

CABINET MEETING –9 FEBRUARY 2021

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Proposal to Publish Notice of Statutory Proposals for the Closure of Hetton le Hole Nursery School

Author(s):

Executive Director of Neighbourhoods

Purpose of Report:

To provide information relating to and seek a decision on the proposal to commence the statutory consultation process required to close Hetton-Le-Hole Nursery School.

Description of Decision:

Cabinet is asked to:

- Consider the responses received to date from the pre-publication consultation relating to the proposal to discontinue provision at Hetton le Hole Nursery School; and
- Authorise the commencement of the necessary statutory proposal process required to discontinue provision at Hetton le Hole Nursery School.

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:

Hetton le Hole Nursery School has become financially unviable. The nursery has an operational budget deficit that has increased year on year since 2015. It is now considered that neither implementing revised operational arrangements nor a further increase in pupil recruitment will be sufficient to resolve the nursery's budget deficit.

Alternative options to be considered and recommended to be rejected:

- To not commence the statutory process to discontinue Hetton Le Hole Nursery. This option is not recommended given the nursery is unable to operate within its current budget and its deficit budget position is projected to continue to increase in future years.

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

REPORT OF THE EXECUTIVE DIRECTOR OF NEIGHBOURHOODS

PROPOSAL TO PUBLISH NOTICE OF STATUTORY PROPOSALS FOR THE CLOSURE OF HETTON LE HOLE NURSERY SCHOOL

1. Purpose of the Report

- 1.1 To provide information relating to and seek a decision on the proposal to commence the statutory consultation process required to close Hetton-Le-Hole Nursery School.

2. Description of Decision

- 2.1 Cabinet is asked to:
- Consider the responses received to date from the pre-publication consultation relating to the proposal to discontinue provision at Hetton le Hole Nursery School; and
 - Authorise the commencement of the necessary statutory proposal process required to discontinue provision at Hetton-Le-Hole Nursery School.

3. Introduction/Background

- 3.1 Hetton Le Hole Nursery School (the nursery) is a maintained nursery based at Victoria Street, Hetton Le Hole. In the nursery's most recent Ofsted inspection its statutory nursery provision was graded as Good for daycare and childcare graded as Outstanding. The nursery currently offers 39 FTE places for 3 – 5 year olds
- 3.2 The nursery also offers provision for 0 to 2 year- olds with 16 places available for 2-year olds. An additional number of daycare places are also offered at the nursery.
- 3.3 In recent years the nursery has operated with an increasing budget deficit. The nursery leadership has attempted to mitigate the budget deficit through a staffing restructure which reduced the overall operating cost of the nursery. Further savings have been made through ongoing cost cutting exercises. However, it is now considered that the existing level of operating deficit cannot be resolved through further internal restructure or operational delivery savings.
- 3.4 Maintained nursery schools face additional operating costs that are not required by other providers within the early years sector, particularly private sector childcare providers. In addition to costs required for building upkeep the maintained nursery schools also have specific and unique staff requirements, such as the requirement for a headteacher and additional qualified teaching staff to deliver provision. However, the funding received per pupil by maintained nursery schools does not take these additional cost pressures into account.
- 3.5 Additional financial support has been provided to the sector in recent years through the availability of a Supplementary Funding Allocation for Maintained Nursery Schools (the lump sum). This lump sum was intended to mitigate the increased operating costs associated with the increased staffing costs required of maintained nursery schools. However, the allocation is calculated based on pupil numbers on roll at the settings. To date pupil recruitment at the nursery has not been sufficient to

generate a large enough lump sum allocation to meet its additional staffing and operating costs.

