



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

Early Education
The British Association for Early Childhood Education

Budget 2021: Secure funding for maintained nursery schools

Maintained nursery schools (MNS) are centres of excellence in early childhood education located in some of the most disadvantaged areas of the England. For the 40,000 children on roll each year, they are vital in levelling up their life chances. Moreover, they provide system leadership to support other local early years settings to improve.

Yet mass closures loom unless a rescue package is put in place now and then secure long-term funding. Their continued role is vital as the country seeks to recover from the Covid-19 crisis which has seen children miss out on their early educational entitlements and suffer increasing levels of poverty and adversity at home. It has also had a serious impact upon early years provision, with providers in economically deprived areas especially at risk of closure.

MNS are crucial to supporting the recovery of young children and the government's levelling up agenda. That is why MPs of all parties have come together to support the early years sector and call upon government to act in the Budget.

Solving the funding crisis for maintained nursery schools

The future of the remaining 389 maintained nursery schools across England is at risk from a two-fold funding crisis:

- **Their funding to deliver the early years entitlements** is agreed on a year-by-year basis, creating constant uncertainty and inability to plan ahead. Ministers have promised a review of the current system, which is inequitable and inadequate, with some schools receiving no supplementary funding at all. Four years after the introduction of the main Early Years National Funding Formula, ministers have yet to put forward their proposals. In the meantime, the number of nursery schools in deficit has grown sharply and ever more are being driven towards closure. 14 have closed since 2017 with two consultations on closure currently under way and more expected.
- **The impact of the pandemic** has been an increase in costs and a loss of income which is pushing even those nursery schools with previously balanced budgets into deficit. Recovery plans in place to rescue schools already in

deficit are no longer achievable. Maintained nursery schools have not been eligible for any of the additional funding for COVID-related costs which other schools have received, despite increased costs for cleaning, premises alterations and staff cover. Like other parts of the early years sector, they have lost huge amounts of the parent-paid income needed to balance the books.

What government must do:

- **Revert to funding at pre-pandemic levels for at least the spring term 2021.** The continued payment of entitlements funding in the summer and autumn terms was a lifeline. The decision to revert to attendance-based funding for the spring was made when numbers were recovering, but since the third lockdown they have dropped steeply to only 43% of usual levels, with potentially disastrous consequences for schools. Government has not explained how it will allow for subsequent increases, nor why it will apply a cap of 85% of 2020 funding levels. There is no certainty that numbers will recover in the summer or even autumn 2021. Funding levels are usually based on January census data for the whole of the following year, so if funding is based on the problematic January 2021 census data there is a risk that funding will not cover actual numbers – a de facto cut in funding.
- **Put in place a long-term sustainable funding formula for maintained nursery schools before the end of this financial year.** The DfE has given itself scope for a reallocation of the existing funding for from September 2021 as a transitional measure. This is vital as some schools currently receive none and the allocations are not based on actual costs or levels of need. Ministers must put forward a new fairer formula, and also ensure the supplementary funding is not calculated on the basis of the problematic 2021 census data. A long-term formula must be in place for the financial year 2022-23 onwards.
- **Review funding levels for the whole early years sector.** The inadequacy of current funding for maintained nursery schools results from the combined flaws of supplementary funding and the main formula.
- **Provide emergency COVID-recovery funding for the early years sector** to prevent mass closures and loss of early education places, especially in the most disadvantaged areas.

Notes

Added value in return for additional funding

The 389 remaining maintained nursery schools in England (local authority-run schools for 2, 3 and 4-year-olds) offer outstanding education and care to 40,000 children, including some of the most vulnerable and disadvantaged children in England. Putting MNS funding on a stable long-term footing that allows them to continue this work would be a sound investment. MNS would welcome a funding settlement which formalised these roles, provided that they were adequately resourced to continue them.

The [Statutory Guidance on Early Education and Childcare](#) for local authorities says they should:

Ensure that the early years expertise and experience of their maintained nursery schools, if they have them, are used to benefit the whole local area. Maintained nursery schools (MNS) are almost exclusively good or outstanding, the majority are located in disadvantaged areas and. Local authorities should ensure that they have a role in the pedagogical leadership for the local early years system. What this means in practice will depend on local need, but it might include for example: commissioning nursery schools to develop and deliver a quality improvement strategy for the area; having nursery schools work with other providers to share their experience and expertise to raise the overall quality of provision across the area; helping nursery schools to work in partnership with other providers to offer parents who choose a MNS the 30 hours entitlement

This guidance could be strengthened to underline the role of MNS to:

- provide pedagogical leadership in their local areas including supporting initial training and placements, continuing professional development, quality improvement and support, in partnership with local authority early years teams
- have in place admissions policies which priorities the most disadvantaged children including children with SEND and children in need and provide those children and families with additional support.
- provide expert support for children with SEND on roll and within the locality

We recognise that not all MNS deliver the exact mix of services, as a result of size, local community need, local authority decisions as to service provision and other factors, therefore this should be a “best fit” rather than a one-size fits all model. Any mechanism to assess whether MNS are delivering on these priorities must not involve additional bureaucracy which takes staff away from delivery of core services.

