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***The Future of Local Authority Maintained Pre-Schools in  
Leicester – An Options Report***

Decision to be taken by: Assistant City Mayor – Children Young  
People and Schools

Decision to be taken on: 25 May 2016

Lead director: Frances Craven

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## Useful information

- Ward(s) affected: All
- Report authors: Liam Paul Mahoney – Senior Project Manager, Jackie Difolco – Head of Service
- Author contact details: [Liam.Mahoney@leicester.gov.uk](mailto:Liam.Mahoney@leicester.gov.uk) 37 1669  
[Jackie.Difolco@leicester.gov.uk](mailto:Jackie.Difolco@leicester.gov.uk) 37 6106
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### 1. Purpose of report

1.2 The purpose of this report is to:

- a) Provide background on the current Council operated Pre-School settings across the city (maintained settings) in the context of a market that primarily consists of private, voluntary and independent (PVI) settings.
- b) Provide an overview of the work carried out as part of the Pre-School Settings Options Appraisal.
- c) Present the options for the future operation of the maintained settings.
- d) Present a proposed set of next steps following approval to proceed with the agreed recommendation.

### 2. Summary

- 2.1 Local Authorities have a statutory duty to ‘**secure sufficient childcare**, so far as is reasonably practicable, for working parents, or parents who are studying or training for employment, for children 0-14 (or up to 25 for disabled children)’ (*Section 6, Childcare Act 2006*). As part of this duty, Local Authorities also need to ensure that those children entitled to nursery education funded places at age 2, 3 and 4 years are able to access them (Section 7(1), Childcare Act 2006).
- 2.2 Local Authorities **do not have a statutory duty to provide** the places for 2, 3 and 4 year olds. Section 8(3) of the Childcare Act 2006 specifies that Local Authorities should only provide childcare themselves if no other provider is able or willing to do so.
- 2.3 The Local Authority is not required to ensure that there is a place available for every single eligible child within the area. Other Local Authorities work to more lenient ratios when conducting a Childcare Sufficiency Assessment (CSA). For example Lincolnshire County Council works to 1 place for 6 children for 2 year olds and 1 place for 3 children of 3 and 4 year olds.
- 2.4 The Council has ear marked savings of £100 million from its base revenue budget over the last 5 years because of government grant cuts. Further cuts announced in the latest Comprehensive Spending Review mean we will need to save a further £55 million over the next 4 years, much of which is front loaded in the next two years. There is also a requirement to increase school places across the city. In light of these factors, an options appraisal was requested to assess the impact of ceasing the delivery of LA maintained settings.
- 2.5 A task and finish group led by the Head of Service for Early Help Targeted Services undertook a piece of work to assess the impact and develop options for consideration and approval.
- 2.6 All children aged 3 and 4 are entitled to funded early education entitlement (FEEE). Some 2 year olds are also entitled to FEEE where their parents are in receipt of certain benefits or where the child is looked after, has an EHC Plan or has left care under a special guardianship order.
- 2.7 In Leicester there are 14 Local Authority maintained childcare settings, providing sessional FEEE places only compared with private, voluntary and independent (PVI) sector settings as outlined in the table below:

Setting type	No of settings	No of available places	Average no of places per setting
Local Authority Settings	14	348	19.5
PVI Settings	132	7,469	63
Childminders	63	384	

2.8 The quality of maintained settings is good or outstanding. The quality in the PVI sector is generally good, however there are some settings that require improvement or are inadequate.

2.9 The PVI childcare market across Leicester is currently quite buoyant. A number of existing providers have expanded to accommodate the increase in demand for funded places for 2 year olds, and a further number of providers planning are to extend in this calendar year. Recent procurement exercises for commissioned childcare settings have attracted substantial interest from the PVI sector. Settings with TUPE implications have, however, been less attractive mainly due to pension payable contributions.

2.10 Both the maintained and PVI settings provide and are able to provide childcare for children with SEND or for those that are from vulnerable backgrounds.

2.11 When we asked our parents/carers they said that the main reason for them accessing a FEEE place in the current setting was because of location.

2.12 Take-up of places in the maintained settings is varied with few operating with an average of over 90% take-up in the last 3 years. The majority (10) operate with below 82% average take-up over the past 3 years.

2.13 The maintained settings operate in a variety of buildings including, Children, Young People and Family Centres, buildings on school sites and dedicated space in community centres. Proposals in Transforming Neighbourhood Service (TNS) and potential proposals in the Early Help Remodelling project could affect the availability of space.

2.14 The Local Authority maintained settings are not operated to a sustainable business model for a number of reasons which include the costs being higher than the FEEE grant received. PVI settings are able to run as sustainable businesses due to generating income from fee paying parents. In some areas the presence of a maintained setting is restricting the growth of the PVI sector. Local Authority settings costings fluctuate depending on FEEE income and are supported through approximately **up to £500K** Local Authority appropriation.

