) supplementary funding
- early years pupil premium

This excludes the Disability Access Fund as allocations are based on the number of 3 and 4 year olds claiming Disability Living Allowance in each council, using data from the Department for Work and Pensions.

We have published the EYFL January 2020 capped values for each of the entitlement strands for each local authority. These are represented as PTEs, for example, a child who has 15 hours a week for 38 weeks, is 570 hours, which is equivalent to 1 full time equivalent (1.0 FTE). In the January 2021 census, any local authorities PTEs have seen lower than their published cap for any of the early years funding streams, they will be eligible for a top-up payment, if the number of hours they have received payment for has increased over the Spring term. Since childcare attendance may have increased throughout the spring term, we are to fund based on a likely mid-point attendance level. Therefore, we will use a combination of the January 2021 census at the start of the spring term and the summer count to represent this midpoint - see section 1.5 for further details of the calculation.

We recognise local authorities take different approaches to funding providers and when they make payments, so we will allow local authorities to use either a 'termly' or 'actuals' approach, in order to pay the childcare providers in early years. Local authorities these termly counts will already coincide with the termly schools census points: summer (May), autumn (October), and spring (January).

In order to measure the final attendance hours for the spring term, we will require local authorities to submit the data using an online form available on our website. We will use the January census data as the summer school census week – week commencing 17 May 2021. This will ensure consistency of approach and ensure fair and transparent distribution of funding for all local authorities.

However, if the change of date to a local authorities routine summer term count presents significant issues, please contact ESFA as soon as possible, and an alternative date can be considered on a case-by-case basis.

1.4 Data required from local authorities

All local authorities should carry out the summer term attendance count for all early years childcare providers on the summer school census week.

We require the 'number of children' and the 'number of hours' taken up by children for the early years entitlements in the census week (week commencing 17 May 2021) for each of the early years funding strands. Local authorities need to ensure there are no duplicates in the children. For example, if a child opts their entitlement across more than one provider, the child should only be counted once and their total funded entitlement hours of all providers the child attends should be recorded.

The scope of the termly data collections is the same as what is usually collected for the January and May counts, as specified in the Early years funding: how to guide. We require the following data for local authorities to submit:

Early years entitlements	Children settings the local authority should submit data from
2 year olds	private, voluntary and independent (PVI) childcare providers, including childminders, school nurseries, FREE academies
3 and 4 year olds (universal 15 hours and extended 15 hours)	PVI providers, including childminders, schools with non-registered pupils of the school e.g. governor run schools, normally completed on the early years census), academies with non-registered pupils of the school (normally completed on the early years census)
early years pupil premium	PVI providers, including childminders, schools nurseries, FREE academies

Note: school nurseries (with registered pupils), FREE and academies (with registered pupils) data will be collected via the 2021 summer term school census.

We will use the data already collected by the department from the 2021 summer term school census for 3 and 4-year-olds in schools nurseries, FREE and academies, for the summer term funding payments. We will use the data from the January 2021 census and the summer school census data to calculate funding payments and the school census data not allow us to identify the children eligible for the 2-year old entitlement hours.

Also, we will use the data from the 2021 January alternative provision census for any children who are entitled for the early years entitlements.

We do not require the data for children in city technology colleges and non-maintained special schools as these are not funded via the DSG.

Local authorities should make their summer 2021 return in the form of individual children's data, in line with the Early years funding: how to guide principles, to ensure consistency with the usual approaches taken in a normal early years funding year. In particular see section 1.3 of the early years census guide for who is in scope of the census, and annex B for recording children temporarily absent (for example, due to sickness or no-shows), or if a provider is temporarily closed.

The deadline for submitting summer term data is 16 July 2021. Details on how to submit the data is included in section 3.1.

1.4.1 Recording stretched entitlement hours

Local authorities should record the number of 15 hours a week (or extended 15 hours for eligible 3 and 4-year-olds) across 38 weeks a year. However, some children will be 'stretch' the usual standard 15 hours a week, by taking up fewer hours each week across more than 38 weeks a year. For the purposes of this return, and in the same way as in the January census, the stretched entitlement will need to be converted back to a term time equivalent. For example, a child who has taken up 30 hours a week for 19 weeks is the full-time equivalent (570 hours). This should be reported in the 15 hours header. No further action is required. However, where a child takes only part of the universal entitlement, a consumer is required to calculate how many hours they take over the year. For example, a child takes 11 hours a week over 52 weeks in the year. Indicating 495 hours. The local authority should then divide the number of hours by 38 weeks to convert the stretched universal entitlement to the number of hours a week. This will attend each week. If they were taking it over 38 weeks, divide 495 by 38 to get 13.03 hours.

