



DEBATE PACK

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Funding for maintained nursery schools

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Summary

This debate pack has been prepared ahead of the Westminster Hall debate on funding for maintained nursery schools, to be held on Wednesday 1 February 2017. The debate has been tabled by Helen Jones MP.

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1. Background

In August 2016, the Government launched its consultation on the creation of an early years national funding formula. As the Department for Education (DfE) noted:

Maintained nursery schools (MNS) have a well-deserved reputation for providing high quality early years education and childcare. In March 2016, of 406 MNSs inspected, 60% were rated as outstanding by Ofsted (compared with 17% nursery / preschools and 13% childminders) and 39% rated as good (compared with 73% nursery / preschools and 70% childminders). The majority of them are based in disadvantaged areas, and they therefore make valuable contributions to the improvement of the life chances of the children who live there.

We know that MNS continue to thrive where they have evolved to meet the changing needs of parents, including offering more flexible provision; acting as a hub for their local community by providing other services for children and families; and leading the drive for increased quality in their local areas. The Government wants to support maintained nursery schools that work in this way and to ensure that the important contribution they make to the early years sector, and the life chances of young children in disadvantaged areas, continues to grow.¹

Among the issues the new funding formula sought to address included that “some councils ... unfairly differentiate the funding rates that they pay to different types of providers which leads to a non-level playing field between those from the maintained sector and those from the private/voluntary sector. This matters to 30 hours delivery, as the majority of 30 hours places will need to be delivered by the private/voluntary sector”.²

In its analysis of how local authorities funded local providers (using grant money provided by central Government), the consultation noted that:

different types of provider can often be funded at very different rates without a clear justification of why this is the case. In some localities, this favours the maintained sector and in others, it favours the private, voluntary and maintained sector.

Our Cost of Childcare Review, however, found that costs are broadly similar between the main types of early years provider. For example, the representative hourly cost (at average adult to staff ratios) for children aged three and four was £4.25 in private settings and £4.37 in primary schools with nursery provision. As the requirements of these providers, and the quality of the early education they provide, should be the same everywhere, we do not think that there should be such significant funding rate differentials between them.³

However, the consultation also noted that:

¹ Department for Education, [An early years national funding formula](#), August 2016, p37, para 147 and 148

² As above, p5, para 4

³ As above, p20, paras 67–68

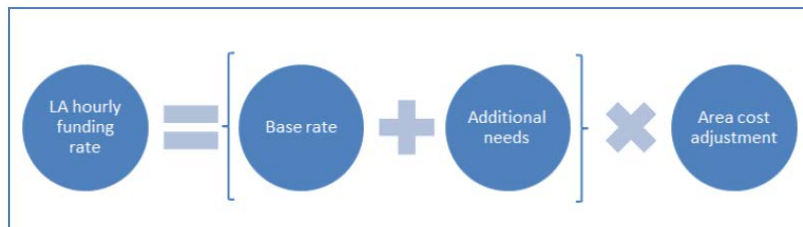
Maintained nursery schools are of course schools and as such, bear costs over and above other providers because of their structure.⁴

The consultation proposed a new national funding formula which would feature:

three funding factors that determine the funding per child that each local authority receives:

- i) a universal base rate of funding for each child;
- ii) an additional needs factor, reflecting the extra costs of supporting children with additional needs to achieve good early learning and development outcomes; and
- iii) an area cost adjustment, reflecting the different costs of providing childcare in different areas of the country.⁵

The DfE provided the following illustration of the new formula:⁶



During the proposed move to a universal base rate for all early years providers, the DfE said that “we want to minimise disruption and reassure maintained nursery schools on their position”. The consultation put forward the provision of “supplementary funding for maintained nursery schools for at least two years”, amounting to £55 million a year, to take “account of maintained nursery schools’ current costs and will provide much needed stability to the nursery school sector while they explore how to become more sustainable in the longer term, including exploiting scope for efficiencies. We will consult on further detail in due course”.⁷

The extra funding would be available to local authorities to provide, at their discretion, a higher hourly funding rate for maintained nurseries:

for at least two years, local authorities will continue to have the autonomy, should they wish to, to fund maintained nursery schools at a different rate to maintain their stability. This means that the indicative average hourly rates for providers we have published are unlikely to be relevant to most maintained nursery schools. Instead, a reasonable planning assumption might be for continuation of similar funding levels.⁸

