

DECISION-MAKER:	CABINET
SUBJECT:	CLOSURE OF STARTPOINT SHOLING DAY NURSERY
DATE OF DECISION:	26th November 2024
REPORT OF:	COUNCILLOR WINNING CABINET MEMBER FOR CHILDREN AND LEARNING

<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY

NOT APPLICABLE

BRIEF SUMMARY

This report seeks a decision from Cabinet to approve the recommendation of the Cabinet Member for Children and Learning and the Executive Director for Community and Wellbeing, Children and Learning for the permanent closure of the Startpoint Sholing Nursery with immediate effect. Further, the report seeks approval for the commencement of the process for making staff redundancies in line with SCC policy and procedures. The proposed closure of the centre is as a result of the significant ongoing unauthorised operational deficit the nursery requires to continue operating.

Southampton City Council has a statutory duty to ensure that there is a sufficient supply of good quality, flexible childcare choices available, in response to parental demand. Statutory guidance does not specify who should provide these places. Currently 91% of Southampton's childcare sector is provided by the Private, Voluntary and Independent sectors (PVI). The Council's role is to act as a 'market facilitator' and 'enabler' to the sector.

The government have introduced a new extended childcare offer for qualifying children from the age of 9 months. Southampton has responded in collaboration with the sector by exceeding our Department for Education (DfE) target of 44 new early years childcare places, by creating an additional 170 new places up to September 2024. This does not include the additional 220 places planned for 2025. This, along with our Autumn Term provider sufficiency survey, demonstrates that Southampton has more than sufficient places available to meet parental demand. The additional surplus also provides a healthy contingency for multiple unexpected closures.

Summary of Impact and Issues

Startpoint Sholing Childcare Nursery is a council run childcare nursery registered by Ofsted to care for up to 26 children. All current children have transitioned to school in September 2024. The nursery currently employs 10.22 FTE staff, the majority are female and predominantly part time. The nursery occupies one of the classrooms and associated staff areas within the Startpoint Sholing Early Years Centre.

Since the nursery opened, it has continued to incur a financial deficit year on year and relied on SCC subsidies to break even.

- 2021/22 - £379k deficit
- 2022/23 - £367k deficit
- 2023/24 - £358k deficit

A task and finish group was set up with colleagues within Finance, HR, the Nursery Manager, members of the Early Years/Childcare Service, with input from Legal and representatives from the DfE Experts and Mentors Programme to try and identify a viable model that was sustainable. This resulted in several measures being introduced in 2024, which have been successful in reducing the deficit from £358k to a forecast £202k for 2024/25. However, it has still not been possible to identify a financially viable structure for the nursery that would enable them to break even.

The Early Years funding that is provided by the DfE, does not cover the costs of sustaining this nursery without the need for significant on-going subsidies from the Council to cover the ongoing operational deficit.

RECOMMENDATIONS:

	(i)	To approve the closure of Startpoint Sholing Childcare Nursery with immediate effect.
	(ii)	To delegate authority to the Executive Director of Community Wellbeing, Children and Learning, following consultation with the Executive Director of Enabling Services, to take any action necessary to give effect to recommendation 1 including but not limited to undertaking any relevant HR and contractual processes.

REASONS FOR REPORT RECOMMENDATIONS

1.	Any deficit in the nursery budget has not been included and therefore alternative budget savings would need to be found within the wider Early Years Service. This can only be achieved through further staff redundancies every year. The remaining staff employed within the Early Years Service are undertaking key statutory roles and any reductions would have an adverse effect on Southampton City Council's ability to fully discharge its statutory childcare duties placed upon them under the Childcare Act 2006 and Childcare Act 2016.
2.	Our statutory duty to ensure childcare sufficiency is already being met through the wide range of other childcare providers throughout the city and within the local area. These include alternative Day Nurseries, Pre-schools, Childminders and School/Academy run nurseries.
3.	All previously registered children attending the nursery have since transitioned into school in September 2024. There are currently no children on roll. Any new requests from parents have been delayed until the outcome of a

