

Bristol Schools Forum

Update on the Maintained Nursery School Transformation Programme:

- **Activity, progress and impact to date;**

Date of meeting:	Tuesday 28th March 2023
Time of meeting:	5pm
Venue:	virtual

1. Purpose of report (for information and decision)

1.1 The purpose of the report is to provide Bristol Schools Forum with an update on the progress with the Maintained Nursery School transformation programme following the de-delegation of £90k from the 2021-22 Early Years underspend in July 2022. The funding was provided to seek ways to address the current financial challenges faced by Bristol's maintained nursery schools and find sustainable operating models for the future. The report outlines the spend to date, an overview of progress with the programme and its impact.

1.2 The report provides an update on the Maintained Nursery School deficit recovery plan.

2. Recommendations

2.1 That Schools Forum:

- Note the spend, activity and progress to date.
- Note planned next steps.
- Note that the funding of £340k includes £90k for Maintained Nursery Transformation.

3. Maintained Nursery Schools: Context and Background

3.1 The 12 maintained nursery schools 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. Nursery schools 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.

3. Current Position

- 3.1 As at quarter 3 outturn, 11 of the 12 maintained nursery schools are forecasting an in-year deficit position of £1.981m or a cumulative end of year deficit position of £7.173m when adding previous year's brought forward deficit balance of £5.192m. Some of the deficits represent a substantial proportion of their annual budgets.
- 3.2 The current financial climate is challenging for the sector and the financial health of mainstream schools is deteriorating mainly due to factors such as historical patterns of funding, pupil numbers, post pandemic impact, rising staff costs, and inflation and rising energy costs, the collective effect of which is having a significant impact.

Our assessment of schools' financial health reflects the post pandemic position and for the year ending 31 March 2023 56 (84%) of maintained schools are forecasting an in-year deficit of £7.588 million overall (position as at Quarter 3). If this position materialises this would result in the total deficit rising to £9.690 million (40 (60%) schools) over that last year, indicating a rapid escalation of difficulties for the worst affected schools.

The council is therefore forecasting a cumulative net deficit of £3.138 million at the end of financial year 2022/23 when all the individual school balances are combined, an average per school in deficit balance of £135,498.

We are concerned that the position has become unsustainable for schools and the local authority. It is recognised that a financially sustainable school system is vital to the learning and development of children and therefore the financial pressures faced by schools could damage children's education. Schools are financially sustainable when they successfully provide a good quality education to all their pupils within the income that they receive.

The financial health of the maintained nursery sector is the primary driver of the net reported cumulative school's deficit and details are expanded below. It is imperative that we also acknowledge that the Maintained Nursery school transformation project has potential to enable wider improved outcomes and tackle multiple challenges in the sector like recruitment and retention.

Bristol Maintained Schools forecast position as at March 2023	Opening balance as at 1.4.2022	2022/23 in-year forecast position as at March 2023	2022/23 forecast carry forward position (+ve: deficit)	Number of schools forecast in-deficit in 2022/23
Children Centre	340,282	166,443	506,725	1 out of 1
Hub	-773,226	288,896	-484,330	4 out of 4
NURSERY	5,192,471	1,981,040	7,173,512	11 out of 12
PRIMARY	-4,766,319	2,444,202	-2,322,118	22 out of 30
PRIMARY WITH NURSERY	-1,714,571	1,217,380	-497,191	11 out of 12
PRU	-552,232	116,307	-435,925	1 out of 1
SECONDARY	-878,304	613,851	-264,453	2 out of 2
SPECIAL	-1,297,550	759,776	-537,774	4 out of 5
Grand Total	-4,449,449	7,587,895	3,138,446	56 out of 67

Should this position materialise it will be necessary for the Council to notify the ESFA of a net deficit end of year position and the steps to be taken to bring the cumulative position back to a surplus in 2023/24 and beyond.

Following Q2 forecast of a cumulative in-year deficit position from LA Maintained Schools, all LA Maintained Schools were notified to produce a deficit recovery plan by March 2023 to reflect ESFA latest funding announcements with clear strategy to achieve in year balanced position.

So far all schools have returned their recovery plan except two schools. Schools that fail to engage and or unable to demonstrate a plan towards sustainability will be notified of next step which could include formal Notice of Concern.

