

**SCHOOL ORGANISATION COMMITTEE OF CABINET MEETING
– 17 JULY 2019**

EXECUTIVE SUMMARY SHEET – PART I

Title of Report: Proposed Closure of Millfield Community Nursery School	
Author(s): Executive Director of Neighbourhoods	
Purpose of Report: The purpose of this report is to request a decision on the proposal to discontinue Millfield Community Nursery School.	
Description of Decision: School Organisation of Cabinet is asked to: Note the responses to the pre-publication consultation and the responses received during the statutory representation period and consider the statutory proposal which is: To discontinue (close) Millfield Community Nursery School, Bell Street, Sunderland, SR4 6JR with effect from 31.08.19. Under the provisions of the Education and Inspections Act 2006, the Authority may approve published proposals with or without modification or may reject them. The Committee is requested to approve the proposal.	
Is the decision consistent with the Budget/Policy Framework?	Yes
If not, Council approval is required to change the Budget/Policy Framework	
Suggested reason(s) for Decision: Millfield Community Nursery School has become financially vulnerable in recent years. The Nursery has an operational budget deficit that has increased year on year since 2015. In that time the nursery has restructured the staffing base on three occasions. However, neither staffing restructure nor attempts to increase pupil recruitment have been sufficient to resolve the nursery's budget deficit. The nursery's financial deficit is projected to increase further in future years, impacting further on the nursery's ability to offer a good provision in a safe and secure environment and remain operational. The nursery has a capacity of 120 nursery aged pupils. As of the January 2019 Census, there were 55 nursery aged pupils on roll. 54% of the available places at the nursery were unfilled. Millfield Community Nursery has projected that 24 places will be required for the Autumn 2019 cohort. This equates to 20% of the nursery's capacity.	

Despite increased demand for nursery places in the Millfield Ward the number of families seeking places at Millfield Community Nursery School has fallen in recent years. Between Spring 2017 and Spring 2019 there was an 8% increase in demand for nursery places in the Millfield ward. However, over the same period demand for places at Millfield Community Nursery school fell by 15%.

Data demonstrates an increasing preference within the local community for nursery places within a school setting as opposed to attendance at a maintained nursery school. In the Millfield Ward in Spring 2017, 38% of local children were attending Millfield Community Nursery School in comparison to 62% attending a nursery setting within one of the two local primary schools. In Spring 2019 the proportion of children attending Millfield Nursery had fallen to 30% with 70% attending a nursery within a primary school.

Alternative options to be considered and recommended to be rejected:

- Retain Millfield Community Nursery School.
- Restructure Existing Staffing Base

Further detail included in Section 9 of this report

Impacts analysed;

Equality Privacy Sustainability Crime and Disorder

Is the Decision consistent with the Council's co-operative values? Yes

Is this a "Key Decision" as defined in the Constitution? Yes

Is it included in the 28 day Notice of Decisions? Yes

PROPOSED CLOSURE OF MILLFIELD COMMUNITY NURSERY SCHOOL

REPORT OF THE EXECUTIVE DIRECTOR OF NEIGHBOURHOODS

1. Purpose of the Report

- 1.1 The purpose of this report is to request a decision on the proposal to discontinue Millfield Community Nursery School.

2. Description of Decision

- 2.1 Cabinet is asked to:

Note the responses to the pre-publication consultation and the responses received during the statutory representation period and consider the statutory proposal which is:

To discontinue (close) Millfield Community Nursery School, Bell Street, Sunderland, SR4 6JR with effect from 31.08.19.

Under the provisions of the Education and Inspections Act 2006 the Authority may approve published proposals with or without modification or may reject them.

The Committee is requested to approve the proposal.

