

Schools Forum - 25 January 2021

Title of paper:	Nottingham Nursery School Funding Proposal
Director(s)/ Corporate Director(s):	Nick Lee, Director of Education Services Catherine Underwood, Corporate Director for People
Report author(s) and contact details:	Kathryn Stevenson, Senior Commercial Business Partner (School Funding)
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Summary	
<p>This paper consults Schools Forum on proposals to increase lump sum funding to Nottingham Nursery School by £0.075m from the current financial year. This is to ensure that, in combination with restructure proposals committed to by the Governing Body, the school can recover its financial deficit over a 3-year period.</p>	
Recommendation(s):	
1	To agree to support a disapplication request to the Secretary of State to make an in-year increase to the Nottingham Nursery School lump sum of £0.075m.
2	To note that this will be an ongoing increase, taking the annual lump sum from £0.203m to £0.278m.

1 Reasons for recommendations

- 1.1 This proposal, alongside restructure proposals approved by the Nottingham Nursery School governing body on 17 December 2020, is necessary to put the City's single Maintained Nursery School onto a sustainable footing bringing the school out of deficit by 2023/24.

2 Background (including outcomes of consultation)

- 2.1 It is nationally recognised that standalone Maintained Nursery Schools face higher costs per head than other types of settings in delivering the early years education entitlements. As such, additional funding is provided through the early years block in the form of Maintained Nursery School (MNS) Supplementary funding.
- 2.2 MNS supplementary funding is designed to protect the level of funding provided to MNS prior to the introduction of the Early Years National Funding Formula (EYNFF).
- 2.3 Nottingham Nursery School has received lump sum funding of £0.203m since the introduction of the EYNFF plus an amount to cover business rates (£0.028m in 2020/21). Our MNS supplementary funding allocation of £0.118m does not fully cover this cost, with the remainder being funded from the overall 3 & 4 year old DSG allocation.

- 2.4 MNS supplementary funding is subject to a national review. Allocations from September 2021 are conditional on this review. However, ESFA colleagues have confirmed that the national sum of around £60m is secure for the 2021/22 financial year and the Government's commitment to MNS is unchanged.
- 2.5 Based on the trend of underspends on 3 & 4 year funding in prior years driven by the timing differences in counts, the £0.075m additional lump sum is affordable even after implementing the sector wide £0.12/hour base rate increase.
- 2.6 Nottingham Nursery School went into deficit during the 2019/20 financial year, closing with a £0.086m deficit balance. The latest outturn projection for 2020/21 without the lump sum increase is a £0.141m deficit.
- 2.7 Nottingham Nursery School has seen reduced funding over the time period since the introduction of the EYNFF of around £0.075m/year due to the introduction of the national 30 hour offer. Prior to this under our local arrangements the Nursery school was able to offer universal full time funded places. This change has resulted in reduced numbers of funded 3 & 4 year olds at the setting.
- 2.8 Since the departure of the previous Headteacher, Nottingham Nursery has benefited from the leadership support of Mellers Primary. The deputy head teacher from Mellers is currently seconded to Nottingham Nursery 3 days per week. The LA has been working with the leadership and governing body of the Nursery School to develop a revised staffing model.
- 2.9 It became clear as part of this work that it was not feasible for the Nursery School to make savings to the level required to balance the budget and recover the deficit whilst remaining staffed in line with statutory ratios for the relevant age groups. The LA assessed that additional funding in the region of £0.075m would be required to support Nottingham Nursery to develop a workable staffing model.
- 2.10 The new staffing model is more similar to a key worker model operated in the PVI sector, with provision lead and planned by qualified teachers but delivered in the main by teaching assistants.
- 2.11 Full details of the restructure need to remain confidential at this stage. However, the impact of these as approved by the governing body will result in annual savings of around £0.050m.
- 2.12 Additional annual savings of around £0.020m may be achieved if a formal federation is agreed with Mellers Primary.
- 2.13 In order for it to be manageable for Nottingham Nursery School to recover the deficit within a 3-year period, it is essential that the £0.075m lump sum increase is applied in-year in 2020/21.
- 2.14 This will require a disapplication to the Secretary of State, following the same process as for the £0.12/hour in-year base rate increase which received approval on 3 November 2020. As part of this disapplication request, the LA will need to confirm whether Schools Forum agrees with the proposal.

3 Other options considered in making recommendations

3.1 N/a

4 Outcomes/deliverables

4.1 Allows implementation of a deficit recovery plan for Nottingham Nursery School which brings the school out of deficit by 2023/24.

5 Finance colleague comments (including implications and value for money/VAT)

5.1 Detailed financial implications are covered throughout the body of this report.

5.2 As stated in Section 5 of the September 2020 Schools Forum consultation paper on the Early Years Base Rate Proposal, 3 & 4 year old funding has been underspend in each of the 3 last financial years by between £0.564m (3.6%) and £0.800m (4.7%). The £0.12/hour base rate increase proposal, which has now been approved and implemented, is projected to cost £0.435m in a full year. Therefore there is forecast to be capacity to fund the £0.075m lump sum increase for Nottingham Nursery School from the Early Years block 3 & 4 year old funding allocation. The 2021/22 Schools Budget Report incorporates the lump sum at the increased level.

5.3 Following consultation with Schools Forum, the proposals will require approval through the Council's delegated decision making process prior to the disapplication request being submitted to the Secretary of State. There are financial implications of the Nottingham Nursery restructure proposals, which would need to be met by the Council's budget.

Kathryn Stevenson - Senior Commercial Business Partner (School Funding)

6 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)

6.1 This report seeks authority to apply for approval to make an in-year increase to the Nottingham Nursery School lump sum in accordance with The School & Early Years Finance (England) Regulations 2020. Regulation 10(7) states that a local authority may not change its funding formulae after the funding period has begun but Regulation 31(1)(e) permits alternative arrangements to be approved by the Secretary of State.

It is understood that this is the basis for seeking approval from the Secretary of State.

Advice provided by Dionne Scream (Solicitor, Commercial, Employment and Education) on 04/01/2021.

7 HR colleague comments

7.1 This report seeks authority to apply for approval to make an in-year increase to the Nottingham Nursery School lump sum in accordance with The School & Early Years Finance (England) Regulations 2020 in order to put the City's single Maintained Nursery School onto a sustainable footing bringing the school out of deficit by 2023/24.

- 7.2 As cited in the report, as part of this deficit plan, a new staffing model is being scoped and developed to deliver workforce reductions and savings. Alongside this, a federation with Mellers could also deliver additional savings.
- 7.3 Whilst this report is seeking the authority to make an increase to Nottingham Nursery School, in the event of a restructure and federation to achieve the deficit balance required, HR will ensure the governing body gives careful consideration to the Restructuring, Recruitment, and Pay Policies, including appropriate consultation with affected staff.
- 7.4 It is noted that the council's budget will need to meet the financial implications of the Nottingham Nursery restructure proposals.

Rachael Morris, HR Business Lead (People)

8 Equality Impact Assessment

- 8.1 Has the equality impact of the proposals in this report been assessed?

No X
An EIA is not required because there is no significant change to policy/practice. This proposal supports existing provision.

Yes

9 List of background papers other than published works or those disclosing confidential or exempt information

- 9.1 Schools Forum Consultation Paper – Early Years Base Rate Proposal September 2020

10 Published documents referred to in compiling this report

- 10.1 Early Years entitlements: Local Authority funding of providers operational guide 2021 to 2022