

Report to:	Cabinet	Date of meeting:	26 July 2018
Subject:	Sand Dunes Nursery School – proposal to commence statutory consultation		
Report of:	Head of Schools & Families	Wards Affected:	Linacre and neighbouring wards where pupils reside
Is this a Key Decision:	Yes	Included in Forward Plan:	No – Rule 27
Exempt / Confidential Report:	No		

Summary

The Governing body of Sand Dunes Nursery School have written to the local authority stating that they are unable to set a budget and are unable to produce a plan which will bring the school back into budget. They are no longer financially viable and have therefore requested that the local authority commence a statutory consultation on a proposal to close the school.

The purpose is to provide background information relating to Sand Dunes Nursery School and to seek approval for the commencement of the statutory consultation process on a proposal to close the school.

Recommendation(s):

Cabinet are recommended to:

- 1) Note the request from the Governing Body of Sand Dunes Nursery School of Schools to undertake a statutory consultation on a proposal to close the school because it is no longer financially.
- 2) Note the statutory process outlined in the report for the closure of the school:
- 3) Approve the commencement of the statutory consultation process relating to the proposal to close Sand Dunes Nursery School with effect from July 2019.
- 4) Note that the proposal was a Key Decision but had not been included in the Council's Forward Plan of Key Decisions. Consequently, the Leader of the Council and the Chair of the Overview and Scrutiny Committee (Children's Services and Safeguarding) had been consulted under Rule 27 of the Access to Information Procedure Rules of the Constitution, to the decision being made by Cabinet as a matter of urgency on the basis that it was morally important to ensure parents were aware of the proposal before the start of next academic year.

Reasons for the Recommendation(s):

The local authority has the statutory power to close a maintained school following the statutory process detailed in the report.

Alternative Options Considered and Rejected: (including any Risk Implications)

All alternative options have been explored by the governing body with support from Officers prior to the governing body making their request.

What will it cost and how will it be financed?

(A) Revenue Costs

Any budget shortfall by the end of the closure period is the responsibility of the Council and cannot be charged to the Dedicated Schools Grant (DSG). Therefore the Council will need to identify additional resources from its reserves and balances to support the final closing deficit position. The funding implications of this are detailed in the body of the report.

Any mothballing costs related to the building may be met from specific funding within the DSG which is held centrally for this purpose. However this funding is under review by the DfE as part of the national review of school funding and may not be available after 31st March 2020.

(B) Capital Costs

N/A

Implications of the Proposals:

<p>Resource Implications (Financial, IT, Staffing and Assets):</p> <p>As part of the consultation process meetings will be held with staff in the school and their trade union representatives</p>
<p>Legal Implications:</p> <p>The consultation on the proposal to close the school will be carried out in accordance with the requirements of the School Organisation (Establishment and Discontinuance of Schools) Regulations 2013.</p>
<p>Equality Implications:</p> <p>There are no equality implications.</p>

Contribution to the Council's Core Purpose:

Protect the most vulnerable:
Facilitate confident and resilient communities:

Commission, broker and provide core services:
Place – leadership and influencer:
Drivers of change and reform:
Facilitate sustainable economic prosperity
Greater income for social investment:
Cleaner Greener:

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Head of Corporate Resources (FD.5218/18) and Head of Regulation and Compliance (LD.4442/18) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Public consultation on the proposal will take place in accordance with statutory requirements

Implementation Date for the Decision

Immediately following the expiry of the “call-in” period for the Minutes of the Cabinet meeting

Contact Officer:	Mike McSorley
Telephone Number:	0151 934 3428
Email Address:	mike.mcsorley@sefton.gov.uk

Appendices:

None

Background Papers:

There are no background papers available for inspection.