In response to the consultation, analysis by the National Association of Head Teachers (NAHT) “shows that hundreds of nursery schools across England, which are most often in areas of high social deprivation, would be forced to close if the government doesn’t adjust its proposals”. The General Secretary of the NAHT, Russell Hobby, noted that:

⁴ As above, p37, para 149

⁵ As above, p6, para 8

⁶ As above, p6, para 9

⁷ As above, p37, para 149 and p58, para 230

⁸ As above, p58, para 230

Nursery schools achieve their fantastic results by employing more highly qualified staff. As a result, they have higher operating costs. They cannot benefit from either lower staffing costs, as private and voluntary settings do, or lower fixed costs, as some primary schools can.

The DfE's own data shows that any funding approach that does not reflect these costs on an ongoing basis will be a body blow for early years education in nursery schools. There is additional funding available, but only for two years. After that point, England's nursery schools will cease to be financially viable.⁹

After the consultation had closed in September 2016, an E-Petition was submitted on 3 November 2016 entitled "Save State-Funded Nursery Schools". To date, the petition has attracted 26,480 signatories and is open until 3 May 2017.

In response to the E-petition, the Government said the additional funding proposed in the consultation "will also give us the time to consult on the future of maintained nursery schools, and we have already announced the intention to do so".¹⁰

In December 2016, the DfE published the Government response to the consultation. On maintained nurseries, it was announced that the £55 million of annual additional funding would be extended from the original timeframe of two years in the consultation document to "at least" the end of the current Parliament:

We will also extend our additional funding for maintained nursery schools to at least the end of this Parliament (2019-20).

[...]

There were differing views on the universal base rate from some types of providers. In particular, maintained nursery school (MNS) respondents noted that as a result of being constituted as schools, they had additional specific statutory responsibilities such as delivering teacher-led provision. The government recognises that MNS bear costs over and above other providers. For this reason, the government will provide supplementary funding of £55 million a year to local authorities for the duration of this Parliament. This will enable local authorities to maintain their current funding levels for MNS during the wider changes in early years funding, and ensure that the important contribution these schools make to the social mobility of young children in disadvantaged areas and the wider early years sector continues. As the universal base rate is introduced, we will allow local authorities to continue to provide a higher level of funding to maintained nursery schools. We remain committed to consulting in regard to the future role of maintained nursery schools and how best to secure their high quality provision for the longer term.¹¹

⁹ ["New government funding proposals will force nursery schools to close, warns NAHT"](#), NAHT, 21 September 2016

¹⁰ UK Parliament, [Petition: Save State-Funded Nursery Schools](#), webpage

¹¹ Department for Education, [Early years funding Changes to funding for three- and four-year olds – Government consultation response](#), December 2016, p3 and p8, para 15

2. Parliamentary material

2.1 Written parliamentary questions

[Nurseries](#)

Asked by: Powell, Lucy | **Party:** Labour Party · Cooperative Party

To ask the Secretary of State for Education, how much funding from the transitional protection for maintained nursery schools will each local authority area receive in each year for which that funding is available.

Answering member: Caroline Dinenage | **Party:** Conservative Party |

Department: Department for Education

Supplementary funding for maintained nursery schools, worth £55m a year, will be provided to local authorities at least until the end of this Parliament. This will enable them to maintain the current levels of funding for these schools, which play an important role in the social mobility of the children and families that they serve.

Indicative Early Years National Funding Formula allocations for local authorities for 2017-18 can be found at:

<https://www.gov.uk/government/publications/early-years-national-funding-formula-allocations-and-guidance>

To ensure that local authorities receive the correct funding for their nursery schools, we will be undertaking a data assurance exercise to verify current expenditure levels in those authorities with maintained nursery schools. Once this has been completed, we will update allocations for individual local authorities in early summer.

16 Jan 2017 | Written questions | Answered | House of Commons | 59692

[Pre-school Education: Finance](#)

Asked by: Evans, Mr Nigel | **Party:** Conservative Party

To ask the Secretary of State for Education, if she will take steps to consider funding maintained nursery schools under the school national funding formula.

Answering member: Caroline Dinenage | **Party:** Conservative Party |

Department: Department for Education

Maintained nursery schools make a very important contribution to social mobility, and as providers of early education, they are funded from the early years block of the Dedicated Schools Grant. Once the new Early Years National Funding Formula is introduced, they will receive their funding for three- and four-year-olds this way.

