

21 January 2020

The Rt Hon Nick Gibb MP  
Minister of State (Minister for School Standards)  
Department for Education  
Sanctuary Buildings  
Great Smith Street  
London SW1P 3BT

Dear Minister

## **Maintained nursery school funding**

We would like to thank you for your announcement of 31 October confirming that supplementary funding for maintained nursery schools will be extended to cover the full 2020-21 financial year. We were very much reassured by your written statement that your government remains committed to funding for MNS in the longer term; and that any reform to the way they are funded in future will be accompanied with funding protections.

When the Early Years National Funding Formula was introduced in 2016, the supplementary funding for maintained nursery schools (MNS) was intended as a stop-gap until a fuller assessment could be made of an appropriate funding formula for MNS, recognising their additional costs in the context of their added value, and that longer-term solution is now urgently needed. The reports DfE commissioned from Frontier Economics were intended to provide the necessary evidence base for those funding decisions, and we hope you are now in a position to take this issue forward. All our organisations are committed to working with you and your officials to ensure that a viable solution can be found to keep maintained nursery schools open so that they can continue their vital work.

We wish to draw your attention to the most pressing issues which maintained nursery schools are now raising with us about their funding.

First, that because the supplementary funding remains cash-limited at 2016-17 levels, MNS have had their funding cut in real terms over that five-year period, at a time when costs including salaries, pensions and business rates have significantly increased. While increases in teachers' pay may be offset by the teachers' pay grant, increases for other staff are not covered. While many may receive the inflationary increase to the universal base rate, the supplementary funding remains unchanged. We urge you to ask the Chancellor to use the upcoming budget to address this and ensure that MNS receive at least an inflationary increase to their funding.

Second, many local authorities remain unclear about the likely future of nursery school funding, and we are hearing of local authorities asking MNS to set out how they will remain viable in future if the supplementary funding were to be discontinued. A recent cabinet paper by Lancashire County Council on the future of its maintained nursery schools - the second highest number of MNS in any local authority – omits mention of your crucial commitment to funding

protections after 2021. Where nursery schools are currently in financial difficulties, the problems of setting out a financial recovery plan are exacerbated by the assumption that they might lose a third of their funding after 2021. This creates the risk that local authorities will be too quick to consider closures on the assumption that nursery school funding may soon be cut substantially. Can we request that you write to local authorities reminding them of your commitment to continue MNS funding after 2020-21 and to put in place protections if any changes to the formula are introduced?

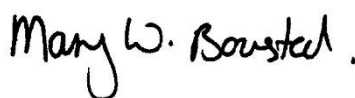
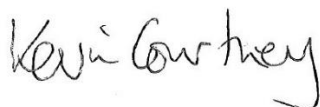
Third, the supplementary funding levels received by MNS vary enormously based on historical decisions of local authorities that determined the 2016-17 levels, leaving many nursery schools with increasingly inadequate income to cover their costs. As DfE's own statistics show, the per cent of MNS in deficit has risen from 3.5% in 2009-10 to 17.7% in 2018-19, and the amount of deficit has grown from £4.9m to £6.7m in a single year. We recognise that this larger issue needs to be addressed as part of the spending review, and would welcome the chance to work with you and your officials to ensure that a viable long-term solution can be put in place as speedily as possible.

We would be delighted to meet with you to discuss these issues further.

Yours sincerely



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Chief Executive  
Early Education



Dr Mary Boustead & Kevin Courtney  
Joint General Secretaries  
NEU



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NAHT