1. **Background**

- 1.1 Sand Dunes Nursery has had financial challenges for a number of years but the head teacher and governing body have been able to restructure and reorganise the school to ensure that the school's budget was balanced. Unfortunately, because of increasing costs and static pupil numbers they are no longer able to set a balanced budget. The school is currently only half full and numbers are unlikely to increase.
- 1.2 Members may recall that during the consultation on children and family centres a number of issues were raised about the current numbers of children attending Seaforth Nursery School and its consequential impact and viability of the Centre.
- 1.3 Governing Bodies have a duty to set a balanced budget each year and the Governing Body of Sand Dunes Nursery School has worked very hard over the last few years to reduce costs and set a balanced budget. This has been against a backdrop of a funding freeze, falling pupil numbers and increasing cost.
- 1.4 The Governing Body of Sand Dunes Nursery School met on 26 June 2018 to consider the financial position of the school going forward in the light of no foreseeable increase in pupil numbers and increasing cost. The Governing Body consider that they could not reduce costs to the level required to set a balanced budget due to statutory requirements around staff/pupil ratios. Following this meeting the Chair of Governors wrote to the Head of Schools and Families on 27 June saying, "as a Governing body we cannot by law set a deficit budget and at a full Governors' meeting on 26th June it was agreed that there was no alternative but write to yourself stating that the school is no longer financially viable and asking you to consider undertaking a consultation on proposed closure." A copy of the letter from the school is attached to this report.

2. **Financial Position**

- 2.1 Sand Dunes Nursery School has been struggling financially for a number of years and the Governing Body has worked hard to reduce costs and set a balanced budget.
- 2.2 The table below summarises the financial position of the school over the last two years and the projected financial position for 2018/19 to 2019/2.

Year	2016/17	2017/18	2018/19	2019/20
		**		
Total Expenditure	230,039	403,508	392,876	439,441
Total Funding	203,079	239,341	232,794	232,794
Budget surplus / deficit	-26,960	-164,167	-160,082	-206,647
Balances / deficit B'fwd	54,620	27,660	-136,507	-296,589
Est. Balances / deficit C'fwd	27,660	-136,507	-296,589	-503,236

** includes provision of the 2 year old offer from 1st April 2017 following staffing restructure and the closing of the child care provision in the Nursery School in March 2017

- 2.3 As stated above the Governing Body has worked hard to reduce costs each year. However, even with savings in expenditure, the school has had to use all of the schools balances to and still closed last financial year with a deficit.
- 2.4 The current financial position indicates that the school is currently overspending by approximately £160,000 a year and has now exhausted its available balances. The projected financial position for 2018/19 is a deficit of £296,000.
- 2.5 The Governing Body has considered all options and are not able to address the increasing deficit and bring the budget back into a balanced position. As a result, Sand Dunes Nursery School is not financially viable.

3. Standards

- 3.1 Sand Dunes Nursery School was rated as good at its last Ofsted inspection. The majority of other settings in the area are also rated good or outstanding (100% of maintained nursery places and 97% of PVI Daycare).

4. Pupil Places

- 4.1 Sand Dunes Nursery School is approximately 50% full (at the time of writing, 35 children against a capacity of 78 places). There is capacity in other settings in the local area (Based on the January 2018 sufficiency survey there are 29% vacant places in maintained nurseries and 31% in PVI Daycare).

5. Statutory process and outline timescale

- 5.1 Local authorities are under a statutory duty to ensure that there are sufficient school places in their area, promote high educational standards, ensure fair access to educational opportunity and promote the fulfilment of every child's educational potential. To help them meet these duties and restructure local provision they have the power to close all categories of maintained schools.
- 5.2 The statutory process for closing a school has five stages:

Stage 1	Consultation	No prescribed timescale (minimum of 6 weeks recommended; school holidays should be taken into consideration and avoided where possible). Likely to be no longer than 12 months.
Stage 2	Publication	1 day
Stage 3	Representation	Must be 4 weeks (this is prescribed in legislation and cannot be shortened or lengthened).
Stage 4	Decision	LA should decide a proposal within 2 months otherwise it will fall to the Schools Adjudicator. Where permitted appeals must be made within 4 weeks of the decision.
Stage 5	Implementation	No prescribed timescale – but must be as specified in the published notice, subject to any modifications agreed by the decision-maker.

