

Early Years Investment Funding

Key Messages

Forum members are asked to:

1. Note the proposal for the distribution of the £500k 2019/2020 one-off contingency fund; and agree to the distribution method outlined below; as recommended by the Early Years Working Group.
2. Note the proposal for the one-off £544k early years investment fund; and agree to the distribution method outlined below, as recommended by the Early Years Working Group.

1. Contingency Fund – 2019/2020

- 1.1. As reported at the February 2021 Schools Forum meeting, a £500k contingency fund was created from the positive outturn in 2019/20 for 3&4-year-old FEL providers. This fund was held back due to the uncertainty of the pandemic and to mitigate against its impact on low attendance and the changes in the way LAs were funded in 2021/22.
- 1.2. In light of the financial pressures facing the childcare sector and in recognition that early years providers are continuing to face a financially challenging situation, the Early Years Working Group proposes that rather than hold this funding back until Autumn 2022, we distribute this to the sector as a one-off payment as soon as possible.

2. Proposal for Distribution

- 2.1. It is recommended that the £500k funding for 3&4-year-old providers be distributed using the number of hours paid to 3&4-year-old providers in the **2019/20** financial year.
- 2.2. This will allow each provider to set their own priorities to recover from the impact of Covid-19, as and when they feel it is appropriate.
- 2.3. Providers can still come to a local agreement if they wish to “pool” their funding with other settings.

3. Method of Distribution

- 3.1. The funding will be allocated to all current providers (schools/PVIs and childminders) using their FEL hours paid in the 2019/20 financial year.
- 3.2. The funding will be distributed to early years providers as soon as is practical.
- 3.3. There will be a minimum payment of £250 paid to all eligible providers.

4. Positive Variance 2020/2021

- 4.1. As reported in November 2021 the Education and Skills Funding Authority (ESFA) confirmed the 2020/21 financial year outturn and Sheffield has a positive variance of £544k of Early Years Funding. This is due to the differences in how the ESFA provide funding to local authorities and the national requirements in funding for individual providers.
- 4.2. The positive variance is split across the two age ranges in the early years sector and is made up of £474k which is based on 3&4-year-old Funded Early Learning funding (FEL) with an additional positive variance of £70k for the 2-year-old FEL sector.
- 4.3. The Schools Forum Early Years Working Group is now recommending that this funding should be distributed, in recognition that early years providers are continuing to face a financially challenging situation due to the ongoing pressures in the sector due to Covid-19.

5. Proposal for Distribution

- 5.1. It is recommended that the £474k funding for 3&4-year-old providers be distributed using the number of hours paid to 3&4-year-old providers in the **2020/21** financial year.
- 5.2. It is recommended that the £70k funding for 2-year-old providers be distributed using the number of hours paid to 2-year-old providers in the 2020/21 financial year.
- 5.3. This will allow each provider to set their own priorities to recover from the impact of Covid-19, as and when they feel it is appropriate.
- 5.4. Providers can still come to a local agreement if they wish to “pool” their funding with other settings.

6. Method of Distribution

- 6.1. The funding will be allocated to all current providers (schools/PVIs and childminders) using their FEL hours paid in the 2020/21 financial year.
- 6.2. The funding will be distributed to early years providers as soon as is practical.
- 6.3. There will be a minimum payment of £250 paid to all eligible providers.

7. Recommendations

Forum members are asked to:

1. **Note** the proposal for the £500k 2019/20 contingency fund; and **agree** to the distribution method outlined above.
2. **Approve** the recommendation of the Early Years Working Group - to distribute the £544k early years funding by applying the distribution method as set out above.