

Education and Children's Services Scrutiny Committee

Meeting to be held on Tuesday, 5 October 2021

Electoral Division affected:
(All Divisions);

Maintained Nursery Schools Consultation Update

(Appendix 'A' refers)

Contact for further information:

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Executive Summary

The maintained nursery schools in Lancashire possess a rich source of skills and knowledge, this is reflected in how they are graded in their inspections by Ofsted, with the quality of delivery being highlighted. The maintained nursery schools have served some of the most deprived communities in Lancashire for decades and are integral to the history and cultural make-up of those communities.

The current context is very different from when most the of the maintained nursery schools were established, and to ensure their ongoing viability, adjustments need to be considered, opportunities need to be seized, with transparency and accountability being key.

Recommendation

The Education and Children's Services Scrutiny Committee is asked to:

- i. Consider and discuss the information provided in the report and presentation.
- ii. Consider inclusion of future reports to Cabinet on the delivery of maintained nursery provision on the work programme.
- iii. Consider inclusion of future consultations on funding in the Early Years sector on the work programme.

Background and Advice

Maintained nursery schools were set up more than a century ago to provide early education and childcare to disadvantaged children in the most deprived areas of England. Although maintained nursery schools are early education providers, they are legally constituted as schools. A maintained nursery school is funded and controlled by the local authority, just like any other local authority maintained school.

There are currently just under 400 maintained nursery schools nationwide, Lancashire has 24 Maintained Nursery Schools, the second highest number in England. The majority of these, 19, are located in the east of the county.

In terms of funding, since its introduction in April 2017, the Early Years National Funding Formula has set the national hourly funding rates that each local authority is paid to deliver the universal and additional entitlements for 3 and 4 year olds. There is a separate formula that sets the national hourly funding rates for 2 year olds.

Supplementary funding for maintained nursery schools is allocated to local authorities to protect the level of funding to maintained nursery schools that existed for universal hours delivery prior to the introduction of the Early Years National Funding Formula.

The Cabinet decision to consult on the future of maintained nursery schools in Lancashire made on 16 January 2020, was put on hold due to the COVID-19 pandemic. However, the decision to set out to fact find through consulting with the maintained nursery schools remained a priority for the local authority. The consultation aimed to capture qualitative information relating to service delivery as well as the financial position of each of the 24 maintained nursery schools.

The financial element is integral to assist the local authority in managing its financial risks and responsibilities, alongside ensuring that it is meeting its statutory duties. The qualitative element provides detailed information relating to the service offer provided by the maintained nursery schools and potential opportunities moving forward.

The consultation's focus was to provide the level of information required for a full analysis of the maintained nursery schools as individual settings, part of a group of 24 maintained nursery schools, and part of the wider early years provision in Lancashire. The local authority has a duty to ensure that such decisions are based on evidential fact, with a pro-active position to mitigate and manage any future risk.

Information and Data

Demographics

Historically, maintained nursery schools were located in areas of high deprivation and local need. This remains the overarching case for maintained nursery schools in Lancashire with 16 of them located in the 4 most deprived districts of the county.

Lancashire County Council is a large, diverse local authority covering an area of 2,903 square kilometres. It is the fourth largest local authority in the country with a population of 1.18 million people within its boundaries. There are an estimated 277,000 children and young people aged up to 19 years living in the county (2011 Census data).

Lancashire's defining characteristics are its size and diversity. Each district has its own unique demography and geography. It is an area of vast contrasts with busy urban centres, coastal regions, and large agricultural areas. Lancashire has 12 districts within its borders and for the purposes of this report these districts are broken down further into geographical areas.

Deprivation

As well as some of England's most prosperous communities, Lancashire also has pockets of very severe deprivation. The 2015 Index of Multiple Deprivation indicates that Burnley falls into the 10% most deprived areas of England. The districts of

Pendle and Hyndburn are within the top 20% of most deprived authority areas in the country. In contrast, Ribble Valley is in the top 20% least deprived authorities in the country.