- 5.3 Under section 16(3) of the Education and Inspections Act 2006 a proposer of a school closure must have regard to any guidance issued by the Secretary of State. The Secretary of State considers that those bodies listed below should be consulted in the case of the proposed closure of schools:
- LA (as appropriate);
 - parents of pupils;
 - where the LA is a county council the local district or parish council where the school that is the subject to the proposal is situated;
 - in the case of a special school – any LA which maintains a statement of special educational needs in respect of a registered pupil at the school.
 - the Governing Body (as appropriate);
 - pupils at the school;
 - (if a proposal involves, or is likely to affect a school which has a particular religious character) the appropriate diocese or relevant faith group;
 - the trustees of the school (if any);
 - teachers and other staff at the school;
 - any LA likely to be affected by the proposal, in particular neighbouring authorities where there may be significant cross-border movement of pupils;
 - the governing bodies, teachers and other staff of any other school that may be affected;
 - parents of any pupils at other schools who may be affected by the proposal including where appropriate families of pupils at feeder primary schools;

- any trade unions who represent staff at the school; and representatives of any trade union of staff at other schools who may be affected by the proposal;
- MPs whose constituencies include the school that is the subject of the proposal or whose constituents are likely to be affected by the proposal; and
- any other interested body/person that the proposer thinks is appropriate.

5.5 The consultation will consist of meetings with staff, governors and families and provide the opportunity for discussion and written representation. Following the consultation Members will receive a report which will consider the outcome of the consultation as well as detail on pupil numbers and admissions, arrangements for pupils from the closing school, community impact, impact on denominational provision and any implications for adjacent schools.

6. Consultation Proposal

- 6.1 Given the financial position of the school the consultation proposal will be to close the school from July 2019. The closing school deficit budget is predicted to be - £365,000. If the school were to close at Easter the deficit would be -£296,000 but children in the upper year would need move to a new setting for a term before they started in reception in the September which may be detrimental to their development. Although it would reduce the deficit if the school were to close early it is felt that an early closure would have a detrimental impact on children attending the nursery and it is suggested that closure should be from July 2019.
- 6.2 The two closing deficit budget positions above are both based on current staffing and running costs and a continued take up of current 2 year old and 3 and 4 year old nursery places. If as a result of the consultation the number of nursery places drop then the financial deficit in each case could be higher. There will also be closure costs that will need to be factored into the final deficit position but these are unknown at this time and so cannot be quantified.
- 6.3 The consultation process will enable all stakeholders to express their views but it is important to begin the process as soon as possible so that parents and families (particularly those due to begin at the school in September) are made aware and can consider their options prior to the start of the new academic year.

SEFTON CHILDREN'S SERVICES



Sand Dunes
Nursery School
41 Caradoc Road
Seaforth L21 4NB

Headteacher Hayley Stoba

27th June 2018

Dear Mr McSorley,

Re: Sand Dunes Nursery School

It is with regret that I am writing to you to ask the Council to start a statutory consultation proposing the closure of Sand Dunes Nursery School. I believe, for the reasons I will outline below, that it is in the interests of the children and parents of the school that such a consultation be started as soon as possible.

As a Governing body and school community we have worked hard to reduce costs and continue to provide high quality early years support to our children and families. Some of our community are amongst the most vulnerable families in Sefton and support often goes well beyond just providing a nursery school place for their children. However, we are now at a stage where, despite all of this hard work over the last few years, the school is in a deficit budget position and we cannot set a balanced budget in 2018/19, nor can we come up with a plan to reduce costs to within the budget provided through the funding formula going forward.

The Governors fully recognise their core function to oversee the financial performance of the school and to ensure best use of resources and have worked with the Local Authority over the past four years to ensure that a balanced budget was achieved. There has been a reduction in this estimated deficit through the hard work of the Head and school staff; however, we believe that we cannot make any further significant financial savings to reduce the predicted budget deficit of nearly £300,000 at the end of the 2018/19 financial year.

As a Governing body we cannot by law set a deficit budget and at a full Governors' meeting on 26th June it was agreed that there was no alternative but write to yourself stating that the school is no longer financially viable and asking you to consider undertaking a consultation on proposed closure. It goes without saying that should the Council commence the consultation I have requested, you will have the full co-operation of the Governing body during that consultation.

We would want to work closely with the local authority to ensure a smooth transition for our children and families to alternative provision and would ask that the local authority puts measures in place to support staff who may be at risk of redundancy to find alternative employment.

Yours sincerely,
Jane Dunn
(Chair of Governors, Sand Dunes Nursery)