### 3. Recommendations

3.1 That Scrutiny note the contents of the paper, considers option C '**Transfer some provision to PVI and schools with some closures**' and direct any comments and observations to the Assistant City Mayor – Children, Young People and Schools.

### 4. Report/Supporting information including options considered:

#### 4.1 Background

4.1.1 All three and four-year-olds are entitled to funded early education entitlement (FEEE). This means a child will be eligible to 15 hours of free early education a week across 38 weeks of the year (570 hours). Some 2 year olds are also entitled to FEEE where their parents are in receipt of certain benefits or where the child is looked after, has an Education Health Care Plan or has left care under a special

guardianship order.

- 4.1.2 Families can choose to take this free entitlement at any of the following registered childcare ‘providers’:
- In school nursery classes
  - In Local Authority maintained settings
  - In private day nurseries
  - In PVI pre-schools/playgroups
  - Registered childminder provision
- 4.1.3 These ‘providers’ of early education are either part of the state education system (Local Authority Maintained) or run by private, voluntary or independent (PVI) sector organisations.
- 4.1.4 Children in Leicester can also attend school from the September after their fourth birthday. Most schools offer one intake in the reception year; however, some schools will take children in the term after their fourth birthday. There are a number of schools who also offer nursery places for 3 year olds.
- 4.1.5 Local Authorities have a statutory duty to ‘**secure sufficient childcare**, so far as is reasonably practicable, for working parents, or parents who are studying or training for employment, for children 0-14 (or up to 25 for disabled children)’ (*Section 6, Childcare Act 2006*). As part of this duty, Local Authorities also need to ensure that those children entitled to nursery education funded places at age 2, 3 and 4 years are able to access them (Section 7(1), Childcare Act 2006).
- 4.1.6 Local Authorities **do not have a statutory duty to provide** the places for 2, 3 and 4 year olds. Section 8(3) of the Childcare Act 2006 specifies that Local Authorities should only provide childcare themselves if no other provider is able or willing to do so. However, they can support others to provide childcare, including giving them financial assistance. The act states:
- An English local authority may not provide childcare for a particular child or group of children unless the local authority are satisfied—*
- (a) that no other person is willing to provide the childcare (whether in pursuance of arrangements made with the authority or otherwise), or*
- (b) if another person is willing to do so, that in the circumstances it is appropriate for the local authority to provide the childcare.*
- 4.1.7 In the light of this responsibility, it was agreed that an appraisal of our maintained settings should be undertaken working from the principle that the Local Authority should be the provider of last resort for 2-4 year old funded early education entitlement (FEEE).
- 4.1.8 The current financial position determined that this appraisal needed to take account not only of the issue of sufficiency and the fact that we should not be operating any childcare settings at all, but also the current and future costs incurred to continue to manage the settings including payments made for rental of space in buildings that are not part of the Education and Children’s Services portfolio of buildings.
- 4.1.9 Historically the City Council has directly provided a proportion of childcare places, both for sessional Funded Early Education Entitlement (FEEE) previously NEG, places and full day care places. The review of the last of our full day care setting undertaken in 2013 resulted in a private provider being identified to take over the settings. This means that LCC is now currently delivering only sessional places, all of which are FEEE places for 2, 3 and 4 year olds.

## 4.2 Current Provision and Scope

4.2.1 There are 14 maintained settings currently operated by the Local Authority. The full scope of the provision being appraised is:

- a) Beaumont Leys Sure Start Pre-School
- b) Brite Early Years Pre-School
- c) Coleman Playgroup
- d) Fosse Pre-School
- e) Heatherbrook Pre-School
- f) Home Farm Playgroup
- g) Little Tykes Playgroup
- h) Magpie Playgroup
- i) New Parks Pre-School
- j) Sandfield Pre-School
- k) Spice Pre-School
- l) Spinney Hill Pre-School
- m) Stocking Farm Pre-School
- n) Tudor Pre-School

4.2.2 The provision is operated from a range of sites that includes designated space in schools, pre-fabricated buildings on school sites, dedicated space in Local Authority Community Centres and rooms in our Children, Young People and Family Centres.

4.2.3 There are 11,129 3 and 4 year olds in the City. 2753 2 year olds in the city are eligible for FEEE according to Department for Work and Pensions data.

<b>FEEE Eligible 2 Year Olds</b>	<b>Number of 3 Year Olds</b>	<b>Number of 4 Year Olds</b>
2753*	5664	5465
<b>13,882</b>		

Source: E-Start 2015 Data \* DWP – March 2016

4.2.4 Verified data is available to show that as of 31<sup>st</sup> January 2015 there were 114 PVI settings (excluding childminders) within Leicester who are registered to take children claiming FEEE these settings offer a total of 7469 sessional (15 hour) FEEE places in the City. We do know that in fact there are now 132 PVI settings open in the city registered to take 5462 children at any one time. The number of sessions that the 132 settings offer has not been verified by the Childcare Sufficiency Team. However, on the basis that each setting is open for a minimum of 2 sessions a day this shows that there are approximately 10,924 sessional places available in the city.