It is in recognition that maintained nursery schools experience costs that other providers do not that we announced on 1 December 2016 in the Government's response to the consultation on an Early Years National Funding Formula, that we will extend the provision of supplementary

funding for maintained nursery schools at least up until the end of this Parliament.

This will provide maintained nursery schools with stability by allowing local authorities to maintain their current funding levels, and is part of our record investment in childcare – £6billion per year by 2020.

We will consult the sector on the future of maintained nursery schools, including on what happens after this extended period, in due course.

12 Dec 2016 | Written questions | Answered | House of Commons | 56490

[Pre-school Education: Finance](#)

Asked by: Evans, Mr Nigel | **Party:** Conservative Party

To ask the Secretary of State for Education, whether the Government plans to extend funding for maintained nursery schools beyond the two years proposed in her Department's consultation, Early years funding: changes to funding for three and four-year olds.

Answering member: Caroline Dinenage | **Party:** Conservative Party | **Department:** Department for Education

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12 Dec 2016 | Written questions | Answered | House of Commons | 56489

[Schools: Admissions](#)

Asked by: Powell, Lucy | **Party:** Labour Party · Cooperative Party

To ask the Secretary of State for Education, what recent estimate she has made of the average annual cost of providing a place at a (a) maintained nursery school, (b) private, voluntary or independent early years provider, (c) primary school and (d) secondary school.

Answering member: Caroline Dinenage | **Party:** Conservative Party | **Department:** Department for Education

For the 2016-17 financial year the Government allocated an average of £2,568 per annum to local authorities for each early years place for three- and four-year olds, with this amount funding provision of 15 hours per week over 38 weeks. Local authorities determine the local funding rates for maintained nursery schools, and for private, voluntary and independent providers. Alongside our commitment to extend the free entitlement to childcare from 15 to 30 hours a week for working parents, we have committed to increasing the average hourly rate for delivering the entitlements.

For the 2016-17 financial year the Government allocated an average of £4,636 per pupil through the schools block of the dedicated schools grant, for children aged 5 to 16 in mainstream schools. It is the responsibility of local authorities to decide the balance of funding between primary and secondary pupils.

28 Nov 2016 | Written questions | Answered | House of Commons | 54614

2.2 Oral parliamentary questions

[Engagements](#)

Asked by: Helen Jones

They are the best drivers of social mobility, and 99% of them are rated good or outstanding, while 65% of their places are in the most deprived areas of this country, so why is the Prime Minister introducing cuts that threaten the very existence of maintained nursery schools? Is it not true that when it comes to social mobility, her actions speak far louder than her words?

Answered by: The Prime Minister | **Department:** Prime Minister

I want to ensure, and this Government want to ensure, good-quality education at every age and every stage for children in this country. That is why we are looking at improving the number of good school places. The hon. Lady talks about my record speaking louder than words, so let me point out that I was very proud as chairman of an education authority in London in the 1990s to introduce nursery school places for every three and four-year-old whose parent wanted them.

25 Jan 2017 | Prime Minister's questions - 1st Supplementary | Answered | House of Commons | 620 c285

[Nursery Schools](#)

Andrew Stephenson (Pendle) (Con)

5. What long-term funding plans her Department has for maintained nursery schools. [907225]

Heidi Allen (South Cambridgeshire) (Con)

17. What progress her Department has made on its planned consultation on the future of maintained nursery schools after the two-year supplementary funding arrangement. [907237]

The Parliamentary Under-Secretary of State for Women and Equalities (Caroline Dinenage)

With your permission, Mr Speaker, I would like to link Question 5 with Question 15. Maintained nursery schools make a very important contribution to social mobility. We want them to be sustainable in the long term. We have already committed £55 million a year of supplementary funding for maintained nursery schools for at least the next two years, and we will shortly be consulting them on how to do

Mr Speaker

Forgive me, but I think the grouping is with Question 17 rather than Question 15—not that I wish to be pedantic; I just wish to be precise. *[Interruption.]* I think I have the advantage of being correct in this case, incredible though the hon. Lady may judge that to be.

