



2020-0027019VFPO

**Vicky Ford MP**

Parliamentary Under-Secretary of State for Children and Families

Sanctuary Buildings 20 Great Smith Street Westminster London SW1P 3BT  
tel: 0370 000 2288 [www.education.gov.uk/help/contactus](http://www.education.gov.uk/help/contactus)

Councillor Jayne Francis,  
Cabinet member for Education, Skills and Culture,  
Birmingham City Council  
By email: [Jayne.Francis@birmingham.gov.uk](mailto:Jayne.Francis@birmingham.gov.uk)

Councillor Judith Blake,  
Leader Leeds City Council  
By email: [Judith.blake@leeds.gov.uk](mailto:Judith.blake@leeds.gov.uk)

25 June 2020

Dear Jayne and Judith,

Thank you for your letter of 12 May 2020, addressed to the Secretary of State and copied to me, about early years settings and the Coronavirus Job Retention Scheme (CJRS). I am replying as the minister responsible for this policy area and I apologise for the delay in responding.

May I begin by wishing you both well in these challenging and troubling times.

The government immensely values the selfless dedication that early years and childcare staff demonstrate in their work every single day. Ensuring young children can be cared for in order that their parents are able to go to work is of the utmost importance, now more than ever.

Those who work in the education and childcare sector rightly take their place next to our NHS staff and other critical workers as central to our efforts in dealing with this difficult situation. Nurseries, pre-schools, childminders and childcare settings for school-age children around the country are taking the lead in supporting families. We are keenly aware that the extraordinary measures taken to prevent the spread of coronavirus (COVID-19) present an unprecedented challenge for childcare settings as well as the communities they serve.

The overriding objective is to ensure that critical workers have the childcare that they need to do their jobs during this crisis, and that vulnerable children have access to early years provision. I thank childcare staff for their hard work to help meet this objective. However, maintaining a healthy childcare market in the longer term is also important, which is why we have guaranteed early years entitlement funding, which will be worth £3.6 billion this year, as well as ensuring early years providers have access to other government support schemes for businesses where operations have been severely affected by COVID-19, including the CJRS, details of which are available at: [tinyurl.com/taPx56J](https://tinyurl.com/taPx56J).

HMRC's guidance on the CJRS has always been clear that:

'Where employers receive public funding for staff costs, and that funding is continuing, we expect employers to use that money to continue to pay staff in the usual fashion – and correspondingly not furlough them. This also applies to non-public sector employers who receive public funding for staff costs'.

It also states that:

'Where organisations are not primarily funded by the government and whose staff cannot be redeployed to assist with the coronavirus response, the scheme may be appropriate for some staff'.

The guidance published by the department on 17 April confirms that early years providers remain eligible for the CJRS, while continuing to receive early entitlement funding via local authorities (LAs). This guidance sets out that early years providers can access the CJRS to cover up to the proportion of their pay bill which could be considered to have been paid for from their private income.

For example, if a provider's average monthly income is 40% from early entitlement funding and 60% from other income, the provider could claim CJRS support for up to 60% of their pay bill. This would be done by furloughing staff whose usual salary, or combined salaries, come to no greater than 60% of the provider's total pay bill.

LAs will need to ensure there are sufficient childcare places at this time. To support this, we have published guidance setting out how LAs can use their free entitlement funding differently, redistributing it (in exceptional cases and in a clearly focussed and targeted way) in order to secure childcare for the children of critical workers and for vulnerable children, where their usual arrangements are no longer possible.

Any setting which sees their early entitlement funding reduced in order to fund childcare places elsewhere will be able to increase the proportion of their salary bill eligible for the CJRS, in line with the department's guidance on access to the scheme.

Conversely, if instead a LA increases early years dedicated school grant funding to a provider, the proportion of the provider's salary bill eligible for the CJRS will decrease, and the provider will need to assess whether fewer staff should be furloughed as a result. Guidance outlining this is available at: [tinyurl.com/Y7b6wxt8](https://tinyurl.com/Y7b6wxt8).

We have worked hard to get this much needed clarity for the early years sector. This is a complex situation involving schemes which must be fair and work for all sectors. Providers will only be unable to access the CJRS if their entire income comes from public sector funding, and they continue to receive this funding, enabling them to pay their staff as normal. This approach is vital to support providers while also protecting the taxpayer from double funding (paying for staff to be furloughed whose salary is already being paid for by other public sector funding). Further information is available in the guidance published at: [tinyurl.com/s6h7xoc](https://tinyurl.com/s6h7xoc).

This ability to redistribute will enable LAs to ensure that critical workers, including NHS staff, are able to access childcare where they need it.

On 29 May, the Chancellor of the Exchequer announced changes to the CJRS. These changes include new flexibility, meaning from 1 July, employers can bring back to work employees that have previously been furloughed for any amount of time and any shift pattern, while still being able to claim the Coronavirus Job Retention Scheme grant for their normal hours not worked. When claiming the grant for furloughed hours, employers will need to report and claim for a minimum period of a week. HMRC have published guidance on this, and the department's guidance, will be updated accordingly. HMRC guidance can be found at: [tinyurl.com/YctvP6m3](https://tinyurl.com/YctvP6m3).

On 9 June, the Chancellor of the Exchequer confirmed that parents on statutory maternity and paternity leave who return to work in the coming months after a long period of absence will be eligible for the furlough scheme even after the 10 June cut-off date. This also applies to staff on adoption leave, shared parental leave, and parental bereavement leave.

We will continue to work closely with HM Treasury to monitor how the government support packages are benefitting organisations and to consider any further action which may be required.

If this information or the links included do not answer your question, my office will be happy to let you know of a future MP drop-in session.

Thank you for writing about this important matter.

Yours sincerely

A handwritten signature in black ink that reads "Vicky Ford". The signature is written in a cursive, flowing style.

**Vicky Ford MP**  
**Parliamentary Under-Secretary of State for Children and Families**