

SCHOOL ORGANISATION COMMITTEE OF CABINET – 7 NOVEMBER 2019

EXECUTIVE SUMMARY SHEET

Title of Report: Proposed Closure of Pennywell Early Years Centre

Author(s): Executive Director of Neighbourhoods

Purpose of Report: The purpose of this report is to request a decision on the proposal to discontinue Pennywell Early Years Centre in order to facilitate the amalgamation of Pennywell Early Years Centre and Academy 360.

Description of Decision:

School Organisation Committee of Cabinet is asked to:

Note the responses to the statutory and pre-publication consultations and consider the statutory proposal which is:

To discontinue (close) Pennywell Early Years Centre, Portland Road, Sunderland, SR4 9AX with effect from 31 December 2019.

Implementation of the proposal will now not be possible by 31.12.19, so subject to Laidlaw Schools Trust obtaining the approval and registration required as outlined in paragraphs 7.1 and 7.2 of the report before 1 March 2020 the Committee is requested to approve the implementation of the proposal on 31 March 2020.

In addition the Committee is requested to delegate authority to the Director of Neighbourhoods, in consultation with the Chair and Vice-Chair of the Committee, to:-

- i) modify the above implementation date in the event that Laidlaw Schools Trust have not received the approval and/or registration required as outlined in paragraphs 7.1 and 7.2 by 1 March 2020 or
- ii) publish a further statutory notice to revoke the existing discontinuance 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:

Sunderland City Council, the governing body of Pennywell Early Years Centre and Laidlaw Schools Trust (LST) (on behalf of Academy 360) have recognised the need to sustain nursery provision in the St Anne's ward. Two of the four primary schools within the ward do not currently operate a nursery class. There would be insufficient alternative nursery places for the children in the local area should, as current 5 year budget projections indicate, Pennywell Early Years Centre becomes unsustainable in future years.

It is considered that merging Pennywell Early Years Centre with Academy 360 would ensure that Pennywell Early Years Centre's Outstanding provision would be sustained in the area. In addition to securing the long-term future of the nursery provision the proposal would also;

- Enable wider savings to be made through joint commissioning of goods and services between the nursery and Academy 360 (and the wider Laidlaw Schools Trust). This would create additional funding that could be re-invested in delivery of education at the nursery
- Strengthen the relationship between Academy 360 and Pennywell Early Years Centre
- Further assist the effective transition between children leaving Pennywell Early Years Centre to take up reception places at Academy 360 and
- Enable Academy 360 to access the high-quality early years expertise of Pennywell Early Years Centre and to utilise this expertise in the Academy's wider educational delivery.

Parents and children would continue to have the same experience in the nursery provision as part of the Academy. It is the intention of LST that the current nursery building would remain as the Nursery phase and accessed by users as it is now and that there would be no reduction in the capacity of the nursery nor changes to the ages of children accessing it. Families would continue to access the nursery as they always have. However, closer co-operation with one of the local Primary phase providers should ensure that the children benefit from knowing the Primary building, staff and pupils very well before they transfer to Key Stage 1 education.

Current nursery staff would transfer from the Local Authority to LST and the nursery would remain under the same leadership. As a result, LST would benefit from the skills, experience and expertise of the nursery staff.

The current buildings operated by Pennywell Early Years Centre will be leased to LST for the term remaining on the current Academy 360 academy lease.

There is not a process to facilitate the academisation of a standalone nursery setting. Therefore, to facilitate the entry of the provision delivered at Pennywell Early Years Centre into the LST organisational model it is necessary to discontinue the existing nursery provision, with the Academy Trust applying to the Regional Schools Commissioners Office to lower its age range to include the full range of provision offered by Pennywell Early Years Centre. Subject to approval of the Council's proposal and the Academy Trust's proposals (by the dates specified above) the provision will amalgamate into Academy 360 on 01.04.20.

Alternative options to be considered and recommended to be rejected:

- Retain Pennywell Early Years Centre as a Local Authority Maintained Nursery Provision
- Amalgamate Pennywell Early Years Centre with an alternative local academy

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 PENNYWELL EARLY YEARS CENTRE

REPORT OF THE EXECUTIVE DIRECTOR OF NEIGHBOURHOODS

1. Purpose of the Report

The purpose of this report is to request a decision on the proposal to discontinue Pennywell Early Years Centre in order to facilitate the amalgamation of Pennywell Early Years Centre and Academy 360

2. Description of Decision

2.1 School Organisation Committee of Cabinet is asked to:

Note the responses to the statutory and pre-publication consultations and consider the statutory proposal which is:

To discontinue (close) Pennywell Early Years Centre, Portland Road, Sunderland, SR4 9AX with effect from 31.12.190.

Implementation of the proposal will now not be possible by 31.12.19, so subject to Laidlaw Schools Trust obtaining the approval and registration required as outlined in paragraphs 7.1 and 7.2 of the report before 01.03.2020 the Committee is requested to approve the implementation of the proposal on 31.3.20.