4.2.5 There are also a number of planned openings on the PVI childcare sector including a large provision on the site of Barley Croft Primary School, with a potential capacity of 62 places; and at 'Newfoundpool Community Centre' with a potential capacity of 120 places. Woodgate Adventure Playground already offer FEEE funded pre-school placements and are in the process of undertaking a feasibility study to extend their current provision by adapting one of their buildings. Two out of three, BarleyCroft and Newfoundpool are in the Fosse ward where there is an issue with sufficiency of places.

4.2.6 In addition there are 384 FEEE places with 63 childminders. The maintained settings provide a total of 348 sessional FEEE places per day. Four of the settings operate 2 sessions per day with the remaining ten settings delivering a single daily session.

Maintained Settings		PVI Settings*		Childminders	
Number (Sessions)	FEEE Places	Number of Sessions	FEEE Places	Number	FEEE Places
14 (18)	348	114	7469	63	164

(\*verified data)

- 4.2.7 Compared to the provision in the PVI sector the maintained settings operate at a relatively small number of maximum places per session with an average of 19.5 places per session. The PVI sector (excluding childminders) operates provision with an average of 66 places per session. This demonstrates that on average the provision in the PVI sector is more than 3 times the size of the maintained settings – allowing for a more sustainable business model. The majority of PVI sessions would also provide 2 or 3 daily sessions. Allowing for flexibility which it is the right of the parent to request. The Local Authority is not in a position to further develop additional sessions in current settings, without incurring further costs and risk of financial pressures. There are a number of our settings which could accommodate more children than the setting is registered and staffed for, as well as those that could operate 3 sessions per day. These settings may be an attractive proposition to the PVI even with TUPE as the higher staff costs could be absorbed across the full setting staffing team.
- 4.2.8 Staffing of the settings is based on a statutory 1:8 (1:4 for 2 year olds) staff to child ratio. The maintained settings have a budgeted establishment of 15 childcare leaders, 17 deputies and 21 assistants. All staff work term time only with the leaders working 25 hours per week and the remaining staff working 24 hours per week. In addition to this there are also 2 Pre-School Settings Managers (equivalent to 1 FTE) employed term time only to provide line management and support.
- 4.2.9 Staff deliver direct services to the children for 38 weeks and they have an additional 1 week for non-contact time which is aggregated across the 38 weeks for planning, preparation and training. Total establishment costs are £1,142,000.00. Deducting £721k FEEE income, the cost to the Local Authority is currently £421k. It is estimated that redundancy costs for the staff group are £217,116.22 (£390,045.77 including capitalised costs.)
- 4.2.10 Over the period of 2013 – 2015 three maintained settings have closed with minimal public reaction. The Family Information Service has provided a brokerage service to families that were displaced as a result of the unexpected closures.

## 5. The Appraisal

### 5.1 Process

In order to evaluate the current position of our settings in the market the following activities have been undertaken:

- a) A project group consisting of settings staff, settings managers, early help service managers, a city primary schools headteacher representative, human resources, finance and children's commissioning and performance managers was established. The project group met 5 times over a period of 7 months with regular updates provided to pre-school staff via staff briefings, emails and interface information.
- b) Colleagues from Procurement Services and Legal have also been engaged as necessary.
- c) Information gathering and in depth discussion with key stakeholders around the current maintained provision, the condition of the PVI sector, place take-up and place sufficiency.
- d) A data collection and validation process undertaken with the population of a master data map.  
**(Appendix A)**
- e) Consideration of the dependencies which include the increasing need to expand school places

across the city, the TNS programme (UBB) and the forthcoming Early Help Remodelling proposals.

## 5.2 Findings

The findings of the appraisal are grouped as follows: Quality, Sufficiency, LA Appropriation, Take-Up of Places, The PVI Sector, Anecdotal Evidence, Parents Views, and Current Position.

### 5.2.1 Quality

All of the 14 maintained settings are judged to be good or outstanding. This demonstrates that the quality of the provision is high. However, some of the provision is based within unsuitable accommodation with toilets outside of the room and no access to free-flow outside space, this limits the financial sustainability of the setting meaning ratios of children to staff have to be maintained at lower levels, resulting in increased costs.

Maintained settings staff and managers felt that the PVI sectors settings in general were of poorer quality and Ofsted categories compared to maintained settings. However, data shows that the quality across the PVI sector is varied, with some requires improvement and satisfactory settings. However, support through the Learning Quality and Performance team is given to settings causing concern.