Andrew Stephenson

I met Jan Holmes, the headteacher of Walton Lane Nursery, and many other Pendle nursery headteachers recently. Further to many of the points that have already been made, will my hon. Friend commit to extending the funding for maintained nursery schools beyond the two years indicated in the consultation, as nursery schools really do make a difference to some of the poorest children in my constituency?

Caroline Dinenage

Mr Speaker, I would never, ever accuse you of being wrong about anything. My hon. Friend is also right: maintained nursery schools play a vital role in tackling disadvantage. As I said, the £55 million commitment is for at least two years. We will say more about the funding of maintained nursery schools shortly, when we respond to our consultation on the early years national funding formula.

Heidi Allen

Thank you, Mr Speaker, for preserving my Question 17. I am so pleased to hear that the Minister understands the real difference that local authority-funded nursery schools provide, and that a plan to fund them sustainably beyond two years is imminent. May I add my calls on behalf of Homerton Children's Centre in my constituency? That announcement cannot come too soon. These children are vulnerable and they need a secure future.

Caroline Dinenage

My hon. Friend is right to say that maintained nursery schools often offer very high-value education, with 98% of them rated good or outstanding and 80% of them in areas of deprivation. As I have said, we will say more about their funding very shortly when we respond to our early years funding formula consultation.

Dr Rosena Allin-Khan (Tooting) (Lab)

The early years funding formula will detrimentally affect maintained nursery schools. There is a fantastic maintained nursery school in my constituency called Balham Nursery School that supports so many

vulnerable families, and the thought that it needs to close in two years is absolutely unacceptable. There are three such schools in Wandsworth facing that fate. Will the Secretary of State meet me and these nursery schools to discuss securing their continued existence?

Caroline Dinenage

First, we have consulted on the early years funding formula. We have not yet released the findings of that consultation, but they will be released shortly. In addition, we have said that we will support maintained nursery schools with an additional £55 million for at least the next two years. That is not saying that any maintained nursery schools are going to be shutting. I am more than happy to meet any nursery schools, and I have met a number from up and down the country—

Dr Allin-Khan

Will the Secretary of State meet mine?

Caroline Dinenage

Of course I will meet them. I will reassure them that we value the amazing work that they do. They are very small in number, but they do outstanding work and we want to help them to do so.

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op)

I have two maintained nursery schools in my constituency: Ellergreen and East Prescott Road, both of them rated outstanding by Ofsted. May I urge the Minister to listen to Members on both sides of the House today? This uncertainty is very damaging for the nursery school sector, and I urge her to reach a decision for long-term, sustainable funding for nursery schools as quickly as possible.

Caroline Dinenage

As I have already said, I am more than happy to do so, but I want to consult the maintained nursery sector before I do that. There is no point in Government taking a high-handed approach and thinking that they know best. We need to consult the sector and plot the best possible way forward to maintain its outstanding future.

John Cryer (Leyton and Wanstead) (Lab)

The cuts currently planned by the Government will be crushing in the nursery sector. Does the Minister not realise that the current level of nursery provision will be unsustainable if these cuts are implemented?

Caroline Dinenage

There are no cuts. The cuts are a figment of the hon. Gentleman's imagination. We are putting an extra £6 billion of funding into this scheme by 2020. It is more than any Government have ever spent on early years childcare.

2.3 Debates

[Free Childcare and Nursery Providers](#)

HC Deb 24 June 2015 cc312-18WH

[Nursery Schools](#)

HC Deb 9 September 2014 cc215-34WH

3. Press articles

[One in 10 nursery schools in England face closure within months](#)

Guardian, 24 January 2017

[Extra free childcare 'threatens nursery schools'](#)

BBC, 22 September 2016

[Free childcare policy may leave nurseries struggling to cope](#)

Guardian, 3 September 2016

4. Press releases

[Funding cuts threaten nursery schools, unions warn Greening](#)

Unison, 11 November 2016

[Early years funding plans 'body blow' for nursery schools](#)

Nursery World, 22 September 2016

[New government funding proposals will force nursery schools to close, warns NAHT](#)

NAHT, 21 September 2016

5. Further reading

[Early years funding Changes to funding for three- and four-year olds](#)

Department for Education, December 2016

[Government plans will reallocate nursery funding from poorer to richer children – and no one seems to notice](#)

LSE blog, 26 September 2016

[An early years national funding formula: And changes to the way the three- and four-year-old entitlements to childcare are funded](#)

Department for Education, 11 August 2016

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