

CHESHIRE EAST COUNCIL

CABINET SCHOOL ORGANISATION SUB-COMMITTEE

Date of meeting: 3 June 2009

Report of: Barbara Hughes – Interim Head of Service for Children & Families

Title: Proposal to close OakencloUGH Children's Centre Day Nursery

1.0 Purpose of Report

- 1.1 The purpose of this Report is to enable the Cabinet School Organisation Sub-Committee to take a decision on the proposal to close OakencloUGH Children's Centre Day Nursery, Handforth with effect from 17 July 2009. Closure of the Nursery will mean that full day childcare is no longer provided at OakencloUGH Children's Centre premises. This proposal relates solely to the Nursery at OakencloUGH Children's Centre and the provision of childcare; all other Children's Centre services will continue to be provided to the local community.

2.0 Decision Required

- 2.1 Whether OakencloUGH Children's Centre Day Nursery should be closed with effect from 17 July 2009.

3.0 Financial Implications 2009/10 and beyond

- 3.1 There are 3 potential options:

1. Nursery closure on 17 July 2009 – Total cost of redundancy payments to 3 staff - £1,338.92.

2. Nursery to continue in its current form operated by a childcare provider from the private/voluntary sectors – ongoing revenue subsidy by the Local Authority of approximately £69,000 per annum. The cost of this option based on the actual occupancy level as at May 2009 (22%) and indicative figures based on higher occupancy figures is set out in the following table:

Occupancy % FTE	22%	32%	42%	52%	62%
Total Income	£113,000	£172,000	£235,000	£306,000	£380,000
Total Expenditure	£182,000	£214,000	£250,000	£287,000	£326,000
Surplus/Deficit	(£69,000)	(£42,000)	(£15,000)	£18,000	£54,000

Assumptions: Achievement of sustainable levels of occupancy will be determined by market conditions. Levels of occupancy illustrate the deficits at various occupancy levels and do not necessarily reflect anticipated rate of growth. Inflation assume 3% income and costs Nursery rent waived
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3. Nursery to continue in its current form operated by the Local Authority – ongoing revenue cost of approximately £115,000 per annum. The cost of this option based on the actual occupancy level as at May 2009 (22%) and indicative figures based on higher occupancy figures is set out in the following table:

Occupancy % FTE	22%	32%	42%	52%	62%
Total Income	£113,000	£172,000	£235,000	£306,000	£380,000
Total Expenditure	£228,000	£272,000	£321,000	£371,000	£423,000
Surplus/Deficit	(£115,000)	(£100,000)	(£86,000)	(£65,000)	(£43,000)
Assumptions: Achievement of sustainable levels of occupancy will be determined by market conditions. Levels of occupancy illustrate the deficits at various occupancy levels and do not necessarily reflect anticipated rate of growth. Inflation assume 3% income and costs.					

4.0 Legal Implications

4.1 The Childcare Act 2006 has imposed two key duties on local authorities regarding childcare: -

- A duty to secure sufficient childcare to meet the needs of working parents and those training for work (Section 6 Childcare Act 2006).
- A duty to secure free early years provision for all three and four year old children (Section 7 Childcare Act 2006).

The Local Authority therefore has a duty to ensure that, so far as is reasonably practicable, parents in its area are able to access the childcare they need to enable them to work or to undertake training to assist them to obtain work. This duty does not generally require the Local Authority to provide childcare directly itself; the Local Authority's role should be to assist the childcare market to respond to parental childcare needs through commissioning arrangements and providing financial and other support. The Local Authority is required to carry out a formal Childcare Sufficiency Assessment for its area every three years to compare the number of places required in each category of childcare with the number of places available, and to identify whether these places are at the correct times and in appropriate locations to meet demand.

4.2 As part of the review of childcare provision in the community served by Oakenclough Children's Centre, officers have considered whether the closure of Oakenclough Children's Centre Day Nursery could place the Local Authority in breach of its Childcare Act duties. It is advised that

closure of the Nursery is unlikely to result in a breach of these duties provided parents are supported to access alternative childcare, as there is sufficient alternative childcare provision within the local area to reasonably meet the needs of parents if the Nursery closes. This is based on the findings of Cheshire East's Childcare Sufficiency Assessment and data obtained in officers' subsequent review of childcare provision in the local area. There may be some parents who feel that alternative childcare provision available in the local area will not meet their childcare needs as effectively as OakencloUGH Children's Centre Day Nursery, for example for reasons of accessibility or affordability. While the Local Authority should consider the needs of such parents, it does not have to meet these needs if it is not reasonably practicable to do so (e.g. if the costs are disproportionate to the take up by parents of the service offered).

