

Change in guidance for Early Years Providers related to Coronavirus Job Retention Scheme for furloughed workers¹

17th April 2020

On 17th April 2020 the DfE updated their guidance: Coronavirus (COVID-19): financial support for education, early years and children's social care.

In the sector specific guidance related to Early Years the DfE have changed the conditions by which staff can be furloughed through the Coronavirus Job Retention scheme.

For early years providers that usually have a mix of income, it is no longer an automatic 80% of the salary, but providers have now to take into account:

- 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).

Conditions for Coronavirus Job Retention Scheme (CJRS)

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:

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

Distinguishing between the two sources of income

If it is difficult to identify 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 pay bill 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.

¹ Coronavirus (COVID-19): financial support for education, early years and children's social care. Published 17th April 2020

www.gov.uk/government/publications/coronavirus-covid-19-financial-support-for-education-early-years-and-childrens-social-care/coronavirus-covid-19-financial-support-for-education-early-years-and-childrens-social-care

Use your February 2020 income as a baseline

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 pay bill 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.

Example

The income for February 2020 for my early entitlements (DSG) came to £4,000 and I also received £6,000 in other income. The table shows that for February 2020 the total income was £10,000 . I receive 40% from DSG and 60% from other income, therefore as a provider I could claim CJRS support for up to 60% of my pay bill.

Your Income for the Month of February 2020				
Income from free entitlement (DSG)	Income from parents & other income	Total	DSG %	Other income %
£4,000	£6,000	£10,000	40	60
Enter the sum above	Enter the sum above	Automatic calculation	Automatic calculation	Automatic calculation

Ealing FIS have a tool that automatically calculates the percentages for you and is available Ealing Grid for Learning www.egfl.org.uk/coronavirus under Early Years.

Update on other sources of funding and guidance

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.

Updated guidance regarding Childminders, maintained Nursery Schools and school based nurseries

- **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.
- For **school-based nursery provision**, please refer to the 'schools' section in the guidance (link at bottom of page 1)

The information and guidance contained in this document and the named spreadsheet is for general information purposes only. You should not rely upon it as a basis for making any business, legal or any other decisions.