1.5 How is the top-up calculated and applied

1.5.1 Calculating the final spring term allocation

We will use the summer 2021 term count from each local authority to calculate eligibility for the top-up for the spring term. But the summer term data count will naturally be higher than the attendance levels at the end of the spring term, as additional children become eligible for the entitlements for the first time. We aim to fund local authorities based on a likely mid-point level of the spring term attendance, gradually increasing during the term. Therefore, we are using a combination of the January 2021 census and the summer count to represent this midpoint as described below to determine the final spring term allocation PTEs.

We will use an average of the January 2021 census and the summer term 2021 count. We will use the January 2021 count to represent attendance by the first half of spring term, and the summer 2021 count to represent the latter half. This aligns with the expectation that attendance will be lower at the start of the term and show a trajectory of increase in attendance levels, but allows for the second half of the term to increase more quickly in line with schools reopening.

1.5.2 Calculating eligibility for top-up

The process to determine the correct total spring term funding, for each early years entitlement, for each local authority, will be:

Step 1: If January2021 PTE is more than 85% of January 2020, then pay on January 2021. If not

Step 2: If May (summer) 2021 PTEs is lower than January 2021, then pay on January 2021. If not

Step 3: If the average of January 2021 and May 2021 PTEs is below 85% of January 2020, pay on the average of January 2021 and May 2021 PTEs. If not

Step 4: Pay 85% of January 2020 PTEs.

In order to help local authorities assess themselves whether they will be eligible for a top-up, we have published the 85% value of January 2020 PTEs for each relevant entitlement hour for each local authority.

1.6 Final funding allocation for financial year 2020 to 2021

For local authorities that are not eligible for top-up, their final funding allocation will be based on:

- nine-twelfths of the January 2020 census PTE numbers (to cover the April 2020 to December 2020 period).

plus

- three-twelfths of the January 2021 census PTE numbers (to cover the January 2021 to March 2021 period)

For local authorities that are eligible for the top-up, their final funding allocation will be based on:

- nine-twelfths of the January 2020 census PTE numbers (to cover the 2020 summer and autumn terms),

plus

- three-twelfths of the final 'spring term allocation' PTE numbers (as described in 1.5.1)

If a local authority does not submit their summer term return, we will base the 2021 spring term allocation on the January 2021 census.

The 2020 to 2021 final DSG early years funding adjustments that would normally be announced in July, will be delayed as a result of the new approach. They should instead be published in November alongside the normal planned schedule to DSG update, we will endeavour to notify individual local authorities of their final allocation adjustments in September.

Section 2: early years funding approach for financial year 2021 to 2022

As we set out in the use of free early education entitlements funding during coronavirus (COVID-19), we will fund local authorities for local authorities for the 2021 to 2022 financial year will be based on a termly count.

2.1 How local authorities will be funded in 2021 to 2022

2.1.1 Summer 2021

For the 2021 summer term, we will use the same data count from local authorities and the same approach to calculate the final summer term allocation PTEs, as we did as described in section 1.6. to determine the funding allocations for the 2021 summer term in full. Funding for the 2021 summer term will have no reference to the January 2020 census, unless the authority does not make a proper return (see section 2.2).

2.1.2 Autumn 2021

For the 2021 autumn term, we ask all local authorities to carry out their usual autumn term count, in line with the Early years funding: how to guide, in the autumn school census week - week commencing 4 October 2021. The data count should be taken in the same way as described in section 1.4 for the relevant settings. We will use the 2021 autumn term school census data for 3 and 4 year olds in school nurseries, FREE and academies with registered pupils of the schools. The October data count (the autumn term 2021 count) will be used to calculate the 2021 autumn term funding allocation. The funding allocation for the 2021 autumn term, for local authorities that have not been given a reference to the January 2021 census, unless the authority does not make a proper return (see section 2.2).