Maintained Settings* – Ofsted Category				PVI Sector** - Ofsted Category			
Outstanding	Good	Requires Improvement	Inadequate	Outstanding	Good	Requires Improvement	Inadequate
2	11	0	0	13	93	9	5

(\*1 setting has a “met” judgement)

(\*\*12 PVI settings not yet inspected)

### 5.2.2 Sufficiency Across the City

The Childcare Act 2006 places a legal duty on the Local Authority to ensure sufficient childcare is available in Leicester. Specifically section 6 states:

#### ***Duty to secure sufficient childcare for working parents***

- (1) *An English local authority must secure, so far as is reasonably practicable, that the provision of childcare (whether or not by them) is sufficient to meet the requirements of parents in there are who require childcare in order to enable them –*
  - (a) *to take up, or remain in, work, or*
  - (b) *to undertake education or training which could reasonably be expected to assist them to obtain work*
- (2) *In determining for the purposes of subsection (1) whether the provision of childcare is sufficient to meet those requirements, a local authority –*
  - (a) *must have regard to the needs of parents in their area for –*
    - (i) *the provision of childcare in respect of which the child care element of working tax credit is payable, and*  
*[(ia) the provision of childcare in respect of which an amount in respect of childcare costs may be included under section 12 of the Welfare Reform Act 2012 in the calculation of an award of universal credit, and]*
    - (ii) *the provision of childcare which is suitable for disabled children, and*
  - (b) *may have regard to any childcare which they expect to be available outside their area*

The Childcare Act 2006 does not, therefore, say that a Local Authority has to provide a place for every child in the city. Childcare sufficiency encompasses work to map the supply and demand of existing childcare provision across the city and gaps in the childcare market. Early Education and Childcare Statutory Guidance for Local Authorities published in September 2013 requires the Local Authority to produce an annual sufficiency report on the availability and sufficiency of childcare in the city, known as the Childcare Sufficiency Assessment (CSA). Local Authorities take a varying approach on the number of places that they ensure are available in their areas to determine if they offer sufficiency. In the past Leicester City has aspired to achieve a place for every child, with work being undertaken to ensure full take-up. However, many other Local Authorities work to a more lenient ratio, for example, Lincolnshire County Council, work to a 1 place for 6 children for 2 year olds and 1 place for 3 children for 3 and 4 year olds. This approach seems standard across England and if adopted in Leicester the CSA would indicate we have sufficient places.

As of March 2016 across the city as a whole there is a surplus of 3302 sessional FEEE places, based on the number of eligible children. However, the location of the places does not always fit with demand and the FEEE places should be considered as POTENTIAL capacity as in reality all the places will not be taken-up by FEEE children as the PVI offer places to fee payers and children attending additional hours on top of FEEE hours, known as wrap around care, something the maintained settings do not offer.

### 5.2.3 Sufficiency Data Mapped by Children Young People and Family Centre(CYPF) Cluster

Maintained settings operate in all six Children’s Centre Cluster Areas. For the purpose of this work a refresh of the last CSA has been undertaken for the specific areas in which our maintained settings operate. A full breakdown of the refreshed CSA can be found in **Appendix B**. Maintained settings staff and managers felt there are insufficient places for children, with parents reporting difficulty in securing a place that meets their needs and our settings having waiting lists for 3 and 4 year olds. In order to look at this analysis of the refreshed CSA was undertaken. A summary of the data follows for each cluster area, broken down in to ward areas where necessary.

#### A. West (CYPF) Cluster

There are two maintained settings in the West Cluster, one in the Braunstone Park and Rowley Fields ward and one in the Western ward. There are 21 PVI providers in the cluster area along with 11 schools and 14 childminders registered for FEEE.

#### WEST: Braunstone Park and Rowley Fields/Western Wards

NUMBER OF CHILDREN	2 YO (eligible)	426	NUMBER OF PLACES	2 YO (eligible)	367	2YO Take-Up Autumn ‘15		
	3 YO	1005		3 YO	1786	Take-Up	Eligible	%
	4 YO	973		4 YO		262	429	61%

(Source E-Start - NB: number of children is from Spring Term 2016)

Across the west area in communities where there are maintained settings there is a place for 86% of eligible 2 year olds. This shows that there are currently sufficient 2 year old places in these areas. There is take-up of 61%. For 3 and 4 year olds there is a place in the area for 90% of children.

#### B. East CYPF Cluster

There are two maintained settings in the East Cluster, one in the Evington ward and one in the Thurncourt ward. There are 8 PVI providers in the cluster area along with 11 schools and 12 childminders registered for FEEE.



**EAST: Evington/Thurncourt Wards**

NUMBER OF CHILDREN	2 YO (eligible)	322	NUMBER OF PLACES	2 YO (eligible)	281	2YO Take-Up Autumn '15		
	3 YO	419		3 YO	928	Take-Up	Eligible	%
	4 YO	399		4 YO		114	184	62%

Across the east area in communities where there are maintained settings there is a place for 87% of eligible 2 year olds. This shows that there are currently sufficient 2 year old places in these areas. There is take-up of 62%. For 3 and 4 year olds there is a place in the area for 88% of children.

**C. South CYPF Cluster**

There is one maintained setting in the South Cluster located in the Eyres Monsell ward. There are 20 PVI providers in the cluster area along with 11 schools and 11 childminders registered for FEEE. This community is also closely located to the County boundary.