3. Current Position

- 3.1 Millfield Community Nursery School is a 120-place local authority-maintained nursery school based in the Millfield Ward. It currently offers places for 2-year olds as well as statutory nursery provision for 3 and 4-year olds. The nursery provides funded places under both the disadvantaged 2-year olds and 30 hours schemes as well as a fee- paying day-care provision. It was graded as Good by Ofsted in its most recent inspection.
- 3.2 In recent years, as a consequence of falling rolls at the nursery, the increased local availability of alternative nursery provision and the increased costs of delivering a maintained nursery offer, Millfield Community Nursery School has become increasingly financially vulnerable. The Nursery, working with the Council, has restructured the staffing base three times since 2015 in attempts to reduce costs and has sought to make other operational savings. However, despite re-structure and cost cutting exercises, the nursery has continued to accumulate an increasing financial deficit.
- 3.3 Projected numbers for future nursery cohorts identify that the nursery's outturn deficit will continue to increase in future years. Pupil numbers at the nursery are projected to decline further. Combined with an increase in local preference for nursery places at schools and academies it is clear that the

nursery will not generate sufficient funding to ensure that as a setting it remains financially viable.

4. Current Financial Position

- 4.1 The nursery's outturn deficit at the start of the 2018/19 financial year was £0.067m. The 2018/19 budget projection identified the nursery would generate an in-year surplus of £0.002m. This would have resulted in the overall deficit decreasing to £0.065m.
- 4.2 In January 2019, due to failure to realise projected pupil numbers and increased staffing costs associated with employment agency fees to meet unexpected staffing requirements arising from sickness levels within the current staff base, the Nursery's in-year position was re-evaluated. The re-evaluated budget position identified that the Nursery, as opposed to reducing the outturn deficit budget position, was projected to increase that budget deficit further. The Nursery's final outturn position for 2018/19 was a deficit of £0.084m.
- 4.3 Further budget pressures are anticipated. The Maintained Nursery School Supplementary Funding, currently provided to all maintained nursery schools across the city, is projected to decrease by £0.108m in 2019/20. This will result in 0.012m reduction in the Millfield Nursery budget.
- 4.4 The table below outlines Millfield Nursery's projected budget up to and including 2023-24

Millfield Nursery	2019-20	2020-21	2021-22	2022-23	2023-24
In Year Position (£)	(49,613)	(56,268)	(67,325)	(77,927)	(84,200)
Cumulative Budget (£)	(133,421)	(189,689)	(257,014)	(334,941)	(419,141)

- 4.5 Millfield Nursery's budget outturn for 2019-20 has been agreed with the Nursery's Governing Body. It has been arrived upon using current projected pupil numbers and existing delivery costs, including staffing and premises costs. The end of year budget position is estimated to be a financial deficit of £0.133m. The nursery's financial deficit is projected to increase to £0.419m by the close of 2023-24.

5.0 Numbers on Roll and Alternative Provision

- 5.1 Millfield Community Nursery School has the capacity for 120 places. As of Spring Census the nursery was operating at 46% of its total capacity. It is anticipated that by the close of the summer term the nursery will be operating at approximately 66% of its capacity.
- 5.2 Demand for nursery places has increased in the Millfield area in the period 2017 – 2019. However, this is not reflected in recruitment at Millfield Community Nursery. The table below demonstrates the number of places

taken up across the three nursery providers in the Millfield ward between Spring 2017 -Spring 2019.

	Spring 2017	Summer 2017	Autumn 2017	Spring 2018	Summer 2018	Autumn 2018	Spring 2019
Millfield Community Nursery School	65	80	52	62	80	55	55
Diamond Hall Infant Academy	79	86	67	79	97	82	94
St Joseph's RC VA Primary School Sunderland	26	38	31	33	36	24	35
Total	170	204	150	174	213	161	184