- 3.3 Whilst we welcomed additional £1.6m funding uplift in MNS supplement, this is not sufficient to restore MNS financial health; and a robust MNS strategy will be required. Recognising the scale of challenge in the sector, we're seeking the Schools' Forum's endorsement on supporting SEND improvement work should funds that are not ringfenced become available in the future.

5. Current Funding

- 5.1 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.
- 5.2 The release of the block allocations also included the first indication of the hourly rates for 2023/24. For 3 & 4 year old the hourly rate will increase by 6p or 1% to £5.75 from £5.69 in 2022/23. The 2 year old rate will increase by 9p or 1.6% to £5.89. This will mean a likely real-term reduction in funding for both year groups as cost of living pressure outstrips increase in funding levels per pupil. These are the rates used to calculate funding to the LA, the rates paid to providers are outlined in section 5 of this report.
- 5.3 The Maintained Nursery School supplementary funding will increase to £3.80 per hour; this is equivalent to an indicative increase of £1.855m in funding based on part-time participation number of 1,154 for 15 hours per week, 38 weeks per year.
- 5.4 Whilst we welcomed the uplift in MNS supplement (circa additional £1.6m funding for 2023/24), it's not sufficient to restore the financial health of Maintained Nursery Schools. Please note this does not take into account of latest government update in March 2023.
- 5.5 Summary of 2023/24 funding allocation methodology which was consulted with the sector and approved by the Schools forum is illustrated in below Table:

Local Authority Distribution Methodology			22/23	23/24			
			Bristol	Bristol	Increase	% Inc.	LA Allocation
Hourly funding rates for the 2 year-olds	For 2023 to 2024, DfE are implementing the following: +1% year-to-year protection and a 10.0% gains cap.	Govt. Formu	£ 5.80	£ 5.89	£ 0.09	1.6%	PTE x £5.89 x 15hrs x 38 weeks (no protection or gains cap applied to Bristol)
Hourly funding rates for the 2 year-olds	For 2023 to 2024, increase passed on in full to providers, with 0.03p retained	Local Formu	£ 5.77	£ 5.86	£ 0.09	1.6%	PTE x £5.86 x 15hrs x 38 weeks
	£0.03 retained for central administration	Local Formu	£ 0.03	£ 0.03	£ -		6 x extra places
EYNFF - Hourly funding rates for the 3 and 4-year-olds - Universal Hours and Additional Hours	For 23/24 DfE are implementing the following: a £4.87 minimum funding floor, +1% year-to-year protection, and a 4.9% gains cap.	Govt. Formu	£ 5.74	£ 5.80	£ 0.06	1.0%	PTE universal hours x 5.80 x 15hrs x 38 weeks (incl £0.53p protection applied to £5.27 rate)
Base Rate + additional supplements added back to this (varies per provider)	Base Rate - For 23/24 increase passed on in full to providers - £5.75 per hour (excluding 5p designated for Teachers Pay and Pension Grant)	Local Formu	£ 4.88	£ 4.94	£ 0.06	1.2%	PTE x £4.94 x 15hrs x 38 weeks
	TPPG within EYNFF Baseline		£ 0.05	£ 0.05	£ -	0.0%	
Additional supplements (up to 10%)	Deprivation (mandatory); Could use other supplements: Quality - selected by sector / council SEN- selected by sector / council Rurality Flexibility English as Additional Language						
	Deprivation supplement (between £0.00 and £0.59 per hour)		£ 0.13	£ 0.13	£ -	0.0%	
	Quality supplement methodology (Lead Teachers) (System Leadership Model)		£ 0.16	£ 0.16	£ -	0.0%	
	EY SEN - Emerging SEN - paid based on number of eligible children		£ 0.25	£ 0.25	£ -	0.0%	
	Centrally retained (up to 5%)		£ 0.27	£ 0.27	£ -	0.0%	
Hourly rates for Maintained Nursery Schools Incl TPPG	For 23/24 DfE are implementing the following: a £3.80 minimum funding floor	Govt. Formu	£ 1.42	£ 3.80	£ 2.38	167.6%	PTE x £3.80 x 15hrs x 38 weeks - Std inc 3.4% on£0.98= £1.02 + £0.44 TPPG - therefore 2023-24 MNS rate with £3.80 minimum floor applied
Hourly rates for Maintained Nursery Schools Incl TPPG	For 23/24 DfE are implementing the following: a £3.80 minimum funding floor	Govt. Formu	£ 0.98	£ 3.36	£ 2.38	242.9%	PTE x £3.80 x 15hrs x 38 weeks - Std inc 3.4% on£0.98= £1.02 + £0.44 TPPG - therefore 2023-24 MNS rate with £3.80 minimum floor applied
	TPPG within MNS Baseline		£ 0.44	£ 0.44	£ -	0.0%	
Other Funding to Providers:							
- The Early Years Pupil Premium - gives providers additional funding to support disadvantaged three & four year old pupils							
- The Disability Access Fund - Providers who offer places for any 3- or 4-year-olds who receive disability living allowance (DLA) are eligible to receive DAF							