In addition the Committee is requested to delegate authority to the Director of Neighbourhoods, in consultation with the Chair and Vice-Chair of the Committee, to:-

- i) modify the above implementation date in the event that Laidlaw Schools Trust have not received the approval and/or registration required as outlined in paragraphs 7.1 and 7.2 by 1 March 2020 or
- ii) publish a further statutory notice to revoke the existing discontinuance proposal.

3. Current Position

- 3.1 Pennywell Early Years Centre currently operates as a local authority maintained nursery provision, offering education and day-care in the St Anne's ward of the city for children between the ages of 0 and 5 years old. It has been recognised as an outstanding provision by Ofsted.
- 3.2 The nursery is a popular community resource, with 166 children on roll at the nursery as of the May 2019 School Census. However, changes in national education policy and funding are making it increasingly challenging for nursery schools to continue to operate. In January 2019, there were 392 state-funded nursery schools in England, a reduction of 85 since 2003. This

means that more than 17% of the country's nursery schools have closed or have ceased to be state run during this period. Pressures on nursery schools have been reflected in Sunderland, with the closure of Concord Nursery and Millfield Community Nursery a consequence of national and local pressures.

4. Current Financial Position

- 4.1 The nursery's outturn at the start of the 2019/20 financial year was a surplus of £249,715.
- 4.2 Financial projections estimate that the nursery will operate an outturn deficit by close of 2021-22. The table below provides the nursery's five-year financial projections.

Pennywell EYC	2019-20	2020-21	2021-22	2022-23	2023-24
In Year Position (£)	(91,124)	(125,400)	(147,463)	(164,798)	(168,817)
Cumulative Budget (£)	249,715	124,315	(23,147)	(187,945)	(356,762)

- 4.3 89% of the nursery's current costs are related to staff salaries and on costs.

5.0 Numbers on Roll and Availability of Alternative Provision

- 5.1 At May 2019 Census there were 166 children on roll at Pennywell Early Years Centre.
- 5.2 Should Pennywell Early Years Centre become unsustainable as a maintained nursery school setting, there would be limited alternative nursery places in the area to meet demand. The two school settings in closest proximity to Pennywell Early Years Centre (Academy 360 and Grindon Hall Christian School) do not currently offer a nursery provision. January Headcount data indicates that available nursery places at St Anne's RC Primary School and South Hylton Primary School are not sufficient to provide the required places for those on roll at Pennywell Early Years Centre.

6.0 Consultation

- 6.1 In May 2019 Cabinet approved a proposal to commence the School Organisation processes required to discontinue Pennywell Early Years Centre.
- 6.2 The pre-publication consultation was live between 17th May 2019 and 28th June 2019. The pre-publication consultation contained the Council's proposal to discontinue the nursery to facilitate the proposed amalgamation with Academy 360.
- 6.3 Consultation was carried out with the following groups
- Parents of pupils attending Pennywell Early Years Centre

- Current staff
- Local schools and nurseries
- Trade Union Representatives
- The wider local community
- Sunderland's Schools Forum

In total the Council received 20 responses to the pre-publication. Of the 20 responses received 18 (90%) agreed with the proposal to close Pennywell Early Years Centre to facilitate the amalgamation of the nursery with Academy 360. Responses are collated as Appendix 1 of this report.

- 6.4 The Council published notification of the statutory proposal to discontinue Pennywell Early Years Centre on 2nd September 2019. The statutory notice period ended 30th September 2019. The statutory notice was published in the following places:

- Sunderland City Council's website
- Pennywell Early Years Centre's website
- Academy 360's website
- The Sunderland Echo

The notice was also displayed at the entrances of the building used by Pennywell Early Years Centre.

- 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
- Parents of pupils attending Academy 360
- 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 Council received no responses to the notice. The statutory notice and the full proposal document are attached at Appendix 2 and Appendix 3.

7.0 Next Steps

- 7.1 LST, as the sponsor of Academy 360, are required to secure Regional Schools Commissioner approval on an associated proposal to lower the age range of the academy from 5 years old to 0 in advance of the nursery provision amalgamation with the Academy
- 7.2 LST are also required to attain Ofsted registration for the delivery of early years provision for 0 to 2 year olds attending the provision. It is anticipated that approvals will be in place by 1 March 2020.

- 7.3 Subject to the attainment of the above approvals and approval to implement the Council's proposal on the closure of the existing Pennywell Early Years Centre provision by the Committee, it is proposed that Pennywell Early Years Centre closes on 31 March 2020.
- 7.4 Nursery provision, previously offered by Pennywell Early Years Centre, will be operated by Academy 360 as part of LST from 1st April 2020
- 7.5 To cover for the eventuality that LST have not had a response to either of their proposals by the date above, it is proposed that delegated authority be given to the Executive Director of Neighbourhoods, in consultation with the Chair and Vice-Chair, to determine an extended, modified date to implement the discontinuance proposal. In addition, should it be the case that LST does not secure the necessary approvals to offer the full current nursery range, delegated authority is also sought to allow the necessary revocation proposals (of the discontinuance proposal) to be published. Representations in relation to such a further notice would be considered by the Committee.

