

Bristol Schools Forum

Proposal for Schools Forum to utilise the underspend in the Early Years Block to fund:

- additional capacity to support the sustainability review of maintained nursery schools
- development of SEND capacity across the Early Years sector.

Date of meeting:	Monday 11th July 2022
Time of meeting:	5pm
Venue:	Zoom

1. Purpose of report (for decision)

The purpose of the report is to provide Bristol Schools Forum with information about the current financial challenges faced by Bristol's maintained nursery schools and the need to find a sustainable model for the future. The report outlines a request for additional funding to support the schools in developing and implementing financial recovery and re-modelling plans. In addition, the report outlines a request for funding to develop the capacity of setting-based support for children with SEND across the Early Years sector.

2. Recommendations

That Schools Forum:

- Note the key pressures facing Bristol's maintained nursery schools.
- Note the work delivered to date
- Consider the request for £90k funding to be allocated from 2022/23 Early Years underspend to provide key financial, leadership and operational support through the next academic year to support the review of maintained nursery schools.
- Consider the request for £250k funding to develop a settings-based sustainable approaches to supporting pupils with SEND in the Early Years.

3. Maintained Nursery Schools: Context and Background

The 12 maintained nursery schools (NS) in Bristol have a long history of serving their communities and are held in high regard by their communities. They are located in areas of deprivation and give priority in admissions to disadvantaged children, including eligible 2 year olds. NS are often the first point of contact for vulnerable parents and carers within the educational system in Bristol. Expertise is demonstrated in early intervention, family support, child protection and SEND. This is evidenced in the current NS demographic:

- 1,415 nursery aged pupils in total on roll across the 12 maintained nursery schools (Oct 2021)
- 666 (48.1%) live in the top 10% most deprived output areas nationally (IDACI 2019)
- 954 (67.4%) live in the top 30% most deprived areas
- 559 eligible 2s access the Free Early Education Entitlement (FEEE) at Maintained Nursery Schools (32.2%)
- 155 children are receiving SEN support, 17 children with an ECHP (27% on SEN register)
- 456 eligible 3 and 4 year olds are receiving the Early Years Pupil Premium (36.9%)
- 83 nursery pupils known to social care/early help, including 7 subject to a Child Protection Plan and 2 Children in Care.

4. Current Financial Position

As at June 2022, 11 of the 12 maintained nursery schools are in a deficit position totalling £5.192m (a movement of £1.236m in 2021-22). Some of the deficits represent a substantial proportion of their annual budgets.

Table 2: Maintained School (and Children's Centre) balances 2021/22

	b/f 1/4/2021 £'000	Movement 2021/22 £'000	c/f 31/3/2022 £'000
Nursery	3,956.067	1,236.405	5,192.472
Primary	-6,874.676	598.158	-6,276.518
Secondary	-723.990	-154.314	-878.304
Special	-2,103.566	240.483	-1,863.083
Hub	-850.370	77.144	-773.226
Children's Centre	235.579	104.702	340.281
Total	-6,360.955	2,102.577	-4,258.378

Sustainability

Maintained nursery schools are constituted as schools and are required to employ a headteacher, qualified teachers and a SENDCo. The Early Years National Funding Formula does not fully recognise the associated costs of this requirement and increases the financial pressures on nursery schools. As an interim arrangement, the government provide a maintained nursery schools supplement each year. However, this is insufficient fully mitigate costs.

The situation is further exacerbated because current government base funding levels do not cover costs for the care and education of 2 and 3 year olds, especially in view of the extended 30 hours offer and increased needs and rising costs relating to SEND, Child Protection and safeguarding. The disparity in funding rates for 2 year olds versus 3 and 4 year olds continues to present challenges in view of the financial viability of 2 year old provisions.

The government's recent Spending Review (Nov 21) announced some funding increases to the hourly rates for eligible 2 year olds and 3/4 year olds. In real terms in Bristol, the 3/4 year old funding rate will remain static due to capped funding, although the 2 year old rate will increase by £0.21 per hour/per child.

The Spending Review further stated that: *'the government has confirmed continuation of maintained nursery school funding throughout the Spending Review period, providing the sector with long-term certainty. For 2022-23, the supplementary hourly rate for NS will increase by 3.5% - equivalent to the increase in the 3/4 year old hourly funding rates.'*

In summary, national funding arrangements disadvantage nursery schools due to their high staff costs and the fact they provide a significant number of 2 year old places in the most deprived areas of the city.

5. Response to date

In recognition of the sustainability issues, Nursery School headteachers worked collaboratively to look at new models of working. In parallel, the Early Years LA team reviewed the current configuration of the 12 Nursery Schools which included:

- Context setting and review meetings with Nursery School headteachers and governing bodies. City-wide meetings, and meetings as requested by groups of schools working collaboratively.
- Financial modelling and presentation of options, as suggested by stakeholders.
- Revision of individual Nursery School Information and Data packs to inform planning.
- Individual school Context Conversations – held between LA team and all 12 schools (headteachers, governors and bursars/ school finance managers) to capture the current position, unique strengths and challenges for each school. Included discussion relating to demographic features, financials, staffing establishment details and possible future options.
- A commitment to Equalities Impact Assessments to inform emerging new models of provision.
- As part of the financial exercise to develop a sustainable model, review LA services and charges.
- Agreement to allocate LA HR and Governor Services resource to support planning and implementation of any identified actions.

6. Strategic Proposals

The current configuration of NS is not sustainable. Whilst the schools are working to identify further savings, their longer-term viability needs to be considered and what opportunities exist to reconfigure them in a way that would help protect the provision they deliver for the city.