- 5.3 Between Spring 2017 and Spring 2019 there was an 8% increase in demand for nursery places in the Millfield area. However, over the same period demand for places at Millfield Community Nursery fell by 15%. The reduction in demand for Millfield Nursery School, and associated reduction in income, has contributed to the financial vulnerability of the setting.
- 5.4 Evaluation of pupils currently on roll at Millfield Community Nursery identifies that 93% of the cohort on roll live closer to at least one alternative nursery provision than Millfield Community Nursery School with 51% of the cohort on roll living closer to at least 4 alternative nursery provisions.
- 5.5 January 2019's local Childcare Sufficiency Assessment identified that within one mile of Millfield Community Nursery School there were 43 vacant 2-year old nursery places and 155 vacant 3 – 4-year-old nursery places at good or outstanding providers. Within 2 miles of the setting there were 63 vacant 2-year old nursery places and 190 vacant 3 – 4-year-old places at good or outstanding providers.
- 5.6 It is therefore considered that sufficient good or outstanding local alternative nursery places exist to accommodate both the current cohort of children attending Millfield Nursery school and any projected future cohorts of children who may seek to attend the school in future years.

6.0 Consultation

- 6.1 In May 2019 Cabinet approved a proposal to commence the School Organisation processes required to discontinue Millfield Community Nursery.
- 6.2 In advance of this decision a pre-publication consultation exercise had commenced. The pre-publication consultation was live between 10th April, 2019 and 31st May 2019. The pre-publication consultation contained the Council's proposal to discontinue the nursery.
- 6.3 Consultation was carried out with the following groups

- Parents of pupils attending Millfield Community Nursery
- Current staff
- Local schools and nurseries
- Trade Union Representatives
- The wider local community
- Sunderland's Schools Forum

In total the Council received 115 responses to the pre-publication. Of the 115 responses received 107 (93%) did not agree with the proposal to close Millfield Community Nursery School with 8 respondents (7%) in agreement with the proposal. Responses are collated as Appendix 1 of this report.

6.4 The Council published notification of statutory proposals to discontinue Millfield Community Nursery School on 4th June 2019. The statutory notice period ended 3rd July 2019. The statutory notice was published in the following places:

- Sunderland City Council's website
- Millfield Community Nursery School's website
- The Sunderland Echo

The notice was also displayed at the entrances of the building used by Millfield Community Nursery School.

6.5 In addition to the publication of notices the following groups were consulted with as part of this process:

- Parents of pupils attending the nursery
- Current staff
- Unions
- Local members
- The local Church of England diocese
- The local Roman Catholic diocese and
- The Secretary of State for Education.

6.6 The notice of statutory proposals was also provided to all schools in the City. The Council received one response to the notice. The statutory notice and the full proposal document are attached at Appendix 2 and Appendix 3. The response to the statutory proposal is attached at Appendix 4.

7.0 Next Steps

7.1 Subject to approval of the proposal by the Committee, it is proposed that Millfield Community Nursery School closes on 31 August 2019.

7.2 At this time there is no agreed alternative use for the nursery building currently occupied by Millfield Community Nursery School.

8. Reasons for the Decision

- 8.2 Millfield Community Nursery School has become financially vulnerable in recent years. The Nursery has an operational budget deficit that has increased year on year since 2015. In that time the nursery has restructured the staffing base on three occasions. However, neither staffing restructure nor attempts to increase pupil recruitment have been sufficient to resolve the nursery's budget deficit. The nursery's financial deficit is projected to increase further in future years, impacting further on the nursery's ability to offer a good provision in a safe and secure environment and remain operational.
- 8.3 The nursery has a capacity of 120 nursery aged pupils. As of the January 2019 Census, there were 55 nursery aged pupils on roll. 54% of the available places at the nursery were unfilled.
- 8.4 Millfield Community Nursery has projected that 24 places will be required for the Autumn 2019 cohort. This equates to 20% of the nursery's capacity.
- 8.5 Despite increased demand for nursery places in the Millfield Ward the number of families seeking places at Millfield Community Nursery School has fallen in recent years. Between Spring 2017 and Spring 2019 there was an 8% increase in demand for nursery places in the Millfield ward. However, over the same period demand for places at Millfield Community Nursery school fell by 15%.
- 8.6 Data demonstrates an increasing preference within the local community for nursery places within a school setting as opposed to attendance at a maintained nursery school. In the Millfield Ward in Spring 2017 38% of local children were attending Millfield Community Nursery School in comparison to 62% attending a nursery setting within one of the two local primary schools. In Spring 2019 the proportion of children attending Millfield Nursery had fallen to 30% with 70% attending a nursery within a primary school.

