

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

### Lobbying briefing for 11 March 2019

## A long-term funding solution for maintained nursery schools

Maintained nursery schools (local authority run schools for 2, 3 and 4-year-olds which offer outstanding education and care to some of our most vulnerable children) are facing huge uncertainty as to their funding from the autumn of 2020.

The current government has recognised their crucial role and that the Early Years National Funding Formula (EYNFF) does not adequately provide for their costs. Recent DfE-commission research (Paull and Popov, 2019) confirms that maintained nursery schools have higher costs than other providers and also:

- have a higher fraction of children from disadvantaged backgrounds than other provider types
- have a higher proportion of children with SEND
- provide a greater range and quantity of additional and specialist services than other early years providers
- have higher staff qualifications and higher Ofsted ratings than other provider types.

When introducing the EYNFF for other early years providers in 2017, ministers committed to maintaining level funding for maintained nursery schools as a stop-gap measure until 2019-20 through a block of supplementary funding of around £59m per year, and recently extended that funding for the summer term of 2020 with a further £24m. It undertook to consult with the sector on a long-term funding model for a long-term funding solution once it had the results of specially commissioned research on the cost of maintained nursery schools. That research is now published (see above), and **we call on government to work with the sector on a long-term funding solution.**

Ministers say decisions about funding for 2020-21 onwards must await the next Spending Review, the timing of which is uncertain. If it takes place in autumn 2019, schools will at that point not even know their funding one year ahead, and only for the first half of the following financial year. **It is therefore vital that government urgently hold talks with the sector to discuss a proposed future funding model**, and put proposals out for consultation, so that funding can be confirmed at the earliest possible moment.

Loss of the £59m supplementary funding would represent an average cut of 31% – for some schools far more. This would lead to widespread closures.

Key principles which must underlie any future settlement include the following:

- It should recognise that maintained nursery schools are schools and - like other schools - their formula should provide stability through a proportion of **block funding, comprising a lump-sum and additional factors such as premises (eg business rates and PFI)**, in addition to any hourly-based funding formula relating to funded hours of early education. Funding rates should recognise that **maintained nursery schools are small schools**, without the economies of scale which larger schools can achieve, and block funding should be calculated accordingly. Consideration should be given to parity in relation to other sources of funding such as pupil premium, school meals and capital funding streams.
- Consideration should be given to whether an **enhanced hourly rate** is needed to ensure the viability of maintained nursery schools and recognise that they have an extended role compared to other early years providers.
- A national formula should be developed to **remove the historical anomalies** involved in the current supplementary funding allocations and which, to the extent that it varies nationally, does so on justifiable current differences in area costs.
- The **transitional impact of the new formula** should be modelled and any potential loss of income capped to ensure it will not impact on schools' viability and quality.

Maintained nursery schools embrace their extended role, and **we recommend that the funding agreements for maintained nursery schools should recognise and formalise that role**, to ensure local authorities make best use of their nursery schools, and that government can show the additional benefits which accrue from the higher investment in this type of provision.

We know that maintained nursery schools are already struggling to set budgets: our recent survey found that by 2019-20, even before the end of the supplementary funding, **64% of maintained nursery schools expect to be in deficit**. A combination of rising costs, a growing crisis in funding for SEND support, lack of supplementary funding for children eligible for the 30 hours and the unpredictability of the supplementary funding allocations are putting pressure on nursery school budgets, in many cases compounded by reductions in children's centre budgets. This puts some of the most vulnerable children and families at risk of losing vital services. A long-term solution is therefore needed urgently to prevent closures and allow schools to budget for the future.

**We call on government to hold talks with the sector to discuss a proposed future funding model, and to put a long term solution in place as a matter of urgency and by autumn 2019 at the latest.**