- 4.3 The Childcare Act 2006 gives local authorities' powers to assist childcare providers, whether financially or otherwise. Local authorities also have the power to provide childcare directly, where appropriate provision cannot be secured through the private or voluntary sectors. However, these powers should only be used to address an actual or potential gap in childcare sufficiency within a local authority's area.
- 4.4 Sure Start Children's Centres across the country have gone through a designation process in order to secure funding and approval from the Department of Children, Schools and Families. All centres are designated by the DCSF as either 30% or 70% centres according to disadvantage with different requirements for each in relation to services offered. OakencloUGH Children's Centre is located within one of the 30% most deprived Super Output Areas ("SOAs") in the country. When the Centre was being developed the Authority was advised by Government Office North West that it should deliver the children's centre "full core offer" of services from this Centre, which includes a requirement for full day childcare. The Centre received formal designation as a 30% centre in September 2006 on this basis. However as a result of a recent national Portfolio Framework Review of all centres undertaken by Together for Children (the Government's current delivery agent for children's centres) the advice on designation requirements has been clarified and a process established to change designations if this is judged to be appropriate.

The current advice is that a children's centre is only required to deliver the full core offer of services where the majority of children within the footprint it serves are in one of the 30% most deprived SOAs. The data analysis for OakencloUGH Children's Centre footprint identifies that the majority of 0-5 year old children (700 out of 900) live in the 70% most advantaged areas. The Portfolio Framework Review has identified that the redesignation of OakencloUGH Children's Centre as a 70% centre is appropriate. This redesignation removes the requirement for childcare to be delivered at this Centre, although the Authority could continue to commission childcare if its Sufficiency Assessment indicated that this

was appropriate. The redesignation has no other implications for children living in the 30% areas of the footprint who will continue to receive services according to their needs.

5.0 Risk Assessment

- 5.1 Closure carries the risk of the Local Authority not meeting its statutory duty to secure sufficient childcare to meet the needs of working parents and those training for work (Section 6 Childcare Act 2006) and a duty to secure free early years provision for all three and four year old children (Section 7 Childcare Act 2006). The findings of the Childcare Sufficiency Assessment and data obtained in officers' subsequent review of childcare provision in the local area indicate this is a very low risk. This risk can be further mitigated by providing assistance to parents to find alternative childcare for their children.
- 5.2 Delayed closure carries the financial implications outlined in this paper.
- 5.3 Strong feelings among some parents may result in their refusal to access the Children's Centre if the Nursery closes.

6.0 Background and Options

- 6.1 On 3 November 2004 the Executive Member for Education of Cheshire County Council approved a recommendation to close OakencloUGH County Primary School, Handforth with effect from 31 August 2005, on the basis that nursery provision would be maintained on the OakencloUGH site. It was subsequently decided that the most viable delivery model for retaining this nursery provision would be as part of a Children's Centre.
- 6.2 OakencloUGH Children's Centre has delivered services to children and families living in Handforth since January 2006 from the site of the former OakencloUGH County Primary School. These services include provision of a full daycare nursery. The Nursery is registered for 63 places for children aged 0-5 years. Since January 2006, three experienced childcare providers from the private and voluntary sectors have operated and/or managed OakencloUGH Children's Centre Day Nursery at different times, and none of these organisations have managed to achieve financial viability for the Nursery. At the end of July 2008 the third provider, Toc H (a voluntary sector childcare provider), withdrew at short notice. To prevent immediate closure of the Nursery the Local Authority took over provision on a short term basis as the provider of last resort using its powers under Section 8 of the Childcare Act 2006. Since August 2008 the Nursery has been directly delivered by the Local Authority.
- 6.3 In Autumn 2008 the Local Authority invited initial expressions of interest from three experienced childcare providers. These indicated

that a significant financial subsidy would be required to encourage a provider to take over the Nursery. In the light of low occupancy levels at the Nursery and availability of alternative provision in the local area, Cheshire County Council decided to carry out a formal review of whether the continued operation of the Nursery is the best use of available resources for children and families. This review included consideration of the financial viability of the Nursery (including the level of subsidy required to support a private or voluntary provider to deliver the Nursery) and a consultation exercise with parents, staff and other stakeholders.