**SOUTH: Eyres Monsell Ward**

NUMBER OF CHILDREN	2 YO (eligible)	118	NUMBER OF PLACES	2 YO (eligible)	110	2YO Take-Up Autumn '15		
	3 YO	239		3 YO	502	Take-Up	Eligible	%
	4 YO	199		4 YO		67	129	52%

Across the south area in communities where there are maintained settings there is a place for 93% of eligible 2 year olds. This shows that there are currently sufficient 2 year old places in these areas. There is take-up of 52%. For 3 and 4 year olds there surplus places within the community.

**D. North CYPF Cluster**

There are two maintained settings in the North Cluster located in the Troon and North Evington wards. There are 22 PVI providers in the cluster area along with 16 schools and 12 childminders registered for FEEE.

**NORTH: Troon/North Evington wards**

NUMBER OF CHILDREN	2 YO (eligible)	318	NUMBER OF PLACES	2 YO (eligible)	571	2YO Take-Up Autumn '15		
	3 YO	576		3 YO	1709	Take-Up	Eligible	%
	4 YO	550		4 YO		212	359	59%

Across the north area in communities where there are maintained settings there is a place for all eligible 2 year olds. If you look at the North-Evington ward in isolation it shows there is a place for 97% of eligible 2 year olds. This shows that there are currently sufficient 2 year old places in these areas, when the current demand is taken in to account. There is take-up of 59%. For 3 and 4 year olds there surplus places within the community.

**E. North-West (CYPF) Cluster**

There are six maintained settings in the North-West Cluster located in the Fosse, Beaumont Leys and Abbey wards. There are 12 PVI providers in the cluster area along with 13 schools and 13 childminders registered for FEEE.

**NORTH-WEST: Fosse/Beaumont Leys/Abbey wards**

NUMBER OF CHILDREN	2 YO (eligible)	526	NUMBER OF PLACES	2 YO (eligible)	427	2YO Take-Up Autumn '15		
	3 YO	972		3 YO	1892	Take-Up	Eligible	%
	4 YO	937		4 YO		281	504	56%

Across the north-west area in communities where there are maintained settings there is a place for 81% of eligible 2 year olds. This shows that there are currently sufficient 2 year old places in these areas, when the current demand is taken in to account. There is take-up of 56%. For 3 and 4 year olds there is a space for 99% of children. If the Fosse ward is further analysed the data shows that there are not sufficient places for any age group within the community. This area is currently a priority area for development with the Childcare Sufficiency Team, with a planned setting due to open at Newfoundland Community Centre, initially with 30 daily places – however, there is capacity to expand to 120 places per day. It is also felt that families in this area access provision in neighbouring areas.

#### F. Central CYPF Cluster

There is one maintained setting in the Central Cluster located in the Spinney Hills ward. There are 20 PVI providers in the cluster area along with 12 schools and 1 childminder registered for FEEE.

#### CENTRAL: Spinney Hills Ward

NUMBER OF CHILDREN	2 YO (eligible)	117	NUMBER OF PLACES	2 YO (eligible)	84	2YO Take-Up Autumn '15		
	3 YO	230		3 YO	540	Take-Up	Eligible	%
	4 YO	227		4 YO		63	119	53%

Across the central area in communities where there are maintained settings there is a place for 72% of eligible 2 year olds. This shows that there are currently sufficient 2 year old places in these areas, when the current demand is taken in to account. There is take-up of 53%. For 3 and 4 year olds there is a surplus of spaces.

#### 5.2.4 Sufficiency Data Mapped by School Cluster

More recently sufficiency has been mapped across the school cluster areas. **(Appendix B2 and B3)** The following table shows the locations of the maintained settings in relation to the school cluster areas; the sufficiency of places at the present time, in the clusters of close proximity to the setting; and the impact of closing the maintained settings on sufficiency.

When the places data mapped to school cluster areas is analysed it shows that a key area where there is a shortage of places is the North School Clusters – particularly North 4 Cluster. When the closest school clusters are considered the data shows a shortfall of places. However, we do know that currently, 56% of two year olds take a place and new PVI provision at Barley Croft Primary School is due to open with a potential of 63 FEEE places.

All other areas, including the School Clusters that include the Fosse ward offer sufficient places for the population. When sufficiency is considered alongside take-up and parental choice in where they access a place it is considered that there are sufficient places in the city at present. The small number of places offered by the maintained settings will have limited impact on place sufficiency.