- 3.6 The availability of alternative local provision within the private nursery sector has provided competition resulting in lower numbers on roll and subsequently lower levels of income to the nursery.
- 3.7 The current financial vulnerability of the nursery, combined with the increased popularity of alternative local provision indicate that the nursery is unlikely to recruit enough additional pupils or to generate sufficient financial savings to resolve the nursery's increasing financial deficit.
- 3.8 On 4th January the Council commenced a pre-publication consultation seeking views on the proposal to close the nursery. As of 29th January 2021 the Council has received 490 responses to this consultation. Of those 5% agree with the proposal while 95% disagree.
- 3.9 Those disagreeing with the proposal highlight the benefits that the nursery offers to the local community including through its location, the quality of provision offered, the range of provision offered (such as 30-hour provision, two-year-old provision and wraparound care). The quality of the staff currently employed at the nursery was a feature of many responses. Continuity of transition for young people currently attending the nursery was also noted in responses.
- 3.10 The Council has considered the comments raised to date. However, at this point no alternative option has been identified that would increase the viability, and therefore long-term sustainability, of the nursery. However, comments received to date, as well as any future comments from the remaining consultation period and the subsequent statutory notice period, will be submitted to the Council's School Organisation Committee of Cabinet (SOCOC) for its consideration when making any final decision on the future of the provision
- 3.11 It is therefore requested that Cabinet approves the publication of a statutory proposal to discontinue the current nursery provision following the completion of the pre-publication consultation exercise. To ensure that disruption to parents and children is minimised it is proposed the nursery closes at the end of the 2020-2021 academic year as opposed to an in-year closure. The Council is currently evaluating alternative local delivery mechanisms to ensure a sustainable nursery provision is available in future years. These include the development of a local early years' provision within the new build of a local maintained primary school. It is recommended that the comments related to the range and nature of provision received both during the consultation and statutory notice period are considered when establishing the parameters of that new provision
- 3.12 The issues identified above are not unique to Hetton le Hole Nursery, although the nursery currently has a greater budget deficit than any other early years setting in the city. Consequently, the Council is continuing to evaluate options across the early years sector to ensure that early years places continue to be sufficient to meet the needs of local areas across the city.

4. Current Financial Position

- 4.1 The nursery's outturn deficit at the start of the 2018/19 financial year was a deficit budget of c. £84,000. The 2018/19 budget projection identified the nursery would generate a small in-year surplus of £1,000. While not removing the deficit, this would not have resulted in a further increase.
- 4.2 In April 2019 the nursery's in-year position was re-evaluated. The re-evaluated budget position confirmed 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 balance of £118,338. The deficit increased by an additional £22,198 in 2019/20 resulting in an end of year deficit balance of £140,536.
- 4.3 The nursery was temporarily closed at the outset of the Covid-19 lockdown. At that point the nursery's deficit had increased further. The impact of the Covid-19 lockdown has caused further loss of income to the nursery with a minimum in year deficit of c. £31,000 forecast which would result in a projected 2020/21 end of year deficit position of £171,973.
- 4.4 The table below outlines the nursery's financial position since 2018/19 and projected position up to and including 2022/23. Projections were calculated in October 2020 and do not include any additional detrimental financial impact of Covid restrictions introduced between January 2021 and February 2021.

Hetton le Hole Nursery	2018/19	2019/20	2020/21	2021/22	2022/23
In Year Deficit (£)	35,931	22,198	31,437	11,493	24,224
Cumulative Forecast Deficit (£)	118,338	140,536	171,973	183,466	207,690

- 4.5 As a maintained nursery school Hetton le Hole Nursery receives a lump sum payment. This payment was originally envisaged to support costs associated with nursery leadership and is calculated based on the number of pupils attending the eight maintained nursery schools across the city at January Census. Despite some settings having a smaller roll, and therefore generating a lesser proportion of the city's lump sum allocation, because the lump sum is allocated equally across all settings this results in some settings receiving a greater proportion of the city allocation than their number on roll generates.
- 4.6 This is the case with Hetton Le Hole Nursery. In 2019/20 the nursery generated £42,817 towards the total city allocation of £678,824 but as the total city allocation is split equally across all maintained settings the nursery received a larger allocation of £75,449.
- 4.7 In 2020/21 the nursery generated £33,573 towards the total city allocation of £656,298. Due to the equal split across maintained settings, the nursery received an allocation of £85,093. Given the current financial challenges facing the maintained nursery sector it is considered that maintaining this position impacts negatively on the financial position of the other maintained nurseries across the city.

5.0 Re-Structure Options and Redeployment

- 5.1 The nursery's Governing Body, working with Together for Children (TfC) and the Council, has previously sought to identify further budget savings through additional staffing restructures which would reduce staffing costs through a reduction in nursery teaching staff.

- 5.2 This would not make sufficient savings to reduce and eliminate the deficit budget.
- 5.3 It has been identified that there is enough alternative local provision to meet the needs of those currently on roll at the nursery. However, there is also a proposal currently underway to create a nursery class at the new Hetton Primary School building, scheduled for completion September 2022. Should this proposal be implemented the development of an early year's class at Hetton Primary School will be brought forward to September 2021 with parents attending the nursery given the opportunity to access a place at Hetton Primary School's new early years provision.
- 5.4 Where possible the Council would implement redeployment arrangements for the staff currently employed at the nursery should the decision to discontinue the nursery in August 2021 proceed.

