

## CITY OF WESTMINSTER

## SCHOOLS' FORUM 18TH JANUARY 2023

## REPORT BY LEAD STRATEGIC FINANCE MANAGER - CHILDREN'S SERVICES

## MAINTAINED NURSERY SUPPLEMENT REVIEW

**Purpose of the report**

The report provides an update to Schools' Forum on the outcome of the consultation with maintained nurseries following a proposal to update the method of allocation of the Maintained Nursery Supplement.

**FOR DECISION****1 INTRODUCTION**

- 1.1 Since the introduction of the Early Years National Funding Formula (EYNFF), Local Authorities (LAs) have received supplementary funding for maintained nursery schools (MNS) on top of their EYNFF allocation. This is to protect the MNS funding at their 2016-17 level for the universal 15 hours.
- 1.2 Westminster has not changed the allocation method of the lump sum payments from this funding since its introduction in 2017-18. The basis has remained the number of places in each of the maintained nurseries as at January 2017. Other payments from this funding have been historically agreed on an ad-hoc basis and together, these commitments are now greater than the funding available.
- 1.3 This method of fixed distributions is out of date and the MNS funding allocation from the DfE has been reducing in recent years due to falling rolls. Additionally, the DfE ran a consultation on the Early Years Funding Formula in the summer which would have resulted in significant funding reductions for Westminster from 2023-24 due to the introduction of a £10 funding cap (inclusive of the Teachers' Pay and Pension Grant - TPPG).
- 1.4 Following a meeting with the DfE, a counterproposal was submitted to the DfE proposing a phased introduction of the £10 hourly funding cap to enable the maintained nurseries to have a smoother transition. Though slightly different to the counterproposal, the DfE accepted the need for smoothing the reduction over time. As a result, Westminster's hourly rate will now be £12 in 2023-24, £11 in 2024-25 and then harmonised by 2025-26 (rate to be confirmed).

This is compared to £13.55 (£12.76 MNS rate plus £0.79 TPPG) in 2022-23. Overall, the DfE changes, reductions in children on roll and review of historical commitments results in £182,000 less than the funding allocated to maintained nurseries in 2023-24 and this shows in all the funding options considered below.

- 1.5 Following several discussions with the maintained nurseries, four options were finalised, costed up and presented to the nurseries. Following the DfE's funding formula consultation outcome, the modelling was then updated to reflect the phased transition from 2023-24 (Appendix A).
- 1.6 Following a consultation with the maintained nurseries, the preferred option was Option 4B, which was also the LA recommended option. Option 4B is weighting the MNS funding based on numbers across identified groups (2YO 20%, 3-4YO 40%, SEND pupils 20% and pupils in receipt of EYPP 20%). Additionally, option 4B splits CIN funding equally across the four nurseries, as they will all be providing this provision within the 3-year phasing of the funding changes.
- 1.7 The first-year phasing of Option 4B will be implemented in 2023-24 and the data behind the weightings will be updated on an annual basis. For the purposes of the modelling, data from the spring 2022 census was used.

## 2 OPTIONS TAKEN TO CONSULTATION

The options below are based on the 2023-24 funding rates and include an equal split of the CIN allocation. There will be a 3-year phased approach in moving to the new methodology – year 1 is shown below as the modelling is based on the year 1 (2023-24) funding rate.

### Option 1B – no change in the allocation method.

This would keep the allocation based on January 2017 place numbers but pro-rated to reflect the reduction in funding.

Option 1: No Change	Dorothy G	Mary P	Portman	Tachbrook	Total
MNS / EY Provision Payments (pro-rated to reflect reduction in funding)	0.190	0.187	0.314	0.214	0.905
Children in Need (no change)	0.207	0.000	0.156	0.000	0.363
Accommodation Costs (no change)	0.000	0.000	0.032	0.000	0.032
<b>Total</b>	<b>0.397</b>	<b>0.187</b>	<b>0.502</b>	<b>0.214</b>	<b>1.300</b>
<b>Net Impact (vs current allocations)</b>	<b>(0.038)</b>	<b>(0.038)</b>	<b>(0.063)</b>	<b>(0.043)</b>	<b>(0.182)</b>

### Option 2B – equal splits

The MNS funding (excluding CIN allocations) would be split equally between the four maintained nursery sites in the borough.