	Setting Capacity	School Cluster	Surplus (- Shortfall) places	Total Effect on Losing Places in School Cluster (Places Remaining)	Clusters that families may access provision from	Surplus (-Shortfall) Places	Total Effect on Losing Places in School Clusters (Places Remaining)
Coleman Playgroup	12	East 5	113	101	East 4	255	243
Home Farm Playgroup	24	North 4	-300	-372	North 3	-112	-184
Spinney Hill Playgroup	24	Central	707	683	East 5	820	796
Beaumont Leys Sure Start Pre-School	12	North 4	-300	-372	North 3	-112	-184
Fosse Pre-School	18	North 5	-156	-174	West 1, West 3	401	351
Heatherbrook Pre-School	40	North 3	188	148	North 4, North 5	-268	-398
Sandfield Pre-School	48	North 1	135	87	North 2, East 1	860	812
Spice Pre-School	32	East 3	334	302	East 2, East 5	537	485
Magpie Playgroup	26	South 3	81	55	South 2	-191	-217
Brite Early Years	32	West 3	509	477	West 2, West 1	745	745
Little Tykes Playgroup	20	East 2	90	70	East 4	232	212
Tudor Centre Pre-School	20	North 4	-300	-352	North 3	-112	-224
Stocking Farm Pre-School	16	North 4	-300	-372	North 2, North 3	618	506
New Parks Pre-School	24	West 2	188	164	West 1, North 5	80	38

### 5.2.5 Local Authority Appropriation

**Appendix A** shows the financial breakdown of the maintained settings. The settings have a combined **minimum cost to the Local Authority of £300K** which equates to the total budgeted establishment, rent for space, buildings running costs, resources and the potential FEEE income at full capacity. This is approximately £862 per place, if the settings were all full. £135K of this amount is for the charges attributed from Community Services for the provision of dedicated space in Local Authority community centre buildings.

Based on historic place take-up in 2014/2015 the Council has been required to commit a budget of circa £460K including the £135K for the provision of community centre space. This is a fall from 2012/2013 where the cost to the authority was approximately £600K. The fall is primarily due to the drop in the number of settings, lower building costs and the introduction of 2 year old FEEE.

The PVI sector operates settings to a sustainable business model without subsidy from the Local Authority. The model adopted for the maintained settings is not a sustainable business model because:

- i. the staff pay grades and on-costs are higher than those found in the PVI, on which the government model the grant.
- ii. the maintained settings have been operating with persistent staff vacancy and long term absence, affecting the numbers of children that can attend impacting the level of grant received.
- iii. costs to rent space in Community Centres are high compared to the open market. Similar arrangements with PVI providers in Local Authority Community Centres are attributed with lower rental costs.
- iv. some of the maintained settings operate over the legal minimum and budgeted ratio (1:8) due to the settings operating unsuitable venues, with extra staff in place for safety reasons.
- v. the maintained settings tend to be smaller in size to the PVI sector meaning economies of scale cannot be realised.
- vi. take-up of places across all maintained settings in the Autumn term is poor effecting potential income, despite the gradual increase since the introduction of two year old FEEE.
- vii. the promotion/marketing of our settings is not effective in all areas.
- viii. the maintained settings do not offer paid spaces for families who wish to take over 15 hours care for 3 and 4 year olds or for those that do not meet the 2 year old FEEE criteria.

#### 5.2.6 Take-Up of FEEE Places Across the City

Take up of 3 and 4 year old FEEE in Leicester stands at 93% on average, with the rate at 3 years old being 92.4% and the rate at 4 years old being 96.1%. This includes a percentage of city children that access their 4 year FEEE in the County. There is a national target of 80% take-up for 2 year olds eligible for FEEE. Take up of 2 year old FEEE in Leicester is slowly rising and stood at 63% in the Spring term 2016. Places are available across all areas of the city although some wards have significantly higher numbers of places due to lower take-up.

Take-up rates for 3 and 4 year old FEEE are variable with take-up being highest in the North and East Cluster Areas at 64% and 63% respectively. The lowest take-up is within the Central and the North-West Cluster Areas at 47% and 48% respectively.

The childcare market across Leicester is currently quite buoyant. A number of existing providers have expanded to accommodate the increase in demand for funded places for 2 year olds, and a further number of providers planning to extend in this calendar year. However, space to expand into new premises in areas of high need for places (North-West Cluster - Abbey and Fosse Wards) is very limited.

#### 5.2.7 The PVI Sector

Verified data is available to show that as of 31<sup>st</sup> January 2015 there were 114 PVI settings (excluding childminders) within Leicester who are registered to take children claiming FEEE. This equates to 7469 sessional (15 hour) FEEE places in the City. We do know that in fact there are now 132 PVI settings open in the city registered to take 5462 children at any one time. The number of sessions that the 132 settings offer is not verified, however, on the basis that each setting is open for a minimum of 2 sessions a day this shows that there is approximately 10,924 sessional places available in the city.

Most PVI provision operates as full day care, meaning they take a mix of sessional FEEE children and offer paid places to mainly working parents. In some PVI settings three daily FEEE sessions are operated 8am to 11am, 11am to 2pm and 2pm to 5pm.

Compared to the provision in the PVI sector the maintained settings operate at a relatively small number of maximum places per session with an average of 19.5 places per session. The PVI sector (excluding childminders) operate provision with an average of 66 places per session, based on January 2015 verified data. This demonstrates that on average the provision in the PVI sector is more than 3 times the size of the maintained settings – allowing for a more sustainable business model. The majority of PVI sessions would also provide 2 or 3 daily sessions. Allowing for flexibility which it is the right of the parent to request. The Local Authority is not in a position to further develop additional sessions in current settings, without incurring further costs and risk of financial pressures. There are a number of our settings which could accommodate more children than the setting is registered and staffed for, as well as those that could operate 3 sessions per day. These settings may be an attractive proposition to the PVI even with TUPE as the higher staff costs could be absorbed across the full setting staffing team.