6. Progress to date

A Project Support Officer was appointed to the transformation programme alongside an experienced early years leader. They began their work in October 2022. The aim of the transformation project is to work with the maintained nursery schools to maximise their income and minimise their expenditure and to look at new operating models, such as federation, that will be more cost effective, in order to arrive at an in-year surplus as early possible.

An outline of how the £90k funding has been used is set out below:

Funding	Activity
Up to £25k	<p>Provided 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>Provided 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; work with the LA to ensure implementation of agreed deficit recovery plans

	<ul style="list-style-type: none"> 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 delivered by BCC governor development with development and support to:</p> <ul style="list-style-type: none"> Increase capacity within Nursery Schools to set, monitor and deliver budgets; Improve governance capacity to scrutiny and challenge Nursery Schools finances; identify and work with schools to develop additional income generation; Support delivery of recovery plans.
Up to £2k	Commissioned 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	<p>Back filled funding to:</p> <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.

The following activity has been completed:

- Information collated on staffing structures and funding streams (EYNFF and SEND).
- Pupil numbers and current classroom ratios established.
- Breakdown of hours: 2yo, 3&4yo, universal 15 hours and 30 hours offer.
- Development of a consistent model for schools to calculate places and staff ratios to aid strategic planning for places and additional intakes, if necessary.
- Worked with the nursery schools in the South of the City to discuss a sustainable model that will ensure a financial future for them all. This work is yet to be completed.
- Review of historic census information to forecast places and staffing requirements.
- Costed entrepreneurial opportunities such as baby rooms to generate additional income.
- Review of contracts, looking at value for money/ sustainability e.g. catering.
- Support for exploration of capital works to increase teaching space.
- Finance training for headteachers and bursars.
- Joint working with TWS finance to improve accuracy of outturns.
 - Agree and draw up plans for managing deficit
 - Provide support and challenge to ensure plans are implemented
- A verbal update to the Early Years Steering Group

In addition, the below outlines the planned expenditure of the Early Years SEND money of £250,000. £250,000 was agreed by Schools' Forum to address the growing deficit in the early Years SEND panel funding

1	To audit 50 early years settings	£30,000
2	CPD Offer	£125,000
3	CPD developing a Neuro Diverse Early Years environment and curriculum	£30,000
4	Self help Guidance	£10,000
5	Re-design of Early Years SEND Panel	£15,000
	Contingency costs	£40,000

The above actions are in the proposal stage and are currently being scoped and developed to ensure clear objectives and impacts are measured.

7. Next steps

The programme will continue to work with individual and groups of nursery schools to progress closer collaboration and federation models where appropriate. Actions that will be progressing through the remainder of the academic year are as follows:

- All nursery schools with deficit budgets to work with LA finance officers to agree a licenced deficit and provide 3-5 year plan demonstrating a return to surplus.
- Completion of the St Werburgh's Park consultation to join Rosemary Nursery and The Limes Nursery Federation. The formal consultation started on 01 March 2023 and is set to close on 27 April 2023.
- Complete discussions with governing bodies in the South of Bristol to identify a sustainable future.
- Continue to explore operating models for the remaining nursery schools to understand how they can become sustainable for the long term.
- Ongoing financial support, training and development of leaders, school bursars and governors to ensure robust forecasting.
- Continue leadership support for nursery headteachers to ensure implementation plans are delivered.

8. Further capacity for the programme

The transformation programme has made accelerated progress since appointing finance and leadership capacity, To ensure this pace is continued to address the immediate and longer term financial pressures, the programme will need to continue.

To date, £123,000 (out of £340,000) of the Early Year's SEND / Nursery Improvement funding has been utilised, the remaining balance should continue to be ring-fenced for this purpose to allow the continuation of work with nursery schools and Early Years SEND improvement.