

The role and contribution of maintained nursery schools in the early years sector in England

Introduction and background

Maintained Nursery Schools (MNS) were established over 100 years ago to provide early education and childcare to disadvantaged children in the most deprived areas of England. Although MNS are early education providers, they are legally set up as schools with a head teacher, governing body, delegated budget and at least one teacher with qualified teacher status (QTS). They differ from schools in having a dedicated head teacher who is an Early Years specialist. There are currently 392 MNS, compared to around 600 in 1988.

This study from Frontier Economics aims to build the evidence base for discussions on future policy developments for MNS. It examines how MNS differ from other Early Years providers, particularly in the quality of childcare offered and in the provision of additional and specialist services. It should be noted that this report does not look at the impact of MNS and other providers on children's outcomes.

The evidence for the study was gathered from: a review of literature and existing data on MNS; data from 120 Early Years settings, including 30 MNS, on the costs of delivering childcare and additional and specialist services; and qualitative data from 30 local authorities (both those with and without MNS).

Key points

Characteristics of MNS provision

- MNS have a higher proportion of children from disadvantaged backgrounds than other types of provider and they are more likely to be located in disadvantaged areas. Forty-three per cent are located in the areas in the most deprived quintile, compared to 32 per cent of nursery classes and around 15 per cent of other provider types.
- Fifteen per cent of children in MNS are in receipt of the Early Years Pupil Premium (EYPP) compared to 12 per cent in nursery classes and considerably lower proportions in other provider types (6% in voluntary providers, 3% in private providers and 1% in childminders).
- Around a quarter of MNS have more than 20 per cent of pupils who are in receipt of the Early Years Pupil Premium, in comparison with just 4 per cent across all settings.
- MNS have a higher proportion of children with special Educational Needs (SEN) than other settings. Fourteen per cent of children in MNS have SEN compared to 10 per cent in nursery classes, 9 per cent in voluntary providers and 4 per cent in private providers. The majority (62%) have more than 10% of children with SEN. A significant fraction of MNS (close to 20%) have more than 20 per cent of children with SEN.
- Staff qualifications tend to be higher in MNS and nursery classes than other provider types: 27 per cent of MNS staff are qualified to degree level compared with 36 per cent of staff in nursery classes, 12 per cent in private providers, 10 per cent in voluntary providers and 11 per cent of childminders.
- Almost two thirds (63%) of MNS are rated as 'Outstanding' by Ofsted compared to 18 per cent of other provider types. In 2016-17, those MNS which were judged to be 'Outstanding' were commended for excellent leadership which focussed on the academic side of the provision.

- MNS have higher group sizes and higher child to staff ratios than other provider types. This is normally associated with lower costs. However, the lower costs may be largely offset by the fact that MNS have larger numbers of SEN and disadvantaged children whose provision is more expensive.

The cost of delivering childcare

- The costs of childcare delivery are similar across MNS and other types of provision. Staffing accounts for 79 per cent of weekly costs at MNS, while venue costs account for 12 per cent and other costs account for 10 per cent.
- The mean hourly delivery cost for three and four year olds in MNS is 21 per cent (£0.85) higher than for nursery classes, 32 per cent (£1.19) higher than for private providers, 35 per cent (£1.27) higher than for voluntary providers and 2 per cent (£0.10) higher than for childminders.
- The average hourly employer cost for session staff is also higher in MNS (£16) and nursery classes (£14) than for private providers (£10), voluntary providers (£9) and childminders (£8).
- Much of the difference above is because each hour of childcare has a higher element for core costs in MNS (£1.58 of the total £4.88) than for other provider types. This higher core element is driven by (i) the average hourly employer cost for core staff being higher in MNS (£23), than in in nursery classes (£19) and private and voluntary settings (both £12) and (ii) staff in MNS spending more time on core activities (measured as a percentage of total childcare hours delivered) than staff in other types of providers.

- The differences in the hourly cost between MNS and other providers is extremely small (or non-existent) when controls for child-to-staff ratio and group size are *not* included in the model. This could either mean that MNS are not deriving the full benefit of lower costs from their higher child-to-staff ratios and group sizes or that they are benefitting from these factors but that the benefits are offset by other sources of higher costs.

Provision of additional and specialist services

- Previous evidence sets out four types of additional and specialist services which are provided by MNS. These are: family support services, sometimes offered in collaboration with children's centres; referral to other services; special SEND support; and system leadership and workforce training, including the provision of training.
- Among providers offering additional and specialist services, MNS are more likely than other provider types to offer a greater range of services and to deliver more user hours in larger groups.
- Both MNS and nursery classes have statistically significantly higher costs per user hour than private and voluntary providers for most of the additional service types. For example, the cost per user hour for one-to-one specialist child support is £23 in MNS, £20 in nursery classes and £14 in Private, Voluntary or Independent (PVI) settings.
- As with the delivery cost for childcare, the higher cost for the delivery of additional and specialist services in MNS could be due to higher quality, reflected in higher average qualifications for the staff delivering these services.

Future challenges

- The funding for MNS is currently undergoing major change and there is concern that MNS will not be viable without the supplementary funding they currently receive. There is a consistent view among local authority (LA) staff that without this funding, MNS will be unviable beyond 2020.
- However, there have been some initiatives to improve the financial position of MNS, including the use of federations and finding a greater range of income streams. For example, one LA in the South of England reported that MNS were obtaining teaching school status which substantially boosted income while also helping to improve the supply of qualified teachers in the local area. There are also reports of MNS offering wraparound care in order to compete more effectively with other provider types.
- Some LAs are working proactively with MNS to address financial issues. However, many appear to be adopting a 'wait and see' approach rather than drawing up active plans to deal with any anticipated changes from 2020 onwards.
- The impact of the introduction of the 30 hours policy in September 2017 will have on the financial position of MNS is not yet clear. Prior to the introduction of the policy, the National Association of Headteachers (NAHT) raised concerns about capacity, the need for capital funding, impacts on quality and sustainability.
- According to a recent survey of providers, MNS are experiencing an increase in the numbers of children with SEND transferring to MNS from other providers who are unable to meet their needs. MNS also reported that funding changes associated with the Early Years National Funding Formula (EYNFF) were exacerbating the increasing financial pressures in providing support for children with additional needs. The survey responses indicated that only 4 per cent of MNS felt that the EYNFF had improved the availability of SEND funding while 37 per cent reported that

less funding was available or that there was a shortfall in respect of children eligible for the 30 hours. Furthermore, MNS reported that, on average, they spend £17,000 more on SEND support than they receive in funding in order to meet children's needs.

Value for money

- The interviews with LAs indicated an awareness of the need to evidence the value for money of MNS. However, the analysis in this report has shown that controlling for quality using a range of measures and for other cost drivers does not explain the higher hourly cost for MNS for the delivery of Early Years provision.
- An assessment of the value for money requires evidence on impacts on child outcomes for MNS and other Early Years providers. However, the relevant identified evidence does not specifically apply to MNS or involves small scale, unpublished studies with weaknesses in the estimation strategy. There is a need for further analysis directly examining the impacts that MNS and other providers of childcare and additional and specialist services have on child outcomes.

The full document can be downloaded from:

<https://www.gov.uk/government/publications/maintained-nursery-schools-contribution-to-early-years-provision>