Housing Projections

Household numbers in Lancashire are projected to grow from an estimated 507,980 in 2016, to 551,312 by 2041, an increase of 8.5%. This is significantly lower than the England growth rate of 17.3%.

Within Lancashire, Chorley, Fylde and Wyre are estimated to see the largest housing increases in the area, although Ribble Valley and Rossendale are also projected to see percentage increases above 10.0%. Locally, only Chorley's percentage rise is estimated to be greater than the England average of 17.3%. Hyndburn and Preston are projected to see the lowest percentage growth in Lancashire.

There may be localised housing developments of various sizes that will be applied for in the coming years, one maintained nursery school reported that a development of over 450 home is proposed for construction. However, the Childcare Sufficiency Assessment is updated yearly and is able to monitor housing developments for inclusion within its sufficiency analysis.

New Births

The birth rate across the county has dropped by 5.1% from 2019 to 2020. There is a decline in the birth rate in all but 1 of Lancashire's districts. The importance of this information links to future planning for services, as the children born in 2020 may be eligible for 2 year old funding next year, and if this rate has reduced this will be reflected in demand for early years places. This doesn't consider any migration into the county or specific areas, especially those that are subject to any local housing regeneration and housing stock increase.

Finance

The introduction of the Early Years National Funding Formula in 2017 saw changes in how maintained nursery schools were funded. Following the changes, maintained nurseries received the same hourly rate as any other providers delivering Early Education Funding, but in addition they also receive a supplementary hourly rate for universal hours. This additional supplement is in recognition of the additional financial costs that maintained nursery schools incur; primarily additional staff cost due to teacher qualified requirements.

Approved settings are able to provide funded childcare places for 2, 3, 4 years olds. The setting receives an hourly rate amount for each hour that the child attends. The rates are set via a funding formula, to distribute funds received from central government.

The current hourly rate paid to providers is £5.16 for 2 year olds and £4.35 for 3 and 4 year olds. Maintained nursery schools receive a supplementary amount of £3.50 for the universal element of the 3 and 4 year olds funded entitlement. Additional funding is also available through Disability Access Funding. If a setting provides places for any 3 or 4 year olds who receive Disability Living Allowance (DLA), the setting is eligible to receive disability access funding, which is £615 per child per year. Additionally, If a setting has a disadvantaged 3 or 4 year olds at their setting,

they may be eligible for the Early Year's Pupil Premium at 53p per hour. Deprivation payments, ranging from 0-40p per hour, depending on location, can also be accessed.

Early Education Funding

3 and 4 year olds Early Education Funding – Universal Entitlement

Every 3 and 4 year old is eligible for 15 hours funded childcare the term after their third birthday until they start school. Parents can choose to access this provision flexibly and use more than one provider to meet their childcare needs. The funding is available for 15 hours per week for 38 weeks per year. Some parents may choose more flexibility and use less hours per week, over more than 38 weeks of the year, a total of 570 hours is available.

30 hours Extended Entitlement

September 2017 saw the introduction of the extended entitlement 30 hours childcare for 3 and 4 year olds. This funding is targeted at working families who can access a total of 1,140 hours per year either 30 hours a week for 38 weeks of the year, or it can also be used more flexibly over the year and with one or more childcare providers.

2 year old Early Education Funding

Some 2 year old children are eligible to access up to 15 hours of Early Education Funding. A child is eligible to access a place the term after their 2nd birthday, 570 hours are available, either 15 hours for 38 weeks per year or parents may choose more flexibility and use the funding throughout the year.

Staffing

Operating within a school regime, the staff to child ratios are different for 3 and 4 years olds than they are in the Private, Voluntary, and Independent sector.

The early years provision in each class or group of pupils must be led by a schoolteacher. There should be a minimum of one staff member for every 13 children (1:13) and a minimum of one staff member must hold a full and relevant level 2 qualification.

Whilst the ratio for 3 and 4 year olds in a maintained nursery school is 1:13 rather than the 1:8 it is in Private, Voluntary and Independent, which should result in lower staff costs, this does not appear to generate enough income to offset the additional staffing costs.