6.0 Numbers on Roll and Alternative Provision

- 6.1 The nursery has the capacity for 55 full time places (or 110 part time places at 15 hours per part time session). At the 2019 May Census the statutory provision at the nursery was operating at 67% of its total capacity.
- 6.2 There is one alternative maintained nursery school within one mile of Hetton Le Hole Nursery (Hetton Lyons Nursery School) with an additional maintained nursery school within two miles of Hetton le Hole Nursery (Houghton Community Nursery School).
- 6.3 There is also a 26-place nursery provision within one mile of Hetton le Hole Nursery School, at Eppleton Academy Primary School and a further provision within two miles of the school at Easington Lane Primary School.
- 6.4 Alternative nursery provision is available at a private sector provider within 0.2 miles of Hetton le Hole Nursery.
- 6.5 A new provision initially offering 39 early years places for 3 to 4-year olds is proposed to be established at the new Hetton Primary School building. This will ensure that should demand for early years places in the area be continued it can be offered at an alternative and sustainable local setting. There will also be an additional resource at the new school building for 2-year old provision, with 16 places currently planned.
- 6.6 The Council has carried out an evaluation of the last full year cohort of pupils on roll at the nursery (May 2020). This identifies that 80% of the cohort on roll lived closer to at least one alternative maintained or private sector early years provision than Hetton Le Hole Nursery School with 73% of the cohort on roll living closer to at least one alternative maintained sector provision.
- 6.7 51% of the cohort on roll at the nursery lived closer to the proposed new early years provision at Hetton Primary School than Hetton Le Hole Nursery with a further 24% living closer to Eppleton Primary Academy's early years provision.
- 6.8 Of those who lived closer to the nursery than the new provision at Hetton Primary School the maximum additional distance to be travelled to access a place at the primary school was 0.56 miles. The total distance that those families would be

required to travel to access a place at the proposed new Hetton Primary School Early Years Provision is 0.6 miles.

- 6.9 Data collected by Sunderland's Early Years Sufficiency Survey identifies that on completion of the new early years provision at Hetton Primary School there will be enough alternative local places to accommodate both 2-year olds and 3-4-year olds currently on roll at Hetton Le Hole Nursery School within one mile of the nursery.

7. Process to Discontinue Hetton-Le-Hole Nursery

- 7.1 It is proposed that should the decision be taken to discontinue the nursery that the closure comes in to effect on Tuesday 31st August 2021.

- 7.2 Opening and closing maintained schools: Statutory guidance for proposers and decision-makers (November 2019) sets out the required process to discontinue a maintained school provision as contained within the applicable legislation. This includes a requirement to conduct a pre-publication consultation in advance of a four-week statutory proposal publication period.
- 7.3 The Council commenced a pre-publication consultation on the proposal to discontinue the nursery on 4th January 2021. This concludes 14th February 2021.
- 7.4 Subject to approval it is proposed that the required four-week statutory representation period commences late February 2021 and concludes in March 2021. Any person can send objections or comments to the Council during this four-week period.
- 7.5 The School Organisation Committee of Cabinet (SOCOC) must decide on the proposal within two months of the end of the representation period. This will require the SOCOC to decide on the proposal to discontinue Hetton Le Hole Nursery by no later than mid-May 2021. All of the pre-publication responses together with the responses to the statutory proposal process will be set out for the consideration of the SOCOC.

8. Reasons for the Decision

- 8.1 Hetton Le Hole Nursery School has become financially unviable. The nursery has an operational budget deficit that has increased year on year since 2015. It is now considered that neither implementing revised operational arrangements nor a further increase in pupil recruitment will be sufficient to resolve the nursery's budget deficit.

9. Alternative Options

- 9.1 The Council has considered and dismissed the following options;
- To not commence the statutory process to discontinue Hetton Le Hole Nursery. This option is not recommended given the nursery is unable to operate within its current budget and its deficit budget position is projected to continue to increase in future years

10. Impact Analysis

Equalities – As part of the statutory proposals, an equality impact will be carried out to ensure that all decisions are undertaken in a fair, equitable and transparent manner, and will not affect those groups who have protected characteristics under the general equality duty.

11. Other Relevant Considerations / Consultations

11.1 Financial implications

In the event of the closure of Hetton-le-Hole Nursery any outstanding deficit balance would fall on the Dedicated Schools Grant in line with the latest Education Skills Funding Agency regulations.

Funding for any redundancy costs associated with this proposal will be considered and funded from the Dedicated Schools Grant Redundancy Reserve in line with the policy agreed at Schools Forum.

11.2 Legal Implications

The proposals contained within this paper will require the Council to follow the requirements of the Education and Inspections Act 2006 and the School Organisation (Establishment and Discontinuance of Schools) Regulations 2013 in relation to school closure proposals.