

**Education Advisory Panel**  
**Maintained Nursery Supplement 2022/23**  
**Briefing Paper**  
**23rd March 2022**

**1. Introduction**

The Maintained Nursery Supplement (MNS) grant is provided by the Department for Education (DfE) as part of the Dedicated School's Grant (DSG) to support the ongoing provision of the universal offer of 15 hours free nursery education in Maintained Nursey Schools. The guidance in relation to the provision and intended use of the grant can be found here [Early years entitlements: local authority funding of providers operational guide 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/early-years-entitlements-local-authority-funding-of-providers-operational-guide-2022-to-2023).

The Indicative 2022/23 Early Years Maintained Nursery School Supplement in the Early Years Block DSG published in December 2021 is derived by taking the 2021/22 supplementary funding rate as the starting point and then uplifting it by 3.47% and rounding to two decimal places. This supplementary funding rate is then multiplied by the 15 hour universal participation hours in the January 2021 census. Adjustments are made later in the financial year when actual participation hours based on January 2022 census are known, with the final allocation determined in July 2023 based on 5 months of the January 2022 census and 7 months of the January 2023 census.

The grant originated in 2017/18 following a change in the funding of early years provision that could have negatively impacted on Maintained Nursery Schools due to the additional costs they have to meet compared to Private, Voluntary and Independent providers, as a result of differing regulatory frameworks for example. At that time the allocation for Northamptonshire County Council (NCC) was adjusted by DfE to reflect additional resources that were provided to the Council through other routes to support the extended offer that was provided in a number the Nursery Schools in the area, including Pen Green, now in North Northamptonshire.

Over time, and as a result of the move to the distribution methodology set out above, the ability to identify the amount of grant received for protection of the universal offer, and the amount for the extended offer has been lost. The DfE are clear that it is now for each Council to decide how best to use the grant to support the ongoing provision of services in their area. Also over this time the DfE have reduced overall amount of grant that of distributed through this route.

As a result of uncertainty around grant allocations, and a commitment to provide stability during the Local Government Review (LGR) process, the 2021/22 allocation for NNC nurseries was based on NCC's 2020/21 grant distribution levels, this resulted in a deficit as the overall quantum for funding reduced by £311k from the estimate of £1.204m to £893k. This deficit is estimated to be reduced by around £200k as part of an adjustment to funding levels that is still to be competed following LGR – the final outturn will not be known until July 2022 and any adjustments will be reflected 2023/24.

The initial split of the former NCC grant was undertaken on the basis of participation levels in line with the DfE grant calculation methodology. As part of the LGR process, it was recognised that this did not reflect actual historic spend patterns and so an adjustment would be required. For 2021/22 there was an agreement for such an adjustment to be actioned. The Council is continuing to work to ensure that historic spend patterns are appropriately reflected in the ongoing split of the grant.

Following the closure of Northamptonshire County Council's 2020-21 accounts, it has been identified that there are carried forward balances available which could be used to support the available MNS grant. The availability and use of these one off resources remain subject to verification by external audit and would have to be the subject of a formal NNC decision making process to offset any future deficit positions.

The NCC distribution methodology used previously to allocate resources to each of the individual Nursery Schools has been broadly based on historic allocations and adjusted to reflect changing grant levels.

The impact of this on the proportional split of grant, as set against levels of participation, the basis on which the grant is allocated to NNC, is as follows:

***Distribution of participation hours – vs – distribution of funding***

<b>Maintained Nursery School</b>	<b>Participation hours</b>	<b>% hours</b>	<b>Funding award 21/22</b>	<b>% Funding award 21/22</b>
Croyland	4117.33	16	£52,079	4
Highfield	5972.00	23	£64,200	6
Pen Green	9652.00	36	£1,027,620	85
Ronald Tree	6514.33	25	£60,112	5
<b>Total</b>	<b>26255.66</b>	<b>100</b>	<b>£1,204,011</b>	<b>100</b>

The grant has been distributed in 2021-22 as presented and agreed at Northamptonshire County Council's March 2021 Schools Forum as follows:

<b>Nursery School</b>	<b>2017-18 DSG EYMNSS Devolved Locally</b>	<b>%</b>	<b>2020-21 DSG EYMNSS received from ESFA</b>	<b>%</b>	<b>2020-21 DSG EYMNSS Devolved Locally</b>	<b>Transfer between Nursery Schools</b>	<b>2020-21 DSG EYMNSS Devolved Locally</b>	<b>%</b>
Camrose	£487,455	22%	£213,016	10%	£379,226		£379,226	21%
Gloucester	£77,680	4%	£213,016	10%	£49,694		£49,694	3%
Parklands	£66,608	3%	£106,508	5%	£46,930		£46,930	3%
Whitehills	£69,305	3%	£124,260	6%	£48,615		£48,615	3%
Wallace Road	£68,969	3%	£142,011	7%	£46,659		£46,659	3%
<b>WNC Total</b>	<b>£770,017</b>	<b>35%</b>	<b>£798,811</b>	<b>37%</b>	<b>£571,124</b>	<b>£0</b>	<b>£571,124</b>	<b>32%</b>
Pen Green	£1,167,523	54%	£337,276	16%	£1,042,620	(£15,000)	£1,027,620	58%
Croyland	£78,476	4%	£177,514	8%	£52,079		£52,079	3%
Ronald Tree	£76,075	3%	£266,270	12%	£45,112	£15,000	£60,112	3%
Highfield	£82,528	4%	£195,265	9%	£64,200		£64,200	4%
<b>NNC Total</b>	<b>£1,404,602</b>	<b>65%</b>	<b>£976,325</b>	<b>45%</b>	<b>£1,204,011</b>	<b>£0</b>	<b>£1,204,011</b>	<b>68%</b>
<b>Total</b>	<b>£2,174,619</b>	<b>100%</b>	<b>£1,775,136</b>	<b>82%</b>	<b>£1,775,135</b>	<b>£0</b>	<b>£1,775,135</b>	<b>100%</b>

This budget allocation is as a result of the additional resources historically allocated to the grant for the extended offer. The actual allocation to each Nursey school does not adequately reflect the purpose of the EYMNSS which is to protect the universal 15 hour provision. As a result of this, three of the Nursery Schools are projecting increasing deficits year on year as a consequence of this approach.

The reduced level of participation in 2021/22 due to Covid has led to a reduction in EYMNSS funding received from ESFA contributing to the EYMNSS estimated overspend of around £111k after allowing for the agreed adjustment following LGR.. The overall level of grant now received does not reflect the historic commitments that were made to support the extended offer, and to provide the protection for the 15 hour universal offer which is the purpose of the grant. Further engagement is required with DfE to clarify the impact this will have on services and make the case for additional resources to be allocated to support services to children, young people and their families.

A paper was presented to the School’s Forum at its meeting on 10<sup>th</sup> February 2022 setting out possible ways forward, and proposed a consultation to be undertaken with the Nursery Schools based on three options that could address these issues. The intended outcome of this process was to enable the council to take an informed decision on how it can meet its statutory duty to protect the universal 15 hour provision at its Maintained Nursery Schools as well as reflect the funding for the extended offer which has become absorbed in the “enhanced” supplementary funding rate, whilst ensuring a robust and transparent distribution methodology that is fit for purpose is in place.

At that meeting it was stated in the report that to move away from participation as a methodology for distribution of the grant would require an approved disapplication of regulations by the Secretary of State. Since then, the DfE have confirmed that a disapplication request is not required and the decision around the methodology of the distribution of EYMNSS is at the discretion of the Council The DfE has confirmed that this does not affect the validity of the consultation that has been undertaken.

As a result of the above, the three options that were set out to Forum, and presented as the basis of the consultation, assumed that there may be a need to move towards participation as the sole distribution methodology over a period of time. As this is now not the case it is possible to review the consultation responses and consider a wider range of options to address the issues set out above.

### 3. Consultation

The consultation paper presented at the School’s Forum on 10<sup>th</sup> February sought views on three options for the future distribution methodology for MNS grant. These all related to either maintaining the status quo or moving, immediately or over time, towards a distribution based on participation.

The total available to be distributed of £622k was based on the indicative DfE allocation to NNC for 2022/23, £933k less the projected overspend for 2021/22 of £311k.

The options were presented as follows:

#### Option 1 - Based on participation hours from the Annual Early Years School Census

Nursery	Based on pupil hours Jan 2022	% based on pupil hours Jan 2022	Pupil hours Jan 2022
Croyland Children's Centre and Nursery	£97,617	16%	4,117

School			
Highfield Nursery School	£141,590	23%	5,972
Pen Green Centre for Children and their Families *	£228,838	37%	9,652
Ronald Tree Nursery School & Children's Centre	£154,448	25%	6,514
<b>Total</b>	<b>£622,493</b>	<b>100%</b>	<b>26,256</b>

#### Option 2 - Half way House

Nursery	Half Way House	Half Way House
Croyland Children's Centre and Nursery School	£74,699	12%
Highfield Nursery School	£102,711	17%
Pen Green Centre for Children and their Families *	£336,146	54%
Ronald Tree Nursery School & Children's Centre	£108,936	18%
<b>Total</b>	<b>£622,493</b>	<b>100%</b>