8. Reasons for the Decision

- 8.2 Sunderland City Council, the governing body of Pennywell Early Years Centre and Laidlaw Schools Trust (LST (on behalf of Academy 360) have recognised the need to sustain nursery provision in the St Anne's ward. Two of the four primary schools within the ward do not currently operate a nursery class. There would be insufficient alternative nursery places for the children in the local area should, as current 5 year budget projections indicate, Pennywell Early Years Centre becomes unsustainable in future years.
- 8.3 It is considered that merging Pennywell Early Years Centre with Academy 360 would ensure that Pennywell Early Years Centre's Outstanding provision would be sustained in the area. In addition to securing the long-term future of the nursery provision the proposal would also;
- Enable wider savings to be made through joint commissioning of goods and services between the nursery and Academy 360 (and the wider Laidlaw Schools Trust). This would create additional funding that could be re-invested in delivery of education at the nursery
 - Strengthen the relationship between Academy 360 and Pennywell Early Years Centre
 - Further assist the effective transition between children leaving Pennywell Early Years Centre to take up reception places at Academy 360 and
 - Enable Academy 360 to access the high-quality early years expertise of Pennywell Early Years Centre and to utilise this expertise in the Academy's wider educational delivery
- 8.4 Parents and children would continue to have the same experience in the nursery provision as part of the Academy. It is the intention of LST that the current nursery building would remain as the Nursery phase and accessed by users as it is now and that there would be no reduction in the capacity of the

nursery nor changes to the ages of children accessing it. Families would continue to access the nursery as they always have. However, closer co-operation with one of the local Primary phase providers should ensure that the children benefit from knowing the Primary building, staff and pupils very well before they transfer to Key Stage 1 education.

- 8.5 Current nursery staff would transfer from the Local Authority to LST and the nursery would remain under the same leadership. As a result, LST would benefit from the skills, experience and expertise of the nursery staff.
- 8.6 The current buildings operated by Pennywell Early Years Centre would continue to offer the nursery provision. Buildings will be leased to LST for the term remaining on the current Academy 360 academy lease.
- 8.7 There is not a process to facilitate the academisation of a stand-alone nursery setting. Therefore, to facilitate the entry of the provision delivered at Pennywell Early Years Centre into the LST organisational model it is necessary to discontinue the existing nursery provision, with the Academy Trust applying to the Regional Schools Commissioners Office to lower its age range to include the full range of provision offered by Pennywell Early Years Centre. Subject to approval of the Council and Academy Trust's proposals the provisions will amalgamate post approvals.

9. Alternative Options

Retain Pennywell Early Years Centre.

- 9.1 It is not anticipated that the associated revenue from future cohorts will provide sufficient funding to prevent the nursery entering a financial deficit position and that deficit increasing in future years, with the nursery projected to have a £0.36m outturn deficit by 2024. Based on financial projections the nursery is not a sustainable long term setting as a Local Authority nursery provision

Amalgamate with an Alternative Provider

- 9.2 Pennywell Early Years Centre is based in the immediate vicinity of Academy 360. It serves as a natural feeder provision for the academy. The proximity of the two settings provides greater scope for cost savings between Pennywell Early Years Centre and Academy 360, which will serve to increase the sustainability of the setting.
- 9.3 Academy 360 is also one of only two primary aged settings in the area without an existing nursery provision, the other Christ's College - the former Grindon Hall Christian School. Given the geographical location, lack of current early years provision at Academy 360 and the prevalence of an existing early years provision at the majority of neighbouring schools and academies, the proposal to amalgamate with Academy 360 is a reasonable proposal.

10. Impact Analysis

Sustainability – It has been identified that, as a consequence of Pennywell Early Years Centre's projected financial position, the setting is not sustainable within current funding conditions.

The above proposal will ensure that, while the setting will no longer be a Local Authority maintained nursery, there will remain sufficient alternative local 2, 3 and 4-year old nursery places in the St Anne's ward. All pupils currently attending Pennywell Early Years Centre can continue to access a place at the setting. Therefore, this proposal will not lead to the sustainability of wider nursery provision declining.

Pennywell Early Years Centre, 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. However, Pennywell Early Years Centre generates a greater proportion of the lump sum than they receive as a setting. Therefore, the discontinuation of the nursery will result in a decreased share of the lump sum to other maintained nurseries.

Equalities Analysis – The proposal is not projected to disadvantage any individual, social group or organisation. The proposal seeks to retain the current provision including staff and leadership at the nursery. The capacity of the nursery and the age ranges for which provision is offered will not change as a result of this proposal

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

There are no redundancy costs associated with this proposal. Staff currently employed by Sunderland City Council will transfer in accordance with TUPE Regulations to Laidlaw Schools Trust. The nursery does not currently have a financial deficit, therefore there will be no cost to the Council to resolve the nursery's financial position prior to discontinuation of the provision.

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) 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 Pennywell Early Years Centre

Appendix 3 – Full Proposal Document

Appendix 4 – Equalities Assessment

13. Background Papers

May 2019 Cabinet report