9. Alternative Options

Retain Millfield Community Nursery School.

- 9.1 Projected pupil numbers, and the associated revenue from those projected pupils will not be sufficient to either reduce the nursery's current outturn deficit or provide sufficient funding to prevent it increasing in future years, with the nursery projected to have a £0.42m outturn deficit by 2024.

Re-Structure Options and TUPE

- 9.2 Millfield Community Nursery's Governing Body, working with Together for Children (TfC) and Sunderland Council, have sought to identify further budget savings through additional staffing restructures. The options evaluated to date include;

- Reduction in headteacher salary through partnership with other maintained nursery schools and
- Reduction in staffing costs through regrading of existing nursery support staff.

- 9.3 Neither of the above options would make sufficient savings to mitigate the projected increased outturn deficit at Millfield Community Nursery. The nursery currently employs a single post holder with responsibility for both leadership and teaching. While removing this post would result in £0.064k saving it would require an additional £0.067 - £0.084m to employ a 1FTE teacher and 0.5FTE leadership post to replace this post (with leadership costs estimated at £0.035m and teacher salary costs estimated at between £0.032m and 0.050m per annum).
- 9.4 Following previous staffing restructures it is not considered feasible to further reduce support staff capacity at Millfield Community Nursery. It is not considered that regrading of the current support staffs' posts and salary will generate sufficient efficiencies to offset the current budget deficit and increasing projected outturn deficit.

10. Impact Analysis

Sustainability – It has been identified that as a consequence of Millfield Community Nursery's current financially vulnerable position, combined with increasing costs and falling demand for places, that the setting is not sustainable within current funding conditions.

It has been identified that there are sufficient alternative local 2, 3 and 4-year old nursery places to ensure that all pupils attending Millfield Community Nursery School can access an alternative place at a setting within 1 mile of their registered address in the event that the nursery closes. Therefore, this proposal will not lead to the sustainability of wider nursery provision declining.

Millfield Community Nursery School, as with all local maintained nursery settings, is currently a recipient of a yearly lump sum payment. The lump sum is calculated based on the number of pupils attending statutory aged nursery provision across the city. The lump sum is divided equally across all local settings, regardless of the numbers of pupils attending the settings. This results in some nursery schools receiving a greater proportion of the lump sum than they generate through their own pupil numbers. Millfield Community Nursery School is one such school. Therefore, the discontinuation of the nursery will result in an increased share of the lump sum to other maintained nurseries, increasing the potential viability and sustainability of some of those settings.

11. Other Relevant Considerations / Consultations

- 11.1 **Co-operative values** – At Annual Council in May 2015, it was resolved that the following statement be included in the Constitution to reflect the values of the "Co-operative Council".

“Sunderland City Council is a co-operative council and in being so will act ethically in all its actions while adhering to and actively promoting its co-operative values of self-help, self-responsibility, democracy, equality, equity and solidarity. These values will underpin its decision making and actions.”

11.2 Financial implications

Financial requirements as a result of the proposal to close Millfield Community Nursery School include £0.041m to meet staff redundancy requirements, to be funded via the Dedicated Schools Grant Redundancy Reserve, and the nursery deficit at the point of closure (£0.084m as of April 2019) to be funded within the Councils overall budget position.

11.3 Legal Implications

Throughout the process, from informal consultation to the publication of the statutory proposals, the Council has complied with the requirements of the applicable legislation (the Education and Inspections Act 2006 and the School Organisation (Establishment and Discontinuance of Schools) (England) Regulations 2013) and has also adhered to the Department for Education’s Statutory Guidance – Opening and Closing Maintained Schools, November 2018.

12. Appendices

Appendix 1 – Pre-Publication Consultation Outcomes
Appendix 2 – Statutory Notice to Discontinue Millfield Community Nursery School
Appendix 3 – Full Proposal Document
Appendix 4 – Responses to Statutory Proposal

13. Background Papers

May 2019 Cabinet report