If the change of date to a local authorities routine autumn term count presents significant issues, please contact ESFA as soon as possible, and an alternative date can be considered by exception, on a case-by-case basis.

The autumn term data should be submitted to ESFA in the same manner as described in section 3.1. The deadline for submitting autumn term data is 13 December 2021.

2.1.3 Spring 2022

For the 2022 spring term, we will use the data from the usual annual 2022 January census and the data will be processed in the usual way.

2.2 If an authority does not submit termly data

Local authorities must submit attendance data for both the summer and autumn terms in order to be paid an attendance for either term. If any of the following criteria are met, we will fund local authorities for the summer 2021 term based on the January 2020 census, and for the autumn 2021 term based on January 2022 census.

- a local authority does not submit data for both the summer and autumn terms
- any of the information in the data collection template is not fully completed when submitted
- the data return is not signed off by the Section 151 officer

Note: if only one termly count is submitted, the local authority will be funded as in a usual year, the summer 2021 term would be based on the January 2021 census, and the autumn 2021 term based on the January 2022 census.

If a local authority is not intending to submit the termly data, we will require a 'nil' response from the local authority to confirm they are not submitting the information.

2.3 Funding allocation methodology for 2021 to 2022

In summary, the DSG early years final funding allocation for 2021 to 2022 will be based on the following:

- five-twelfths of the May 2021 count PTE numbers (to cover the April 2021 to August 2021 period)
- four-twelfths of the October 2021 count PTE numbers (to cover the September 2021 to December 2021 period), plus
- three-twelfths of the January 2022 census PTE numbers (to cover the January 2022 to March 2022 period)

For 2 year olds, and 3 and 4-year olds universal 15 hours and extended 15 hours, the final allocations for each local authority will be calculated as follows:

- the total number of PTEs taking up the universal 15 hours entitlements, as recorded on the counts in May and October as above, plus alternative provision census
- multiplied by 15 hours = 38 weeks = local authorities 2021 to 2022 hourly funding rate

For the early years pupil premium, the final allocation for each local authority will be calculated as follows:

- the total number of PTEs taking up the EYPP as recorded on the counts in May and October as above, plus alternative provision census
- multiplied by 15 hours = 38 weeks = £0.53

For PNIS supplementary funding, the final allocation for each local authority will be calculated as follows:

- the total number of PTEs taking up the universal 15 hours in PNIS as recorded on the counts in May and October as above, plus alternative provision census
- multiplied by 15 hours = 38 weeks = local authorities 2019 to 2020 supplementary funding rate

The initial early years funding allocations for the financial year 2021 to 2022 (published in December 2020) will be updated in January 2022 to show the adjustments for the summer and autumn terms. Local authorities will not see adjustments for payments until January 2022. Final funding allocations for 2021 to 2022 will be published in July 2022 as per the usual timetable.

Section 3: how to submit data and key dates

3.1 How to submit the data

Local authorities will need to submit the data using an online form available via ESFA data collection portal.

All the data submitted to ESFA must signed off by the local authorities Section 151 officer to provide proper assurance, given that the data is important for national funding purposes.

The form should be submitted by ESFA by 16 July 2021 for the summer term data and 13 December 2021 for the autumn term data by return through the ESFA data collection portal.

If the deadline poses a significant problem to a local authority, then they are asked to contact the ESFA as soon as possible at APTQuestions.questions@education.gov.uk.

3.3 Summary of key dates

Data collection and deadlines	Activity	Key dates
Summer term 2021	Summer census week	Week commencing 17 May 2021
	School census closes	7 July 2021
	Deadline for local authorities to submit summer term data to ESFA	16 July 2021
Autumn term 2021	Autumn census week	Week commencing 4 October 2021
	School census closes	1 November 2021
	Deadline for local authorities to submit autumn term data to ESFA	13 December 2021
Publication of updates to early years DSG allocations		
Funding for financial year 2020 to 2021	Update to final funding allocation for 2020 to 2021	November 2021
Funding for financial year 2021 to 2022	Update to 2021 summer and autumn term adjustments	January 2022
	Update to final funding allocation for 2021 to 2022	July 2022

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