	<p>decision by Cabinet. This decision was based on the best interests of the children and their development from being adversely impacted by any possible closure so soon after starting having developed relationships with other children and staff and establishing routines etc.</p>
4.	<p>Quality of childcare provision – Startpoint Sholing was judged as ‘Good’ at their last Ofsted Inspection. Southampton’s Childcare sector has higher than the national average number of childcare providers ranked ‘Good’ or ‘Outstanding’ by Ofsted at their most recent inspection. Out of the 300+ Ofsted registered childcare providers within the city, only one provider is currently judged less than good by Ofsted. In fact, Southampton also has above the national average of providers judged as ‘Outstanding’ by Ofsted. Therefore, parents/carers do have a choice on a range of high-quality early years and childcare places that are available throughout the city in every ward.</p>
5.	<p>Levels of support for children with Special Educational Needs and Disabilities (SEND) – Startpoint Sholing Childcare Nursery is not a specialist nursery, although the stakeholder consultation identifies that they do offer good support to families for children with SEND.</p> <p>The Council does have a service contract in place with another established provider, recognised for their work with children with complex needs. It also includes a Family Support Worker who provides extended support to the family. They have expanded their outreach offer within the city which has enabled them to support many more children. In addition, the Early Years and Childcare Service has available the following accredited training for providers to support children with SEND:</p> <ul style="list-style-type: none"> • Level 3 - SEND Co-ordinator (<i>over 85% of the city’s early years settings now have at least one SENDCo trained at level 3</i>). • Level 2 - SEND Practitioner (<i>we want all practitioners who work with children in early years to be a SEND practitioner</i>). • Level 1 - Dingley’s free on-line Training for staff and parents to have a better understanding and awareness in supporting children with SEND. • Bespoke Training Programme to support quality improvement and SEND support. <p>Lastly, for any parent/carer of any child who is struggling to find a childcare place that meets their needs, then the Early Years Service offers a free ‘Childcare Brokerage Service’ to families where we will work with them to identify suitable childcare that meets their needs.</p>
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
1.	<p>Do Nothing – For this option to be considered it would need the ongoing annual investment of more than £300k each year from the Council to cover the ongoing operational deficit.</p>
2.	<p>Re-structure – A task and finish group was set up, comprising of membership from HR, Finance, Early Years colleagues, SEND, Nursery Management, Southampton’s nursery sector and representatives from the</p>

	<p>DfE Early Years Experts and Mentors programme who between them have investigated countless re-structuring models. Unfortunately, none of these have proved to be sustainable without significant ongoing subsidy from the Council. A further remodelling scenario was considered as a specialist inclusive nursery. However, this option forecasts an even higher deficit for the nursery.</p>
<p>DETAIL (Including consultation carried out)</p>	
<p>1.</p>	<p>Formal staff consultation with those affected and Unions commenced on 2nd September and closed on 16th October 2024. A letter summarising the outcomes from the staff consultation is included within Appendix 2.</p> <p>An alternative proposal was received by Unison (Appendix 1) as part of the formal staff consultations which shows an ongoing deficit of £44k. However, when analysing their proposal in more detail and including some key omissions such as Professional fees/subscriptions, early years mandatory staff training, cleaning and cleaning materials etc. Together with inaccurate assumptions in income and taking into account higher staff ratios for children with SEND; their proposal is estimated to be £150k in deficit. Furthermore, any delay or decision to restructure the nursery as put forward in the Unison proposal, will be subject to further ongoing formal consultations and this delay will increase this deficit further</p>
<p>2.</p>	<p>Stakeholder consultation was also undertaken which received a total of 407 responses. A copy of the responses is included as Appendix 3.</p> <p>Highlights</p> <p>A total of 407 responses were received.</p> <p>62% of respondents were residents of Southampton</p> <p>30% of respondents were a parent or carer of a nursery aged child locally</p> <p>17% were someone that works, visits or studies in Southampton</p> <p>A total of 95% of respondents disagreed with the proposal.</p> <p>The following impacts have been considered and where possible appropriate mitigations are either in place or being proposed.</p> <ol style="list-style-type: none"> 1. Impact on children/parents – The Council as part of its commitment to families have honoured the nursery contract that was in place with parents, culminating in all children transitioning to start school in September 2024. Due to the uncertainty about the nursery’s future, no new children were offered a place for September as any major disruption to a child’s early development can have a negative impact on their progress (e.g. creating relationships, establishing routines and securing attachments to staff and the environment etc). In addition, any requests we have received from prospective parents for a space in September, have been written to, informing them that the future of the nursery is being reviewed and that until a decision has been made (<i>November 2024</i>), we are unable to provide their child a place. We also advised parents that whilst we are happy to retain their details on a waiting list, if they needed a guaranteed space for their child