This offers parents the flexibility to access a FEEE place or paid childcare place to suit their needs. Therefore; a parent of a 3 or 4 year old who works full-time could choose to pay for a place from 8am to 2pm and use FEEE to cover 2pm to 5pm or similar.

The childcare market across Leicester is currently quite buoyant. A number of existing providers have expanded to accommodate the increase in demand for funded places for 2 year olds, and a further number of providers planning to extend in this calendar year. Maintained settings running in some areas could be restricting the PVI market and its potential to expand.

Space to expand into new premises in areas of high need for places is currently very limited. As the transforming neighbourhood services (TNS) programme is implemented it is felt that additional suitable buildings will become available which could house PVI provision.

Recent and current procurement activity for pre-school provision has attracted substantial interest from the PVI sector to manage settings in Local Authority buildings. For example the current procurement exercise for the Barley Croft provision has attracted 22 expressions of interest. However, these procurement exercises have not included any TUPE liabilities as they are new provision.

Where TUPE has been encompassed within previous procurement and commissioning exercises interest from potential providers has been low – with some processes not going ahead due to the unfavourable ongoing TUPE liabilities for the PVI organisation.

The changes made to the DfE statutory guidance for Local Authorities to deliver funded places states that there can be no provider that meets the criteria that is excluded from the delivery of NEG (now FEEE) places. For Leicester this has meant that our FEEE providers have been extended to include childminders. This has increased the scope of choice available to families looking for childcare covered by FEEE, especially for more vulnerable children who would benefit from a more home orientated environment.

To understand the views of primary schools, a survey was completed with Head teachers to ascertain their plans for developing existing preschool provision and any interest in exploring opportunities to transfer council pre-school provision to their school.

From the response, 2 of the 8 schools where there is council pre school provision on site stated they would be interested in transferring the provision, 1 school didn't respond and 5 stated they had other plans. (Refer to Appendix A)

#### 5.2.8 **Provision for SEND, vulnerable children and availability of childcare places**

The maintained settings provide for children with special educational needs and disabilities and for those from vulnerable families. Maintained settings staff and managers felt that the PVI settings are not able to offer the same level and quality of provision for children with special educational needs (SEND). However, it was found that, the PVI sector was comparative in having spaces for SEND children. **(Appendix C)**. As of 12<sup>th</sup> February 2016 there was an average of 2.7 SEND children in each of the 14 maintained settings. A small number of children (18) currently access maintained settings and are supported through Element 3 Funding.

Element 3 Funding is attributed to a child where they have a statement of educational needs. The funding is controlled by the Local Authority through the High Needs Block, and would be normally to allow for specialist 1:1 support for the child. The introduction of the Education Health and Care Plan in place of the Statement will mean the content of the plan will determine the eligibility of the Element 3 Funding rather than the fact the plan/statement exists. Through the Childcare Sufficiency Team 71 PVI settings responded to a request for information regarding their current on-roll children. It was found that each of the PVI settings had an average of 2.5 SEND children currently on-roll. This shows that there is no difference in the provision, allocation and take-up of places for SEND children in the maintain settings compared with the PVI sector.

Maintained settings staff and managers felt the PVI settings do not have the capacity to attend to safeguarding and issues with vulnerable families, for example contributing to case conferences etc. However, it was found that both PVI settings and maintained settings currently have children known to children's social care and/or early help services. Of these, 1 looked after child (LAC) accesses a maintained setting with 21 LAC children accessing FEEE through one of the 71 PVI settings that responded to the request for information. This demonstrates that the PVI sector is fully equipped to provide quality FEEE provision for vulnerable children in the same way that maintained settings are.

There is a maintained specialist nursery for children with disabilities, 'Pindar Nursery', in the New Parks area of the city. This nursery offers 30 places, with 34 children currently on a waiting list. The provision is for children aged between 2 and 5. Pindar nursery is a specialist nursery funded from the dedicated schools grant. The nursery does not claim FEEE or Element 3 funding. It offers care and education for children with significant SEND. It was judged to be outstanding in 2011/12. The nursery is out of scope of these proposals meaning at this stage it will continue to offer specialist provision for the most in need children.

#### 5.2.9 **Parents' Views**

There is no statutory requirement to consult with parents and carers. However, as good practice a short questionnaire **(Appendix G)** with parents was commissioned regarding their experience and the reasons for them using Council provision. A total of 203 responses were received from the maintained settings. A full breakdown of the responses from the parent/carer survey can be found in **Appendix H**. A summary of the responses are detailed here:

- a) When we asked parents/carers what is their main reason for choosing to send their child to the setting, the majority **134** said that it was because it offered the best location; followed by **63** saying it was because of the staff.
- b) When we asked parents/carers why they chose not to send their child to another playgroup/pre-

school, the majority **145** said it was because of the location; followed by **32** saying it was because of the staff.