The ratio for 2 year olds is 1:4, for both Private, Voluntary, and Independent and maintained nursery schools. This can impact on overall staff costs if teacher qualified staff are utilised within the ratios for the 2 year old provision. For example, at a ratio 1:13, it would require two staff in the 3 and 4 year element, whilst for 2 year olds at a ratio of 1:4 would require six staff for 24 children. Currently 17 maintained nursery schools deliver funded places for 2 year olds.

Ofsted

Lancashire's early years provision has excellent Ofsted grades, currently 96% of Lancashire's Maintained Nursery Schools are rated either Good or Outstanding, this compares to the national average of 98% (Education, Children's Services and Skills, 2020). The percentage amount needs to be considered in the context of how many maintained nursery schools are located in Lancashire. For example, Lancashire has 23 out of its 24 maintained nursery schools rating Good or Outstanding by Ofsted, giving a percentage of 96%. An authority with 4 maintained nursery schools may have all 4 rated good or outstanding so has a percentage rating of 100%. Local authorities with fewer maintained nursery schools can skew the overall percentage comparison for Lancashire due to the number of maintained nursery schools located in the county.

Private, Voluntary, and Independent early years provision, this includes day nurseries, pre-schools, childminders currently have 98% rated as either good or outstanding, this compares to the national average of 96%.

5 maintained nursery schools are due an inspection within the coming months as their last full inspections took place in 2016. Since then there have been changes in how maintained nursery schools are funded and this has led to some altering their team structure or delivery offer to meet the challenges faced.

Comparative County vs National Ofsted grades for Maintained Nursery Schools

	Outstanding	Good	Requires Improvement	Inadequate
Number (Lancashire)	17	6	1	0
Percentage (Lancashire)	71	25	4	0
Percentage (national)	63	35	1	0

SEND/Inclusion

A child or young person has a special educational need (SEN) if he or she has a learning difficulty or disability which requires special education provision. This is defined as when a child or young person has significantly greater difficulty in learning than the majority of their peers of the same age. It also includes disability which prevents or hinders them from making use of educational facilities of a kind generally provided for their peers of the same age in schools maintained by the county council.

The range of child's needs includes speech & language support, multi-sensory impairment, genetic abnormalities, and autism. The additional staffing costs (reduced ratios, 1:1 support) has an impact on overall staff budgets which in turn can limit overall places and restrict access to services.

Buildings & Premises

The majority of the maintained nursery schools are over 30 years old, 17 of them were built between 1930 and 1971, one of them dates back to 1868. Out of 24 maintained nursery schools, 16 have undertaken significant renovation works in the last 10 years, the primary focus for these works was to expand and improve the service offer.

The age of the buildings creates financial and operational challenges due to increasing maintenance costs and the potential for any significant works required due to the age of the buildings.

Consultations

24 maintained nursery schools were consulted on their current delivery models, providing details on how they operate, including risks and opportunities. Lancashire County Council Officers also provided information relating to the financial and operational elements of each of the 24 maintained nursery schools. Responses were received from all 24 maintained nursery schools.

Observation and analysis summary to be presented at the meeting with the presentation (as at Appendix A).

Implications:

This item has the following implications, as indicated:

Risk management

The risks associated with not following the proposals within the presentation (Appendix A) include financial risk to the Local Authority, risk of closure of a percentage of maintained nursery schools and, subsequently loss of high quality early years provision and loss of expertise and knowledge of staff:

- i. Financial – Local Authority is ultimately responsible for any negative budget should a maintained nursery school close
- ii. Legal – Local Authority has a statutory duty to provide sufficient childcare places, loss of provision may impact on that meeting that duty
- iii. Property Asset Management – Vacant buildings that do not generate income provide financial and practical cost to the Local Authority
- iv. HR – loss of expertise and knowledge as staff potential exit the sector

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact/Tel
The Future of Maintained Nursery Schools – Cabinet report	16 January 2020	Delyth Mathieson 01772 530700

Reason for inclusion in Part II, if appropriate

N/A