

CHILDREN AND LIFELONG LEARNING SCRUTINY PANEL

DATE	27/09/2023
REPORT OF	Janice Spencer - Director of Children's Services
SUBJECT	Nursery Provision
STATUS	Open.

CONTRIBUTION TO OUR AIMS

The report provides an opportunity for discussion on the recent nursery consultation.

EXECUTIVE SUMMARY

North East Lincolnshire Council (NELC) has two nurseries and one early years' day care setting that remain maintained by the Local Authority. These are Great Coates Village Nursery (GCVN), Scartho Nursery School (SNS) - part of the federation with Western Primary School - and Reynolds Day Care (RDC).

The nursery buildings are owned by the Council, and Reynolds Day Care is leased from Reynolds Academy.

There is also a variety of private, voluntary, and independent (PVI) settings across the borough that meet the needs of children and families.

Currently, GCVN and SNS are running at a reduced capacity, and both have significant budget deficits that impact the designated schools grant, by overspending on the allocated budget. RDC is also running under capacity and has a significant budget deficit that impacts the Council's budget.

MATTERS FOR CONSIDERATION

Pursuant to a resolution of this panel, to look at the nursery consultation in its entirety in terms of:

- How this came about in the first instance,
- Including revenue implications,
- Future sustainability of nurseries and the
- Wider public interest.

1. BACKGROUND AND ISSUES

1.1 The authority's statutory duties (Childcare Act 2006 and Childcare Act 2016) are to secure sufficient childcare places, and local authorities are required by legislation to:

- Secure free places for two, three and four-year-olds over no fewer than 38 weeks of the year and up to 52 weeks of the year for every eligible child in their area. (Ref: Early Education and Childcare – statutory guidance for local authorities 2018)

1.2 The authority has given consideration to the future of the nurseries as the three settings are all projecting negative budget positions. Data from the Schools Financial Benchmarking Service (see section 1.5 for the links) indicates that the pressures have been evident from 2018. In addition, they are also running at a

reduced occupancy level and are not attracting a sufficient number of young people into their settings.

1.3 Currently, the sufficiency of places surpasses the demand in the Borough. There are currently more than enough funded places available across NEL for all 2-, 3- and 4-year-olds who are entitled to one. It should be noted that the occupancy numbers do fluctuate. As an example, the numbers of available places are generally higher in the autumn term and lowest in summer.

1.4 The authority must comply with legislation. The above provisions, together with other wider statutory expectations and obligations (value for money, continuous improvement etc.) dictate that full consideration of the futures of a Maintained School or Maintained Nursery is attended to where the following applies:

- There are surplus places elsewhere in the local area which can accommodate displaced pupils and there is no predicted demand for the school in the medium to long term;
- It is to be merged or amalgamated with another school;
- It has been judged inadequate by Ofsted and there is no sponsored academy solution;
- It is to acquire, lose or change its religious character;
- It is no longer considered viable; or
- It is being replaced by a new school.

1.5 Understanding Great Coates Village Nursery and Scartho Nursery School

Both GCVN and SNS face significant challenges over the current year and the next two years of their financial plans.

- They have rolling budget deficits and reduced take up of places.
- Schools Financial Benchmarking data indicates that for both settings in year balances are high risk.
- The staffing levels and costs are higher than in PVI settings. This is because Qualified Teaching Status (QTS) is required for teaching staff and a QTS headteacher and SENDCo are also required.
 - GCVN teaching staff costs are in the highest 10% of similar schools, which equates to 42.9% of their expenditure.
 - SVN teaching staff costs are in the highest 20% of similar schools, which equates to 37.4% of their expenditure.
- Falling rolls are a concern as many parents choose PVI nursery/daycare provision close to a place of work rather than in their own ward of residence. Parental choice is a key factor in the lack of demand for places and subsequently, the budget position, not enough parents are choosing to use the settings.
- In respect of GCVN, in the summer term 2022, only 64% of all resident children access their funded place within the local ward.
- In respect of SNS, in the summer term 2022, only 58% of all resident children access their funded place within the local ward.
- There is significant competition from private providers and from local schools, which impacts the settings.
- The settings are only open during school term time; this presents a challenge to our parents, including working parents during school holiday time.