- 6.4 There is no specific statutory consultation requirement regarding the closure of the Nursery, as it is not a maintained nursery and therefore is not subject to the statutory consultation and proposal processes under the Education and Inspections Act 2006. The original formal consultation period was from 5 January 2009 to 6 February 2009. In light of the consultation responses this was extended to 27 March 2009, with a commitment that if a decision was taken to close the Nursery this would not take place before 17 July 2009. This ensures that 4 year olds currently attending the Nursery can make a smooth transition into full time education. The consultation took the form of a consultation document circulated to interested parties and two consultation meetings with parents held at Oakenclough Children's Centre. Parents and other interested parties were given the opportunity to respond in writing to the proposal to close the Nursery, or to make oral representations which were noted at the consultation meetings. Details of the consultation and responses are set out in the Appendices 1-4. In addition, the Consultation responses included representations regarding specific issues surrounding the operation of the Nursery, its role within the community and the availability of alternative provision. These issues are identified and responded to by officers at Appendix 5.

- 6.5 The key arguments for and against closure of the Nursery are as follows: -

Arguments for the closure of the Nursery: -

- The Nursery has a very low occupancy (as at May 2009 this was 22.3% Full Time Equivalent occupancy rate).
- Since January 2006 the Nursery has not reached financial viability. The total financial support given by the Local Authority to the Nursery for the period January 2006 to March 2009 (through grant subsidy and directly borne operating costs) was £172,129. It would need ongoing subsidy of approximately £69,000 per annum from the Authority to keep it operating in its current form if a childcare provider from the private or voluntary sector takes over provision. The Nursery is being funded through the Local Authority's budget for early years services, and the allocation of

resources to this Nursery reduces the funding available for other service delivery.

- There is adequate alternative childcare within the local area to meet the childcare needs of local children and families (as evidenced by Cheshire's Childcare Sufficiency Assessment and data obtained in officers' subsequent review of childcare provision in the local area).

Arguments against the closure of the Nursery: -

- Strong support from some parents of children attending the Nursery for keeping the Nursery open, as evidenced by Consultation responses (see Appendix 4).
- The Nursery is co-located with a Children's Centre, providing good opportunities for integrated early years service delivery.
- The Nursery is located within a disadvantaged community, allowing easy access to early years childcare for members of this community.
- A commitment was given by Cheshire County Council Children's Services Executive in November 2004 to retain early years provision at the Oakenclough site.

6.6 If the Cabinet School Organisation Sub-Committee decides not to close the Nursery, the following options are available to continue its operation:

1. The Local Authority could continue to directly deliver the Nursery. This option is not recommended, as it is contrary to Government Guidance and the Local Authority does not have appropriate structures in place to effectively run a nursery directly on a long term basis. The Authority does not directly deliver any other Nursery provision in its area. The cost of this option to the Authority is estimated to be in the region of £115,000 per annum on current occupancy levels.
2. The Local Authority could commission a private or voluntary sector childcare provider to operate the Nursery. This option is not recommended as it is likely that the Local Authority will have to subsidise this childcare provider on a long term basis to ensure that the Nursery can be sustained. This subsidy is likely to be in the region of £69,000 per annum on current occupancy levels

7.0 Overview of Day One, Year One and Term One Issues

7.1 If the Nursery closes, the Local Authority will need to assist parents to find alternative childcare provision for their children.

7.2 If the Nursery remains open, the Local Authority will either need to undertake a commissioning process to select a private or voluntary sector provider to operate the Nursery, or will need to put in place

structures and recruit staff to enable the Local Authority to directly operate the Nursery on a long term basis.

8.0 Reasons for Recommendation

- 8.1 It is recommended that Oakenclough Children's Centre Day Nursery should be closed with effect from 17 July 2009, for the reasons stated in this Report. The financial cost to the Authority of keeping this Nursery open is disproportionate to the take up by children and their families of the service offered. There is sufficient alternative childcare provision available within the local area to enable the Local Authority to discharge its duties under the Childcare Act 2006 if this Nursery closes.

9.0 Political Process

- 9.1 This decision falls within the delegated responsibilities of the Cabinet School Organisation Subcommittee as it is a non statutory education organisation proposal which has attracted objections. The decision making process will follow the procedure set out in the paper on School Organisation Decision Making approved by the Cabinet on 21st April 2009.

For further information:

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Background Documents:

Report compiled by Save Oakenclough Day Nursery Parents Group

Documents are available for inspection at:

Oakenclough Children's Centre Reception or on request from Judith Thompson or Lynn McCrimmon (01244 972749)