



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

Early Education
The British Association for Early Childhood Education

February 2021

Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
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Dear Chancellor

MAINTAINED NURSERY SCHOOLS FUNDING

As the officers of the All Party Parliamentary Group on Nursery Schools, Nursery and Reception Classes we are writing to you in advance of the budget about the urgency of reforming funding for maintained nursery schools and providing additional support to address the impact of the pandemic.

The supplementary funding for maintained nursery schools (MNS) which the government has provided since 2017-18 has been crucial to the survival of this vital part of the sector as a stop-gap measure. However, the additional financial stress of the pandemic has pushed the majority of maintained nursery schools into deficit, and without certainty about funding allocations for the long-term, these schools cannot plan a route to recovery. As an IFS study for the DfE has shown, maintained nursery schools have an average income to cost ratio of 1.0, compared to private sector nurseries with a ratio of 1.7. Research by Early Education in autumn 2020 showed that the proportion expecting to be in deficit at the end of the 2020-21 financial year was expected to reach 72% - and data is being collected to verify how this has increased due to the changes to spring term 2021 funding. The vast majority of MNS have used up any remaining reserves to cover the additional costs of delivering Covid-safe provision and the loss of budgeted income from parent-paid fees and funded entitlements. Without an immediate prospect of long-term viable funding, local authorities and governors will have to make

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hard decisions about the closure of schools which provide a vital service to some of the most disadvantaged communities in England.

We welcome the government's recognition of the crucial role of maintained nursery schools (MNS) as system leaders for the early years and providers of specialist support for some of the most vulnerable children, helping high numbers of children with SEND and complex needs, and supporting the government's levelling up agenda. MNS have played a vital role during the pandemic. They have remained open to provide education and childcare in some of our most disadvantaged communities and to children with complex needs, taking in children from elsewhere when local private providers have been closed. They also gone above and beyond their education role, supporting vulnerable children and families, keeping contact and delivering resources to families when social care and other services have ceased all face-to-face contact.

It is now urgent that the DfE be enabled to consult on proposals for a revised funding formula, including to see whether the MNS supplementary funding already allocated for 2021-22 can be better distributed to support those which currently receive the least funding or no funding at all in the short term, and to provide a fairer system for the future with long-term certainty which allows these schools to plan and budget.

A year ago, it would have been enough simply to address the main funding formula for MNS. At this point, additional rescue and recovery funding is needed to ensure that no MNS close purely as a result of the pandemic if they can demonstrate that they will be viable under a new formula.

As part of the government's levelling up agenda, MNS are a sound investment. Their additional value easily offsets their higher costs, and if they are not funded adequately to continue this work, there will be significant additional costs to be picked up by other services including health, social services and other parts of the education system.

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.

Maintained nursery schools are clear that they have a different job to do from other early years providers, and their staff are deeply committed to continuing to support the most vulnerable children and families, and to providing system leadership for the whole early years sector. We call on you to continue providing the resources they need for that vital role, and to recognise the urgency of doing so now.

Yours sincerely,

James Daly MP, Chair of the APPG Nursery Schools
Theresa Villiers MP, Vice-Chair APPG Nursery Schools
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