- They do not currently provide a flexible enough offer to parents, such as early opening and late closing (wraparound care). PVI settings provide a more flexible offer for parents, often based over 52 weeks of the year, with early start times and later pick up times.
 - The Autumn 2022 figures show that GCVN has an occupancy level of 47%, Spring 2023 was 59% (including universal 15rs) and Summer 2023 was 73% (30 hours and non-funded hours). Latest available dataset.
 - The Autumn 2022 figures show that SVN has an occupancy level of 38%, Spring 2023 was 51% (including universal 15hrs and Summer 2023 was 54% (30 hours and non-funded hours). Latest available dataset.
 - We do not have the autumn term applications as the schools receive these directly from parents.
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- Schools Financial Benchmarking Service for Scartho Nursery School 2020-2021
<https://schools-financial-benchmarking.service.gov.uk/School?urn=117700>
<https://sad.schools-financial-benchmarking.service.gov.uk/self-assessment/117700>
 - Schools Financial Benchmarking Service for Great Coates Village Nursery 2020-2021
<https://schools-financial-benchmarking.service.gov.uk/school?urn=117697>
<https://sad.schools-financial-benchmarking.service.gov.uk/self-assessment/117697>

1.6 Understanding Reynolds Day Care

- Has an unrecoverable budget deficit of £50k.
- Staffing levels (the ratios) and costs create pressures - the required ratios of staff to children are larger in a PVI setting. As an example, the ratios are 1 staff to 13 children in PVI settings and 1 staff member to 8 children in this setting. PVI providers have more children for each member of staff, so they need to employ less staff than our settings, potentially reducing their staff costs.
- RDC is a corporate service, the staff employed at the setting are local authority employees with LA terms and conditions of service that are generally higher than the PVI sector.
- Falling rolls, many parents choose nursery provision close to a place of work rather than in their own ward of residence. Parental choice is prevalent in the under-occupancy position of both sites.
- Significant competition from private providers and from local schools in the Cleethorpes area.
- Parents tend to move children to a school / academy nursery at age 3 in preparation for their attendance at their chosen primary school (reception classes).
- The Autumn 2022 figures show that RDC has an occupancy level of 57%, Spring 2023 was 67% (includes universal 15hrs) and Summer 2023 was 75% (30 hours and non-funded hours). Latest available dataset.
- We do not have the autumn term applications as the schools receive these direct.

1.7 Given the above factors, financial deficit, low occupancy rates and the availability of alternative provision, a consultation was launched on 08th June 2023 to invite views on proposals around the future of GCVN, SNS and RDC. This was designed to seek the views of communities and stakeholders so that informed decision-making would ensue. The consultation was carried out at a formative stage, and for a period, in accordance with best practice. At no point was there a suggestion of the settings being closed.

1.8 It is fair to say that there was a degree of public opposition to any change to the service. The consultation exercise, carried out in response to the clear challenges above, also brought forward positive proposals and ideas from other stakeholders which enables a wider consideration of the issues. These enable more structured dialogue and collaboration. On the 27th June 2023 it was decided to extend the consultation to the 4th August 2023. On the 14th July 2023 a decision was then made to halt the consultation.

2. RISKS AND OPPORTUNITIES

2.1 The local authority will be required to submit a 'Schools in financial difficulty action plan' to the Department for Education (DfE) if the nursery schools continue to operate with deficit budgets in excess of 5% of their total income.

3. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

3.1 Access to high quality nursery provision is a right which all children growing up in North East Lincolnshire should enjoy.

3.2 As mentioned above, there are alternative settings within the community which offer a more flexible and responsive service which are in a reasonable distance. For illustrative purposes:

- 3.2.1 GCVN - There are four settings within a walking range of between 4 minutes and 34 minutes,
- 3.2.2 SVN – there are five settings within a walking range of between 11 minutes and 15 minutes,
- 3.2.3 RDC – there are 8 settings within a walking range of between one minute and 21 minutes walk.

3.3 Furthermore, ensuring that Dedicated School Grant and LA funding is strategically used for the best outcomes for all local children is a good outcome, to ensure this further engagement and communication will be necessary with the wider stakeholders and public to keep them informed and part of the solution.

