



All Party Parliamentary Group on Nursery Schools, Nursery and Reception Classes

Tuesday 24 April 2018, 2.00-4.00pm

Chair's briefing

This meeting will focus on some crucial aspects of quality in early childhood education including:

- Sir Kevan Collins of the Education Endowment Foundation on the evidence we have of what works in the early years and why system leadership is crucial
- Dr Jane Payler of the Open University on current issues and challenges with the early years workforce and quality
- Nansi Ellis from the NEU with feedback on workforce issues from their members and
- James Bowen of the NAHT on the impact of the 30 hours policy on the EYFS in schools.

But first an update on the crucial issue of funding for maintained nursery schools.

Update on interim funding arrangements for maintained nursery schools in 2018-19

When introducing the Early Years National Funding Formula in 2017, the government recognised that it did not cover the costs of maintained nursery schools, and it committed to providing level funding compared to 2016-17 for the following three years. However, we are hearing from around the country that maintained nursery schools' funding has in many cases decreased in practice for a range of reasons including:

- A complex formula which assumes all funding is based on an hourly rate, rather than recognising many nursery schools received a lump sum to recognise the need for year on year stability, as with other schools.
- A very belated announcement from DfE that the supplementary funding would be calculated only in relation to the universal entitlement, not the additional hours for 30 hours children. By the time this was announced many nursery schools had agreed to allocate some of their places for the 30 hours to support a flagship government policy, unaware it would impact on their funding.
- Not taking into account cost increases such as business rates, and changes to the minimum wage, national and local salary scales and pension contributions.

The sheer complexity of the formula means that in some cases it is not transparent why the amount for 2018-19 is lower than 2016-17.

We will press the minister to look again at funding for 2018-19 to ensure no nursery schools are unnecessarily put into financial difficulties that might lead to closure.

We would encourage all nursery schools to respond to our survey which attendees have all been given copies of on arrival, to let us know if they are under threat as a result of the formula in the current year. Government promised three years of level funding to prevent further nursery schools from closing, but we already know of five which will close in 2018. We must hold ministers to account so that the £60m is used to prevent any further closures.

Progress towards a long-term funding solution for maintained nursery schools: update on the DfE feasibility study and follow up research

As announced by the Minister at the last meeting of the APPG, the DfE have commissioned research to evidence the additional costs and value of maintained nursery schools. A feasibility study was completed in January, following which Frontier Economics and NatCen have embarked on fieldwork for the main study, which includes detailed case studies of a sample of 30 maintained nursery schools, and a less detailed census of all other nursery schools via the Childcare and Early Years Providers Survey, which it is proposed will provide comparative data for maintained nursery schools and private providers. Early Education will publish a summary of the various strands of research on the APPG webpage for clarification and we would encourage all maintained nursery schools to participate in the research to give as accurate as possible a picture of the sector's costs and the valuable services it delivers.

The results of the research should be published in the autumn, at which point we will know whether it has adequately captured the additional costs of nursery schools and their added value. If so, that will help make the case for the long-term funding solution.

Early Education has raised a number of concerns with the DfE concerning the research design and methodology, and the limitations which may affect the findings. We encourage participants to give us feedback on their experience of the research, and any aspects of their costs or services which are not adequately being captured so that identify any weaknesses that need to be addressed.

The next and most crucial stage is, of course, to ensure that the research leads to proposals for a long-term viable funding solution for nursery schools. We are concerned that by the time the research is published in the autumn, the government's ability to make firm decision for 2020 funding will be constrained by the Comprehensive Spending Review, which will not yet have got underway. However, given the DfE's own requirement that schools budget 3 years ahead, it is imperative that proposals are progressed urgently in the autumn to give schools and local authorities the reassurance that they are making prudent assumptions as to future funding.

We will press the Minister for a solution to this difficult issue of timing, and will ask him to ensure all local authorities are aware that it would be premature to make decisions about the future of maintained nursery schools before that funding proposal is announced.

Treasury Select Committee report on Childcare

We note that the recent Treasury Select Committee also commented that the Early Years National Funding Formula is not being funded at an adequate level, is not taking into account future rises in costs, and that it may have unintended negative consequences for families in disadvantaged areas (see separate briefing).