	<p>(e.g. to enable them to work, undertake training etc), they may wish to explore vacancies with alternative local childcare providers who do have vacancies.</p> <p>The development of new childcare places across the city and within the local area adequately insures the availability of places for parents/carers within the local area.</p> <p>2. Impact on other providers, including schools – Closure of the Sholing nursery will not have a detrimental impact on neighbouring Ofsted registered providers or schools. The fact is, for most providers it will help to increase their future occupancy levels and improve their long-term sustainability. The increase in new provision within the local area, some of which are within schools is further supported by the governments recently announced policy to develop new childcare nurseries throughout schools in England.</p> <p>3. Impact on staff – the uncertainty on the future of the nursery has resulted in many staff securing alternative employment, some of which with neighbouring childcare providers. There are also redeployment opportunities that would be available to staff both within the service, and potentially across the wider Council. Due to the ongoing staffing shortages that currently exist within Southampton’s childcare sector (<i>102 job vacancies as of October 2024</i>) the early years’ service can help to facilitate and broker, new external employment opportunities for anyone wishing to continue to work within childcare.</p>
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RESOURCE IMPLICATIONS

Capital/Revenue

1.	There is expected to be an overspend in the nursery budget as reported to Finance in Q1, if a decision to close the nursery is approved by Cabinet. This is primarily due to notice payments and redundancy pay awards. Any other decision will result in further significant overspend.									
2.	<p>Costs Summary</p> <table border="1" style="width: 100%;"> <tr> <td>Total Notice Pay</td> <td style="text-align: right;">£52,696</td> </tr> <tr> <td>Total Redundancy Costs</td> <td style="text-align: right;">£74,982</td> </tr> <tr> <td>Nursery forecast budget deficit for 24/25 (If decision to close is approved)</td> <td style="text-align: right;">£202,062</td> </tr> <tr> <td>Total forecast Liability</td> <td style="text-align: right;">£329,740</td> </tr> </table>		Total Notice Pay	£52,696	Total Redundancy Costs	£74,982	Nursery forecast budget deficit for 24/25 (If decision to close is approved)	£202,062	Total forecast Liability	£329,740
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3.	<p>The costs arising from the Notice Pay and the in-year deficit totalling £254,758 will be met from the Dedicated Schools Grant.</p> <p>The redundancy costs of £74,982 will be met by the Central Contingency within the Council’s General Fund.</p> <p>It should be noted that the closure of the nursery will prevent further increases to the accumulated deficit in future years.</p>									

Property/Other

1.	If the proposal is approved, the vacated space occupied by the nursery will be used to deliver other key priority early years services.
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LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

1.	The proposed closure of the nursery is subject to formal staff consultation which commenced on 2 nd September 2024 and concluded on 16 th October 2024. A letter to staff and Unions following the outcome of the staff consultation is included as Appendix 2
2.	The proposed closure of the nursery is subject to non-statutory, formal stakeholder and public consultations under the Councils consultation guidance . This stakeholder consultation commenced on 2 nd September 2024 and concluded on 18 th October 2024. A copy of the report is available under Appendix 3
3.	The Council is under no legal duty to operate the centre in its current form, but as a discretionary service, the Council must satisfy itself it has considered all material considerations around sufficiency of early years places, demand and resourcing implications when reaching a decision to reduce or remove discretionary services of this nature.

Other Legal Implications:

1.	The proposals have been subject to an Equalities Impact Assessment under s.149 Equalities Act 2010 and the Assessment is set out for Members consideration in reaching their decision at appendix 4 of this report
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RISK MANAGEMENT IMPLICATIONS

1.	None
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POLICY FRAMEWORK IMPLICATIONS

1.	The Early Years and Childcare Strategy 2022 -2027
2	Early Years and Childcare Statutory Guidance for Local Authorities

KEY DECISION?	Yes
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WARDS/COMMUNITIES AFFECTED:	Sholing and Thornhill Wards
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SUPPORTING DOCUMENTATION

Appendices

1.	Staff/Unions proposal - Alternative restructure Proposal - Startpoint Sholing Nursery Proposal
2.	End of Consultation Outcome letter to staff
3.	Stakeholder Consultation Summary
4.	Equality Impact Assessment

Documents In Members' Rooms

1.	None	
Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		Yes
Data Protection Impact Assessment		
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.		No
Other Background Documents		
Other Background documents available for inspection at:		
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)	
1.	None	