

Part of
Education, universities and childcare during coronavirus



Guidance
Use of free early education entitlements funding during coronavirus (COVID-19)
 Updated 18 March 2021

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The latest updates are as follows:

- updates to set out the government's plans for funding local authorities in the 2021 spring term and for the financial year 2021 to 2022 - [read section 1](#)
- the previously published guidance on early years funding for the 2021 spring term has moved to [section 2](#)
- information on funding the 2020 autumn term has been removed since it is no longer required

Section 1: Funding for local authorities – update to the 2021 spring term top-up funding and funding for financial year 2021 to 2022

Update to top-up funding for local authorities in the 2021 spring term

On 17 December 2020, we announced our intention to fund local authorities for the 2021 spring term using the January 2021 census. If attendance rises after the census is taken, we said we'll top-up local authorities' figures, up to 85% of their January 2020 census level, where a local authority can provide evidence for increased attendance during the spring term.

To deliver this policy, we'll use the next attendance count which all local authorities would take after the January census, which will be in the summer term, in order to provide a representation of the final attendance levels for the spring term.

Since childcare attendance may have gradually increased throughout the spring term, we aim 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 to determine the final spring term top-up. We will scale the summer term attendance data accordingly, to represent spring term attendance for each of the early years entitlements.

We have now published [technical guidance for local authorities](#) on the data required to measure the increase in attendance over the spring term, and how the top-up will be calculated.

Funding for local authorities in financial year 2021 to 2022

The normal process for determining funding allocations for local authorities for the early years entitlements is to take an annual census count of the number of hours taken up by children in each local authority in January. This is the mid-point of the academic year and so balances the relatively lower numbers eligible for the free entitlements in the autumn term and the higher numbers in the summer term. This means that local authorities would, in normal circumstances, be paid for the summer term 2021 based on the January 2021 census data, and for the autumn term 2021 and spring term 2022 based on the January 2022 census data. Given the ongoing impact of the coronavirus (COVID-19) on childcare attendance levels and that the January 2021 census data may be lower than normal, a different approach to funding will need to be taken for 2021 to 2022.

We will therefore fund all local authorities on a termly attendance count basis in 2021 to 2022, based on actual attendance.

The practical implications for local authorities will be:

- we will ask all local authorities to align their usual 2021 summer and autumn term attendance counts for their childcare providers with the timing of the termly school census, and submit headline data to the Education and Skills Funding Agency (ESFA). However, if changing the data count timing presents significant difficulties for any local authority they can contact the ESFA to discuss variation to the date by exception, on a case-by-case basis. See the [early years funding guidance for local authorities](#) for further details.
- we will require attendance data for each of the dedicated schools grant (DSG) early years funding streams: 2 year olds, 3 and 4 year olds universal 15 hours and extended 15 hours, maintained nursery schools supplementary funding and the early years pupil premium. This excludes the Disability Access Fund as it is normally funded on an eligibility estimate number basis.

This means the 2021 summer and autumn terms can be funded on a termly count, collected from local authorities and from the school census, for the respective terms. The spring 2022 term will be based on the January 2022 census as normal.

Please note: we intend to use the same summer term count data for determining both the 2021 spring term top-up (for financial year 2020 to 2021) and the summer term allocation (for financial year 2021 to 2022). We will use a scaled version of the summer term count to represent the increase in spring term attendance (as mentioned above), and the full summer term count data to represent the summer attendance. Therefore, local authorities do not need to submit different datasets in order to finalise the spring and summer term allocations.

As we announced in December, local authorities should continue in their usual way of paying early years providers for the free entitlements they are delivering.

Providers who see a reduction in their income may be eligible to claim for support from the Coronavirus Job Retention Scheme (CJRS). Providers should refer to the [DfE guidance on financial support for education, early years and children's social care](#), and the HM Revenue and Customs guidance for the CJRS scheme to assess their eligibility.

We have published [technical guidance for local authorities](#) setting out how we will operationalise the funding process for 2021 to 2022, including information on the proposed summer and autumn term data collections.

Summary of early years funding allocation

Financial year 2020 to 2021

The basis of early years final funding allocation for financial year 2020 to 2021 will be:

- summer and autumn 2020 terms (to cover April 2020 to December 2020 period) based on the January 2020 census

plus

- spring 2021 term (to cover January 2021 to March 2021 period) based on January 2021 census

plus, for local authorities eligible for the spring term top-up

- a top-up to bring the spring term allocation up to the average of the January 2021 census and the 2021 summer term count, up to 85% of January 2020 cap

Financial year 2021 to 2022

The basis of early years final funding allocation for financial year 2021 to 2022 will be:

- summer 2021 term (to cover April 2021 to August 2021 period) based on 2021 summer count

plus

- autumn 2021 term (to cover September 2021 to December 2021 period) based on 2021 autumn count

plus

- spring 2022 term (to cover January 2022 to March 2022 period) based on the January 2022 census

Section 2: funding for local authorities and early years providers in the spring term 2021

Funding from the Department for Education (DfE) to local authorities in the spring term 2021

The normal process for determining funding allocations for local authorities for the early years entitlements is to take an annual census count of the number of hours taken up by children in each local authority in January. This is the mid-point of the academic year and so balances the relatively lower numbers eligible for the free entitlements in the autumn term and the higher numbers in the summer term. This means that local authorities would in normal circumstances be paid for the spring term 2021 based on the January 2021 census data.

In July we asked local authorities to continue funding providers as if coronavirus (COVID-19) had not happened and said that by exception we would base local authorities' autumn term funding on the January 2020 census count. We also announced that our intention was to return to the normal funding process from 1 January, and use the January 2021 census count to drive funding allocations for the 2021 spring term. The number of children attending childcare has been increasing across the autumn term and attendance is much higher than during the first national lockdown.

Therefore, we will fund all local authorities on the basis of their January 2021 census for the spring term.

However, we recognise that the number of children attending childcare may not have returned to normal levels in all areas when we take the January 2021 census, and it may not therefore represent the mid year point in the normal way. This may cause concern for some local authorities who then see attendance rise over the course of the spring term.

Therefore, by exception, in a local authority where attendance is below 85% of their January 2020 census levels, and where that local authority can provide evidence for increased attendance during the spring term, we will provide a top-up to their January 2021 census. The top-up would only fund the additional places taken-up after the January 2021 census week count and would be limited to a cap equivalent to 85% of their January 2020 census. This will give local authorities additional financial confidence to pay providers for increasing attendance later in the term.

Funding for local authorities to early years providers in the spring term 2021

Local authorities should have returned to the normal funding approach (that is, 'funding following the child') for all providers from 1 January 2021. This is in line with the approach announced in July 2020.

Providers should note that the guidance on [Early Years providers' access to the Coronavirus Job Retention Scheme \(CJRS\)](#) was updated to reflect this approach to funding in the spring term, to take account of the position of any providers who see reductions in entitlements funding as a result.

Local authorities must take account of the provisions within the [Early education and childcare statutory guidance](#) for local authorities in making decisions on funding for providers which have restricted attendance, or are closed or temporarily closed for reasons connected to coronavirus (COVID-19). Local authorities should ensure that providers are:

- not penalised for short term absences of children, for example sickness, arriving late or returning early, or a family emergency through withdrawing funding, but use their discretion where absence is recurring or for extended periods taking into account the reason for the absence and the impact on the provider
- aware of the local authority policy in the area in which they practice on reclaiming funding when a child is absent from a setting
- not penalised through withdrawal of funding for short term closures of a setting, for example, as a result of local or national elections or the premises

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