4 FINANCIAL CONSIDERATIONS

From published data, all three settings are currently projecting budget deficits, as follows:

4.1 GCVN:

Validated finances from DfE Website 2021/2022:

- Expenditure: £337k
- Income: £335k
- In year balance: £2k (deficit)
- Revenue reserve: £37k (deficit)

Schools Financial Benchmarking Service for Great Coates Village Nursery 2020-2021

- <https://schools-financial-benchmarking.service.gov.uk/school?urn=117697>
- <https://sad.schools-financial-benchmarking.service.gov.uk/self-assessment/117697>

4.2 SVN:

Validated finances from DfE Website, 2021/2022:

- Expenditure – £305k
- Income – £225k
- In year balance – £49k (deficit)
- Revenue reserve – £7k

Schools Financial Benchmarking Service for Scartho Nursery School 2020-2021

- <https://schools-financial-benchmarking.service.gov.uk/School?urn=117700>
- <https://sad.schools-financial-benchmarking.service.gov.uk/self-assessment/117700>

4.3 Reynolds:

Validated authority finances:

- Outturn figure for 2022/2023 – £55k
- Projected deficit of £50k
- RDC is a corporate service and information is held and monitored by the authority.

4.4 Investment – future site sustainability

4.4.1 The authority conducts condition surveys of its maintained buildings on a regular basis. Whilst a condition survey will flag up works, in priority order, pertaining to the fabric of the building, that is not the whole story, as sitting at the side of condition is suitability, which is also considered when looking at asset management and development.

4.4.2 Whilst suitability of a setting will not close a site as a failure of condition will, from a teaching and learning perspective, it still informs the authority upon its priorities in providing appropriate future proofed learning environments. Whilst all legislative and reactionary maintenance is prioritised and undertaken, no other investment has been made in these buildings, due to the DfE not recognising and providing funding for maintained nurseries.

4.4.3 When considering any future development of our nurseries sites, we must be cognisant of the 'BB103' guidance for maintained schools, the [Schedule of Accommodation tools for schools and colleges - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/schedule-of-accommodation-tools-for-schools-and-colleges) and the [Statutory framework for the early years foundation stage \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/publications/statutory-framework-for-the-early-years-foundation-stage) which provides clear guidance on how to create suitable learning environments for the future.



BB103_Area_Guidelines_for_Mainstream

4.4.4 Based on this guidance, and our initial assessment of the nurseries, it is clear they are now in need of refurbishment and adaptation if they are to have the best chance of becoming fully utilised, viable and importantly, an attractive choice for more families. All of which will lead to a much-improved chance of sustainability in the future.

4.4.5 It is important to note that two of these nursery buildings, GCVN and SVN, are Victorian builds and have repeatedly been adapted over time to try to meet the evolution of the education agenda and need over the years.

4.4.6 The estimated level of investment required to bring the settings in line with current guidance varies for each site:

- RDC, we estimate will require an overall light touch refurbishment in the region of 150k.
- SVN, we estimate will require refurbishment work on its outdoor play areas, kitchen and adaptations to ensure the building flows more effectively, in the region of 500k.
- GCVN, we estimate will require an internal refurbishment, work on the outdoor play area, adaptations to ensure the building flows more effectively, and repair and/or possibly the replacement of the mobile unit on site, in the region of 800k.

4.4.7 To validate the estimates, specialist architects and surveyors would need to be commissioned to provide accurate costings prior to considering entering into a competitive Tendering process.

5 CHILDREN AND YOUNG PEOPLE IMPLICATIONS

5.1 As mentioned above, there are alternative settings which may necessitate some parents having to travel outside of their ward of residence to secure an early years place for their child. However, there are alternative early years settings in and around the wards affected, and many parents already choose to travel outside of their ward for childcare.

6. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

There are no impacts on climate change and the environment as a direct result of this report.

7 MONITORING COMMENTS

In the opinion of the author, this report does not contain recommended changes to policy or resources (people, finance or physical assets). As a result no monitoring comments have been sought from the Council's Monitoring Officer (Chief Legal Officer), Section 151 Officer (Director of Finance) or Strategic Workforce Lead.

8 WARD IMPLICATIONS

Freshney, Scartho and Sidney Sussex.

9 BACKGROUND PAPERS

None

10 CONTACT OFFICER(S)

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