#### Option 3 - Based on 0% MFG for the other 3 nursery schools

Nursery	0% MFG for the other 3 nursery schools	% based on 0% MFG for the other 3 nursery schools
Croyland Children's Centre and Nursery School	£52,079	8%
Highfield Nursery School	£64,200	10%
Pen Green Centre for Children and their Families *	£446,102	72%
Ronald Tree Nursery School & Children's Centre	£60,112	10%
<b>Total</b>	<b>£622,493</b>	<b>100%</b>

The consultation paper consisted of 4 questions specific to the options above:

- a) Please identify your preferred option for the Maintained Nursery Supplement.
- b) Please outline the reasons for your preference.
- c) Please identify any additional factors that you would wish to be taken into consideration in determining the maintained nursery supplement distribution.
- d) If you wish to suggest an alternative model of funding please include detail that would assist the LA/Schools Forum in understanding the proposal and ensuring compliance with the DfE guidance.

Eight responses were received to the consultation process, these are attached as follows:

Appendix A - Croyland and Highfield Responses

Appendix B – Ronald Tree Response

Appendix C – Overall responses including incomplete questions.

Of the three nurseries that responded, all selected option 2 as their favoured approach of those set out in the paper. Of the other respondents, only one answered this specific question and they selected option 1.

From the text responses received, it is clear that there is broad agreement with the principle of moving towards a transparent and equitable methodology, but also an understanding that in reallocating limited resources this could have a significant impact on individual providers.

A number of specific questions were raised through the consultation process and these have been considered in developing this paper.

### **1. NNC response to consultation**

The options presented through the consultation process assumed that the quantum available for distribution was £622,493, being the NNC allocation for 2022/23 £933,309 less the anticipated deficit carried forward from 2021/22 £310,816. As set out above, a review of the historic NCC distribution of MNS grant showed that the allocation methodology used to allocate budget at LGR did not reflect actual spend.

As such, a reallocation is required that increases the resources available to NNC. This, along with NCC reserves that will be disaggregated to the North could be used to support MNS grant expenditure, means that modelling the distribution based on the total available grant for 2022/23 of £933,309, would be more appropriate.

Throughout this process, the options presented have sought to distribute the full amount of grant forecast to be provided by DfE, adjusted for historic deficits. This approach will continue to be implemented as work is completed to quantify the actual funding that will be available for the 2022/23 financial year.

This remains an indicative modelling of the allocations, as work is ongoing to finalise the impact of these actions, and the use of resources in this way would be subject to formal Council decision making processes.

Based on this approach, options 1, 2 and 3 can be represented as follows:

### Option 1 - Based on Participation hours which is the same the basis NNC is funded by ESFA for EYMNSS

**Option 1 - Based on Participation hours = the basis NNC is funded by ESFA for EYMNSS**

Pupil hours Jan 2022	Nursery	2021-22 Budget Allocation	2022-23 Budget Based on pupil hours Jan 2022	% based on pupil hours Jan 2022	Change from 2021-22 Budget	2020-21 Uncommitted School Reserve Balance
£4,117	Croyland Children's Centre and Nursery School	£52,079	£146,359	16%	£94,280	£(4,888)
£5,972	Highfield Nursery School	£64,200	£212,286	23%	£148,086	£(58,004)
£9,652	Pen Green Centre for Children and their Families *	£1,027,620	£343,099	37%	£(684,521)	£314,362
£6,514	Ronald Tree Nursery School & Children's Centre	£60,112	£231,565	25%	£171,453	£0
<b>£26,256</b>	<b>Total</b>	<b>£1,204,011</b>	<b>£933,309</b>	<b>100%</b>	<b>£(270,702)</b>	<b>£251,470</b>

### Option 2 – Based on half way house between participation hours and 0% MFG for the other 3 nursery schools

**Option 2 - Half way House between Participation hours and 0% MFG for the other 3 nursery schools**

Nursery	2021-22 Budget Allocation	2022-23 Budget Based on Half Way House	Half Way House	Change from 2021-22 Budget	2020-21 Uncommitted School Reserve Balance
Croyland Children's Centre and Nursery School	£52,079	£111,997	12%	£59,918	£(4,888)
Highfield Nursery School	£64,200	£153,996	17%	£89,796	£(58,004)
Pen Green Centre for Children and their Families *	£1,027,620	£503,987	54%	£(523,633)	£314,362
Ronald Tree Nursery School & Children's Centre	£60,112	£163,329	18%	£103,217	£0
<b>Total</b>	<b>£1,204,011</b>	<b>£933,309</b>	<b>100%</b>	<b>£(270,702)</b>	<b>£251,470</b>