OPTION 2B: Equal Splits - including CIN	Dorothy G	Mary P	Portman	Tachbrook	Total
MNS	0.234	0.234	0.234	0.234	0.937
Children in Need	0.091	0.091	0.091	0.091	0.363
<b>Total</b>	<b>0.325</b>	<b>0.325</b>	<b>0.325</b>	<b>0.325</b>	<b>1.300</b>
<b>Net Impact (vs current allocations)</b>	<b>(0.110)</b>	<b>0.100</b>	<b>(0.240)</b>	<b>0.067</b>	<b>(0.182)</b>
<b>Proposed Phasing Year One</b>					
Year 1 - 2023/24	0.373	0.233	0.443	0.251	1.300
<b>Net Impact (vs current allocations)</b>	<b>(0.062)</b>	<b>0.008</b>	<b>(0.122)</b>	<b>(0.006)</b>	<b>(0.182)</b>

### Option 3B – split based on each years January census numbers on roll at each nursery

This would be updated annually based on the numbers in the January census.

OPTION 3B: January Census Numbers (MNS) and equal splits (CIN)	Dorothy G	Mary P	Portman	Tachbrook	Total
MNS	0.237	0.212	0.207	0.281	0.937
Children in Need	0.091	0.091	0.091	0.091	0.363
<b>Total</b>	<b>0.327</b>	<b>0.303</b>	<b>0.298</b>	<b>0.372</b>	<b>1.300</b>
<b>Net Impact (vs current allocations)</b>	<b>(0.107)</b>	<b>0.078</b>	<b>(0.267)</b>	<b>0.114</b>	<b>(0.182)</b>
<b>Proposed Phasing Year One</b>					
Year 1 - 2023/24	0.373	0.226	0.434	0.267	1.300
<b>Net Impact (vs current allocations)</b>	<b>(0.061)</b>	<b>0.001</b>	<b>(0.131)</b>	<b>0.009</b>	<b>(0.182)</b>

### Option 4B – weighted split based on numbers in different groups (2YO, 3-4 YO, SEND pupils, EYPP) with more weighting applied to 3-4 YO.

This would be updated annually based on the numbers in the January census.

This is the majority preferred option following consultation.

OPTION 4B: weighted based on numbers in different groups (MNS) and equal splits (CIN)	Dorothy G	Mary P	Portman	Tachbrook	Total
MNS	0.301	0.203	0.281	0.151	0.937
Children in Need	0.091	0.091	0.091	0.091	0.363
<b>Total</b>	<b>0.392</b>	<b>0.294</b>	<b>0.372</b>	<b>0.242</b>	<b>1.300</b>
<b>Net Impact (vs current allocations)</b>	<b>(0.043)</b>	<b>0.069</b>	<b>(0.193)</b>	<b>(0.016)</b>	<b>(0.182)</b>
<b>Proposed Phasing Year One</b>					
Year 1 - 2023/24	0.395	0.223	0.458	0.224	1.300
<b>Net Impact (vs current allocations)</b>	<b>(0.040)</b>	<b>(0.002)</b>	<b>(0.107)</b>	<b>(0.034)</b>	<b>(0.182)</b>

## 3 RECOMMENDATIONS

### 3.1 Schools Forum is asked to:

- 3.1.1** to note and approve the outcome of the consultation on the Maintained Nursery Supplement allocations and for option 4B (weighted split based on numbers in different groups) to be implemented from 2023-24, over a three year period.

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**Appendix**

**Appendix A** – Maintained Nursery Supplement options modelling (based on 2023/24 funding rate).

**Background Papers:**

**Early years entitlements: Early years entitlements:** Local Authority funding of providers operational guide 2023 to 2024: <https://www.gov.uk/government/publications/early-years-funding-2023-to-2024/early-years-entitlements-local-authority-funding-operational-guide-2023-to-2024>

**EYFF Consultation:** [Early years funding formulae - Department for Education - Citizen Space](#)

**EYFF Consultation Response from DfE:** [Early years funding formulae consultation response \(publishing.service.gov.uk\)](#)