The Early Years Service has been working with NS headteachers and governors to agree terms of reference for this work and have secured a commitment to review current models. Headteachers and governors fully understand the key financial pressures faced by NS and have identified key areas of focus to guide future plans:

- The strategic importance of NS in relation to reducing inequalities and the impact of deprivation on children and families is clear. An analysis of sufficiency demonstrates that NS provision enables the LA to meet its statutory duties in areas of highest need. For example, in the south of the city, without NS provision there would be insufficient PVI provision to meet demand. This would include reduced access to other services within the universal offer with NS providing a universal front door and critical role in prevention and early intervention.
- Current funding for 2 year old provision is insufficient and makes running a BCC maintained 2YO provision virtually impossible based on Bristol grades, without a deficit. The current funding of NS makes it even more challenging to offer this provision. However, many NS are located where there is a high level of eligibility. The schools also support a significant number of pupils with identified SEND. NS budgets do

not include notional SEND funding as in primary schools and so all costs are met from the NS budget. Additional funding can be secured from the Early Years SEND panel and NS are skilled at applying for this for the children in their care. As with 2 year old funding, staff costs mean that SEND provision cannot be offered without incurring some level of cost to the school

- There is a need to review the costs of operating NS sites. NS host a range of services beyond nursery education. The Children Centres are part of the school estate and the costs of running them are charged to the NS. There is a diverse range of buildings across the NS estate which incur varying costs to operate. Therefore each nursery school requires a bespoke audit of space and associated costs, including opportunities for co-location of services and the sharing of site costs.
- NS leadership skills and expertise should be mapped to inform system leadership responsibilities aligned to LA priorities. Context conversations have been held with each school to capture the uniqueness and strengths of individual NS, including skills and expertise. This could support NS income generation through funded system leadership from headteachers and senior leaders.
- There is a continuing need to review individual schools and agree plans to reduce in-year NS deficits.
- There is real value in developing contractual collaborations or more formal federations across NS as a strategy for reducing costs and making provision more sustainable. There are already several nurseries working collaboratively and whilst previous modelling has not demonstrated that this type of arrangement will completely solve the budget issues for individual schools, the cumulative effect of arrangements such as sharing the Headteacher, senior leadership, School Business Manager and SENDCos roles across schools would make a significant impact on the projected deficit across the NS as a whole.

7. Next Steps

To develop the strategic proposals further, the Early Years Service requires additional capacity to work with school leaders and governors, testing out operating models, identifying and sharing best practice and providing financial support and challenge. This paper requests additional investment to deliver these key areas over the next academic year.

8. Additional Capacity

An outline of how the funding would be used is set out below:

Up to £25k	<p>Provide 2 days per week for 10 months of support (term time only) from an experienced Early Years leader to:</p> <ul style="list-style-type: none"> • work with nursery headteachers to review operational models; • work across schools to develop staffing and process structures to realise efficiencies whilst maintaining quality of provision; • support school development planning and training related to remodelling of provision. <p><i>(Either external commission or back fill for existing Early Years leader)</i></p>
Up to £45k	<p>Provide 2 days per week of dedicated finance officer support to:</p> <ul style="list-style-type: none"> • review all school budgets; • work with leaders and governors to identify savings and efficiencies; • agree and draw up plans for managing deficits; • provide support and challenge to ensure plans are implemented; • support with modelling and costing operational plans, collaborations and federation models.
Up to £3k	<p>1 day per term (x6) of business manager and governor training and development and support to:</p> <ul style="list-style-type: none"> • Increase capacity within NS to set, monitor and deliver budgets; • Improve governance capacity to scrutiny and challenge NS finances; • identify and work with schools to develop additional income generation; • Support delivery of recovery plans.

Up to £2k	Commission research into effective models of delivery and income generation in other parts of the UK to support development plans and future models.
Up to £15k	Back fill funding to: <ul style="list-style-type: none"> • provide release time for headteachers, senior leaders and business managers to engage with the programme; • provide release time to share best practice and support.
£90k	Total Funding Ask

If approved a delivery plan will be developed with clear actions and timelines. Regular reports will be provided to Schools Forum on progress, use of funding and impact.

9. SEND Capacity Development in the Early Years Sector

Within Early Years, there is increasing demand and pressure on the Early Years SEND panel funding that provides funding for children with emerging needs. In 2021-22 there was an overspend on the panel funding of £600k. Analysis of year on year figures demonstrates a growing demand, particularly as early years settings deal with the impact of Covid on young children’s development. This year the Early Years SEND budget has been increased from £1.2m to £1.6m but if demand remains the same or increases, the fund will continue to overspend.

To tackle this issue, additional investment in setting-based training and development of the workforce and the development of more efficient funding models is proposed to improve practice, sustainability and impact of SEND provision in the Early Years.

This work will align with the actions outlined in the transformation programme and the DSG management plan.

Up to £250k	<p>It is proposed to create a setting-based programme of activity designed to support and drive early years settings in Bristol to meet a higher level of need in a more cost-effective way, whilst maintaining the quality of provision and developing a culture in which demand is more effectively managed throughout the authority.</p> <p>The programme would seek to develop models that can deliver measurable and scaleable change. Suggested themes include:</p> <ul style="list-style-type: none"> • Early Intervention & Support • Workforce Development & Capability • Models of funding SEND places and support • Demonstrates value for money, community/locality impact • Sustainability (exit strategy) <p>Proposals would be assessed by a panel – drawn from LA officers, parent carer representation and setting leaders. A programme lead would be responsible for the monitoring of the overall programme, including dissemination of learning from successful work across the sector.</p>
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