However, any such specification linked to additional MNS funding could in time be a benchmark for extending the network of maintained nursery schools and seeking out other high-performing providers which could “upgrade” to MNS status, subject to meeting similar staffing and governance requirements, and could be “opened” as new nursery schools in areas of deprivation and in local authorities which do not currently have MNS of their own.

The cost of cuts

Studies have estimated that the cost of additional, often “hidden” services provided by maintained nursery schools are higher than the additional funding they receive (eg for [Birmingham](#) or [Yorkshire/Humberside/Lincolnshire](#)). Funding cuts that lead to closures or cut backs would without doubt simply shift costs onto other services, and quite possibly cost more either in the short term to provide alternative services, or in the long-term to pick up the pieces where opportunities for early intervention had been missed. 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 and the total deficit has jumped from £4.9m to £6.7m in one year. Cuts or closures will jeopardise the value that MNS provide:

- **Quality that improves outcomes** - MNS are consistently judged to be of significantly higher quality than other early years providers (63% are judged Outstanding by Ofsted) and have a track record of closing the gap for their children.
- **Tackling disadvantage** - 64% of MNS are in the 30% most deprived areas of England. 98% of MNS have at least one child in receipt of the Early Years Pupil Premium (EYPP), compared to 30% of the sector as a whole. MNS often also have many children just above the threshold of qualifying for EYPP.
- **Supporting children with SEND** - MNS prioritise children with SEND in their admissions policies and have a higher proportion of children with SEND than other EY providers (15% compared to a sector average of 6%). The highly qualified staff teams and consistent year on year experience of supporting children with SEND means MNS have built up huge expertise, but need funding stability to retain it, which is already being eroded by funding cuts. In the context of an increasing gap in outcomes for children with SEND ([EPI, 2020](#)) this is of considerable concern.
- **Children in need** - MNS typically have a significant role in supporting vulnerable children and are actively engaged with social workers and other professional services, as well as providing support for families in these circumstances. They typically receive no additional funding for this time-consuming working.
- **Additional services** - MNS have higher than average numbers of children needing additional services. As identified in the [Frontier Economics study for DfE](#), “MNS are more likely than other provider types to offer a greater range of service types and to deliver more user hours in larger groups.” According to the [Survey of Childcare and Early Years Providers \(2018\)](#), 64% versus 36% sector average delivering specialist services for children, and 58% versus 24% delivering specialist family support
- **System leadership** - Maintained nursery schools have a unique role in providing specialist system leadership and school-to-school/setting support for the early years sector. They deliver training and placements, offer continuing professional development programmes to local settings and provide quality improvement support and advice, both formally and through informal networks. Many are Teaching Schools or members of Teaching School Alliances and in London some are Early Years Hubs for the Greater London Authority.

How we got here

- 1998 to 2010: early years funded entitlements introduced, paid from the Dedicated Schools Grant, at rates set by local authorities, with different approaches for maintained and non-maintained settings (annually v. termly, participation v. places)
- 2010-2017: introduction of the Single Funding Formula required greater transparency and consistency within each LA, but involved different rates for Private, Voluntary and Independent (PVI) providers, nursery classes and nursery schools. Significant variation between LAs in the formulas used.
- 2017: the Early Years National Funding Formula (EYNFF) introduced a single base rate for all providers within a local authority, with local variation intended to reflect local costs. Education ministers recognised the crucial role of maintained nursery schools (MNS) and their additional costs (eg they are required to employ a headteacher and qualified teachers, pay staff on national/local pay scales). Within the timescale of introducing the Early Years National Funding Formula (EYNFF) DfE were not able to put forward a suitable formula to meet the needs of MNS. Instead, supplementary funding was provided to maintain MNS funding at 2016-17 levels as a stop-gap until a permanent solution could be found.
- 2021: Funding for the 2021-22 year was confirmed in the Spending Review in autumn 2020. In principle, ministers are proposing to introduce a funding model for MNS, but no detail has yet been forthcoming.
- This has left MNS with severe strains on their budgets and an uncertain future. Many face the possibility of closure. These problems are even more serious for schools in areas such as Barnet and Harrow which do not receive supplementary funding because of removal of funding prior to the 2017.

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