



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

Maintained Nursery Schools Update on funding challenges, January 2020

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 a financial challenge as stop-gap funding fails to increase with inflation and actual costs have increased at above inflationary levels. **We call on the Chancellor to remedy this situation for 2020-21 as a matter of urgency in the March budget.**

Successive Conservative ministers have recognised the crucial role of maintained nursery schools (MNS) and that the Early Years National Funding Formula (EYNFF) does not adequately provide for their costs. When introducing the EYNFF for other early years providers in 2017, ministers therefore committed to maintaining level funding for maintained nursery schools through a block of supplementary funding of around £59m per year until a long-term solution was put in place. Sam Gyimah, Caroline Dinenege, Robert Goodwill, Nadhim Zahawi and Nick Gibb have each in turn ensured that supplementary funding was in place and extended year on year.

However, four years later, no long-term solution has been put forward and the supplementary funding is being paid at the same rates as in 2016-17 without even a year-on-year inflationary increase, **so in real terms this represents a cut of 8% over four years, and in relation to the increase in costs faced by early years providers, this represents a 14% cut.** Supplementary funding provides an average of 31% of maintained nursery schools' budgets, so schools' viability is hugely affected by these changes.

Nursery schools have already made extensive cuts: for example, pupil:teacher ratios have increased from 16 to 23 pupils per teacher between 2010 and 2018. Further efficiency savings are simply no longer possible.

Over and above inflationary increases to costs, MNS have faced increases to business rates and staff costs such as pay and pensions, a growing crisis in funding for SEND support, and having to pay for services previously provided by local authorities. **The DfE's own figures show that the percentage of MNS in deficit has risen from 3.5% in 2009-10 to 17.7% in 2018-19.** Although the proportion of schools is down from a high of 20.3% in 2017-18, **the total deficit has jumped from £4.9m to £6.7m in that one year**, indicating a rapid escalation of difficulties for the worst affected schools.

We call on the Chancellor to:

- provide an inflationary increase to the supplementary funding which keeps it at least at 2016-17 levels in real terms in 2020-21 and until a long-term funding solution is identified and implemented.
- put in place an emergency fund for the schools at highest risk of closure due to historic underfunding as a stop-gap until a long-term formula is in place.

Government have accepted that maintained nursery schools cost more than other forms of early years provision because they perform a different role:

- **Maintained nursery schools transform lives:** 64% are in the 30% most deprived areas of England, and because of the quality of education they offer (63% are graded Outstanding by Ofsted) they help close the gap between disadvantaged children and their peers, improving social mobility as a result.
- **Their admissions policies prioritise the children in greatest need.** They work closely with health and social care to meet the needs of vulnerable children and families and offer integral family support within the nursery school and support many children in need who are increasingly not picked up by other services.
- **They have a unique pool of expertise in supporting children with SEND** both taking children whom other settings do not have the resources or expertise to support and helping local settings to build their expertise and successfully support more children with SEND.
- **The whole early years sector benefits from the expertise of maintained nursery schools** acting as catalysts to raise standards in their locality through supporting schools and early years settings to work together to improve their quality, including through a network of Early Years Teaching Schools.

The system of supplementary funding has always been a flawed temporary measure, covering only the universal hours for 3- and 4-year-olds, and not supplementing the rate for children on the 30 hours or the 2-year-old offer. The amount of supplementary funding received by MNS remains wildly unequal, based purely on historical factors, and with four local authorities receiving none at all for their nursery schools. This urgently needs to be addressed.