

### ITEM 3 – Maintained Nursery Schools Balances & Deficit Recovery

#### Recommendations

The Schools' Forum is asked to:

1. Note the three-year revenue reserve balances of the five Maintained Nursery schools.
2. Note the extract from the DfE Benchmarking data.
3. LA support to these schools

**Members of Forum allowed to vote:** - All school and academy members are able to vote. Only early years representatives from the non-schools members are able to vote. Non-school members even if represented by school staff are not eligible to vote.

#### 1. Introduction

- 1.1. Over the years, many maintained nursery schools (MNS) have not been financially sustainable due to insufficient funding to cover the costs. The financial risk posed by some of these nurseries prompted Croydon Schools Forum to voice concerns.
- 1.2. Following a review of Croydon's MNS, the council introduced a new operating model for each MNS to be linked to a primary school, special school, or academy trust. Three of the MNS are already linked successfully to a primary school and have a balanced budget. The remaining MNS – Crosfield and Selhurst – are in a federation, have a single governing body and not linked to a school and have agreed to establish a 'soft' federation with a primary school, special school, or academy trust through a Service Level Agreement (SLA), by January 2025. A verbal update was provided to forum at the September 2024 meeting.
- 1.3. This report, however, focuses exclusively on the financial position of the MNS over the last few years, providing useful insight into some of the reasons behind their financial challenges.

#### 2. Trend Analysis – Revenue Reserves

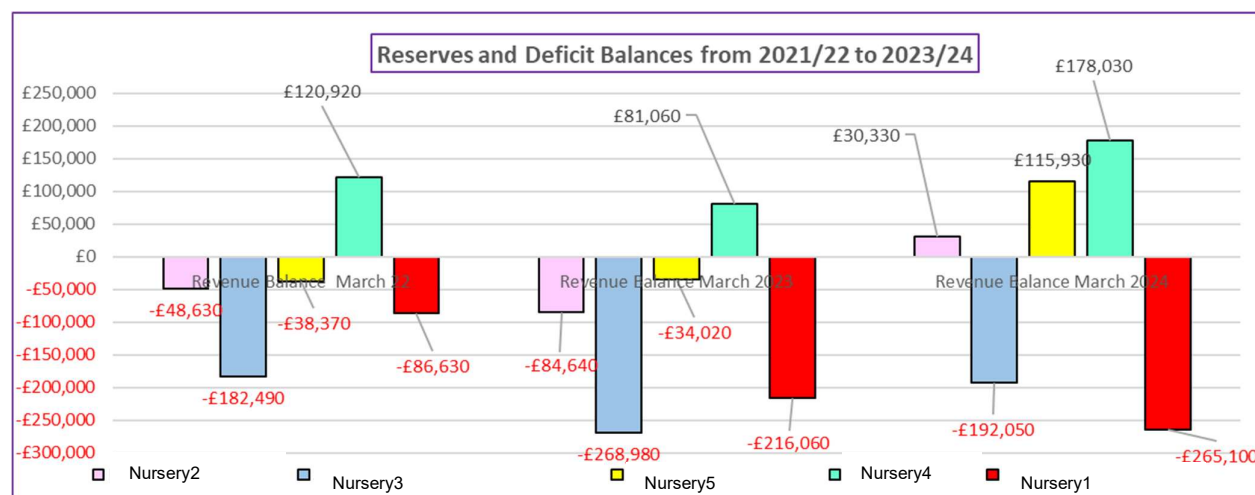
- 2.1 The table below shows significant improvement in four out of the five maintained nurseries. The only school with an adverse trend is School E which showed a new peak of £265k deficit at the end of 2023/4. Two schools had emerged from deficit to reserves

**Table 1. Revenue Reserves – Last three years from 2021/22 to 2023/24.**

Nursery Ref. (A)	Ofsted Rating (B)	Revenue Reserves Balance – Mar '22 (C)	Revenue Reserves Balance – Mar '23 (D)	Revenue Reserves Balance – Mar '24 (E)	Variance
N1	Good	-£86,620	-£216,060	-£265,100	-£49,040
N2	Outstanding	-£48,630	-£84,640	£30,330	+£114,970
N3	Good	-£182,490	-£268,980	-£192,050	+£76,930
N4	Good	£120,920	£81,060	£178,030	+£96,970
N5	Outstanding	-£38,370	-£34,020	£115,930	+£149,950
<b>Total</b>		<b>-£235,200</b>	<b>-£522,640</b>	<b>-£132,860</b>	

2.2 See below a pictorial view of the above table showing some useful trend analysis.

**Chart 1. Revenue Reserves and Deficit – Last three years from 2021/22 to 2023/4**



### 3. Extract from the Department of Education (DfE) benchmarking data

3.1 Table 2, below, provides additional insight into notable reasons why some of the schools are in deficit. This includes the pupil-to-teacher ratio indicator.

3.2 The pupil-to-teacher ratio serves as a crucial indicator of the educational environment, reflecting the number of pupils assigned to each teacher in a school. It is important to understand that the full-time equivalent number of teachers includes not only classroom educators but also those in leadership roles. This metric excludes teaching assistants, non-classroom-based support staff, and auxiliary staff.

3.3 A low pupil-to-teacher ratio is a clear sign of smaller class sizes, which can be advantageous but may come at a substantial cost, potentially leading to inefficient resource use. Some cells have been highlighted in green for subsequent discussion.

**Table 2. Department of Education – Benchmarking Data (latest 2022)**

Name of School (A)	Registered Places (B)	Actual No of Pupil (C)	% No of Pupil to capacity (D=C/B)	Total number of teachers – FTE (E)	Teaching Assistants – FTE (F)	Non-classroom support staff – excluding auxiliary staff – FTE (G)	Auxiliary Staff – FTE (H)	School workforce – FTE (I=E+F+G+H)	Pupil to Adult Ratio (J=C/I)
Nursery 1	50	27.5	55.00%	3.2	0	9.3	0.7	13.2	2.08
Nursery 2	88	69.5	78.98%	2	1	8.44	0	11.44	6.08
Nursery 3	50	28	56.00%	2.5	3.24	2.51	0.68	8.93	3.14
Nursery 4	113	72	63.72%	1	3.48	7.14	0.31	11.93	6.04
Nursery 5	101	64	63.37%	2	2.9	5.8	0.83	11.53	5.55
<b>Total</b>	<b>402</b>	<b>261</b>		<b>10.7</b>	<b>10.62</b>	<b>33.19</b>	<b>2.52</b>	<b>57.03</b>	

#### **4. Conclusion**

- 4.1 As at 31<sup>st</sup> March 2024, Four of the five maintained nurseries are on the right track to reduce their revenue reserve deficits. The Chair of Governors, leadership and the LA team have all actively been involved in assisting these schools. Early indications in the 2025/6 in year forecast for is showing some positive signs.
- 4.2 The local authority has been active in supporting the schools in deficit in delivering their recovery plans. The LA Finance team has also set up enhanced termly monitoring meetings with all schools in deficit which involves a three-stage escalation process whenever there are delay in submitting their monthly returns.
- 4.3 The LA should continue to assist these schools with regular Deficit Monitoring meetings to ascertain their progress and risks associated with their recovery plans. Additional help should be offered through the DfE Schools Resource Manager Advisors.

#### **Recommendations**

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