

Early years Funding During Covid19

This section will be relevant to early years providers that are employers, and that usually have a mix of public income (largely this will be funding for the free early education entitlements, also known as 'DSG funding') and private income (largely this will be the fees that parents pay for childcare beyond the free entitlements).

Childminders are less likely to be employers, and therefore are less likely to be eligible for support via the CJRS. Childminders may find the [Self Employment Income Support Scheme](#) more relevant. Maintained nursery schools should take account of the guidance in this section.

On 17 March 2020, the Chancellor confirmed that the government will continue to pay local authorities for free early years entitlement places for 2, 3 and 4 year olds to support providers at this time. On 18 March 2020, the government also announced a business rates holiday for many nurseries in England for the 2020 to 2021 tax year. [Read the guidance](#).

Early years settings should remain open where they are needed to provide childcare for the children of critical workers who cannot be cared for safely at home, and vulnerable children.

A private provider should only furlough employees, and therefore seek support through the Coronavirus Job Retention Scheme, if they meet the following conditions:

- the employee works in an area of business where services are temporarily not required and where their salary is not covered by public funding
- the employee would otherwise be made redundant or laid off
- the employee is not involved in delivering provision that has already been funded (free entitlement funding)
- (where appropriate) the employee is not required to deliver provision for a child of a critical worker and/or vulnerable child
- the grant from the Coronavirus Job Retention Scheme would not duplicate other public grants received, and would not lead to financial reserves being created

If it is difficult to distinguish whether staff are funded through free entitlement or private income for the purposes of meeting the first 3 conditions as listed above, then an early years provider can access the CJRS to cover up to the proportion of its paybill which could be considered to have been paid for from that provider's private income. This would typically be income received from 'parent-paid' hours, and excludes all income from the government's free entitlements (or 'DSG income') for all age groups. In line with the conditions of the scheme listed above, providers should

initially use the month of February 2020 to represent their usual income in calculating the proportion of its paybill eligible to be covered by the scheme. Providers should adjust these proportions in subsequent furloughing applications if their income from the government's free entitlements changes, but are not expected to make any adjustments in relation to changes in parent-paid income.

To illustrate:

If a provider's average monthly income is 40% from DSG and 60% from other income, the provider could claim CJRS support for up to 60% of their paybill.

This would be done by furloughing staff whose usual salary / combined salaries come to no greater than 60% of the provider's total paybill.

These proportions could change in subsequent furlough applications as a result of DSG income changing (but not where income from parents increased or decreased). For example, if this provider subsequently receives additional DSG income from a local authority as a result of providing additional hours of childcare, such that its new DSG income would represent 55% of its total income in February 2020, then its maximum use of the furlough scheme should, from that point, be reduced to 45% of its paybill.

Some early years settings may also be eligible for the Small Business Grant Fund (SBGF). The [details and eligibility criteria for SBGF can be found in the guidance](#). For more information, and to find out how to apply for the Coronavirus Business Interruption Loan scheme, please refer to the [Financial support for businesses during coronavirus \(COVID-19\) guidance](#). Further [guidance for early years providers](#) is available.

The DfE is considering appropriate measures to monitor the use of these schemes in order to detect any duplication of funding, and will be considering potential options to recover misused public funding as required.