### Option 3 - Based on 0% MFG for the other 3 nursery schools

**Option 3 - Based on 0% MFG for the other 3 nursery schools**

Nursery	2021-22 Budget Allocation	2022-23 Budget Based on 0% MFG for the other 3 nursery schools	% based on 0% MFG for the other 3 nursery schools	Change from 2021-22 Budget	2020-21 Uncommitted School Reserve Balance
Croyland Children's Centre and Nursery School	£52,079	£52,079	6%	£0	£(4,888)
Highfield Nursery School	£64,200	£64,200	7%	£0	£(58,004)
Pen Green Centre for Children and their Families *	£1,027,620	£756,918	81%	£(270,702)	£314,362
Ronald Tree Nursery School & Children's Centre	£60,112	£60,112	6%	£0	£0
<b>Total</b>	<b>£1,204,011</b>	<b>£933,309</b>	<b>100%</b>	<b>£(270,702)</b>	<b>£251,470</b>

Based on the outcome of the consultation, and further to discussions with DFE about their expectations, requirements and the history of the grant, a review of these options presented has been undertaken.

Two further options have been developed that does not seek to establish a move towards the grant being distributed on the basis of participation, but looks to ensure that the purpose of the grant is fulfilled, i.e. all nurseries are protected to be able to provide the 15 hour universal provision, and then any available resources are used to support the extended offer delivered by Pen Green.

These further options are based on an estimate of the level of funding required to provide protection for the 15 hour universal offer, being the purpose of the grant, and then allocate further resources to Pen Green to reflect the extended offer. Option 4 gives the 3 maintained other nursery schools a 25% uplift in funding based on 2021/22 allocations. Option 5 provides for a 20% uplift in funding on the same basis. These estimates for the level of uplift reference the ongoing deficits these nurseries are experiencing and the impact of budget pressures on their operating costs.

These two options are modelled as follows:

## Option 4 - Based on 25% increase for the other 3 nursery schools to realign budgets towards participation assuming Reserves agreed for use

Option 4 (a) - Based on 25% increase for the other 3 nursery schools to realign budgets towards participation

Nursery	2021-22 Budget Allocation	2022-23 Budget Based on 25% increase to the other 3 Nursery Schools to realign budgets towards participation	% based on 25% increase to the other 3 Nursery Schools to realign budgets towards participation	Change from 2021-22 Budget	2020-21 Uncommitted School Reserve Balance
Croyland Children's Centre and Nursery School	£52,079	£65,099	7%	£13,020	£(4,888)
Highfield Nursery School	£64,200	£80,250	9%	£16,050	£(58,004)
Pen Green Centre for Children and their Families *	£1,027,620	£712,820	76%	£(314,800)	£314,362
Ronald Tree Nursery School & Children's Centre	£60,112	£75,140	8%	£15,028	£0
<b>Total</b>	<b>£1,204,011</b>	<b>£933,309</b>	<b>100%</b>	<b>£(270,702)</b>	<b>£251,470</b>

## Option 5 - Based on 20% increase for the other 3 nursery schools to realign budgets towards participation assuming Reserves agreed for use

Option 5 (a) - Based on 20% increase for the other 3 nursery schools to realign budgets towards participation assuming Reserves agreed for use

Nursery	2021-22 Budget Allocation	2022-23 Budget Based on 20% increase to the other 3 Nursery Schools to realign budgets towards participation	% based on 20% increase to the other 3 Nursery Schools to realign budgets towards participation	Change from 2021-22 Budget	2020-21 Uncommitted School Reserve Balance
Croyland Children's Centre and Nursery School	£52,079	£62,495	7%	£10,416	£(4,888)
Highfield Nursery School	£64,200	£77,040	8%	£12,840	£(58,004)
Pen Green Centre for Children and their Families *	£1,027,620	£721,640	77%	£(305,980)	£314,362
Ronald Tree Nursery School & Children's Centre	£60,112	£72,134	8%	£12,022	£0
<b>Total</b>	<b>£1,204,011</b>	<b>£933,309</b>	<b>0%</b>	<b>£(270,702)</b>	<b>£251,470</b>

## 2. Next Steps

At the meeting held on 17<sup>th</sup> March, School's Forum will be asked to consider the consultation responses and the NNC proposals, set out above and in the attached appendices, and express a preference as to how NNC should proceed. This may be by identifying any of the options set out above as a preference or by asking that further consideration be given to specific identified issues.

This view will be fed in to the NNC decision making process, including this meeting of the Education Advisory Panel, which will be finalised at a special meeting of the Executive on the 29<sup>th</sup> March 2022.

## 3. Finance Issues

The financial issues are as set out in the report.

## 4. Legal Issues

The legal issues are as set out in the report.

## Report Author:

Your name: Neil Goddard  
 Your title: Assistant Director, Education (Interim)  
 Email address: [neil.goddard@northnorthants.gov.uk](mailto:neil.goddard@northnorthants.gov.uk)