- c) When we asked parents/carers if they are aware of other childcare providers in their local area, the majority **78%** said they were.
- d) When we asked parents/carers what is the most important thing they look for when choosing childcare for their child, the majority **88** said it was location; followed by **78** saying it was the staff.
- e) In summary, the location of a setting is most important to parents/carers when choosing a pre-school for their child. The fact that the local authority is the provider does not influence the majority of our current parents/carers.

#### 5.2.10 Current Position of LA maintained settings\*

(\*All take-up figures are as at 12<sup>th</sup> February 2016)

**Appendix D** gives a detailed appraisal of the LA maintained settings. A map in **Appendix E** shows the locations.

Setting	Ofsted Category	Min. Cost to Deliver	Area	Capacity	3 Year Average Take-up	Venue Type	Location
Beaumont Leys Sure Start Pre-School	Good	£11K	North-West	12	94%	CYPF Centre	Beaumont Leys CYPFC
Brite Early Years Pre-School	Good	£21K	West	16 x 2	64%	Community Centre	BRITE Community Centre
Coleman Pre-School	Good	£12.5K	East	12	92%	CYPF Centre (School Site)	Rowlatts Hill CYPFC
Fosse Pre-School	Good	£45K	West	18	81%	Community Centre	Fosse N'Hood Centre
Heatherbrook Pre-School	Good	£8K	North-West	20 x 2	80%	Pre-Fab on School Site	Heatherbrook Primary School
Home Farm Pre-School	Good	£29K	North-West	24	60%	Community Centre	Home Farm Community Centre
Little Tykes Playgroup	Outstanding	£6K	East	20	55%	CYPF Centre (School Site)	Thurnby Lodge CYPFC
Magpie Playgroup	Good	£17K	South	26	70%	Room on a School Site	Eyres Monsell Primary School
New Parks Pre-School	Good	£49K	West	24	75%	Community Centre	New Parks Community Centre
Sandfield Pre-School	Good	£7K	North	24 x 2	75%	Pre-Fab on School Site	Sandfield Close Primary School
Spice Pre-School	Outstanding	£8K	East	16 x 2	85%	Pre-Fab on School Site	Merrydale Infant School
Spinney Hill Pre-	Met	£18K	Central	25	68%	Room on a	Spinney Hill

School						School Site	Primary School
Stocking Farm Pre-School	Good	£25K	North-West	16	81%	Community Centre	Stocking Farm Community Centre
Tudor Pre-School	Good	£42K	North-West	20	83%	Community Centre	Tudor Community Centre

### 5.3 Conclusion

- 5.3.1 Local Authorities have a statutory duty to ‘**secure sufficient childcare**, so far as is reasonably practicable, for working parents, or parents who are studying or training for employment, for children 0-14 (or up to 25 for disabled children)’ (*Section 6, Childcare Act 2006*). As part of this duty, Local Authorities also need to ensure that those children entitled to nursery education funded places at age 2, 3 and 4 years are able to access them (Section 7(1), Childcare Act 2006).
- 5.3.2 Local Authorities **do not have a statutory duty to provide** the places for 2, 3 and 4 year olds. Section 8(3) of the Childcare Act 2006 specifies that Local Authorities should only provide childcare themselves if no other provider is able or willing to do so. However, they can support others to provide childcare, including giving them financial assistance.
- 5.3.3 The maintained settings offer high quality childcare provision that has operated in the city for many years. Data from the past 3 academic years shows that the provision does not generally operate to full take-up except at some very small sized provision, where the setting tends to take eligible 2 year olds. Many operate well below capacity in the Autumn term, due to the number of children who are the right age to access places. Unlike the PVI sector the maintained settings do not take fee paying children, of non-eligible ages thus restricting the possible in-take. This low take-up (loss of income) alongside the salary and building costs means the Council has to cover the costs of the settings of approximately £500K.
- 5.3.4 The maintained settings are small in capacity, with some operating from inappropriate space that operationally restricts the capacity and staffing of the setting, thus affecting the sustainability. The PVI sector operates larger settings operated on a more sustainable business model.
- 5.3.5 There are currently 38 children classified as SEND accessing provision in maintained settings. 18 of these are funded through Element 3 Funding meaning they have a statement of disability or education health and care plan that identifies the need for 1:1 support. The 18 children currently accessing FEEE in the maintained settings could be some of the children currently on the waiting list for the specialist Pindar Road Nursery.
- 5.3.6 The majority of parents and carers access provision from the current setting because of the location of the provision. Very few access a particular provision because it is operated by the Local Authority.
- 5.3.7 The city has a surplus of FEEE places as a whole.
- 5.3.8 When place sufficiency data is mapped by Children’s Centre Cluster Area it shows that there are sufficient places for all eligible age groups in all areas of the city with the exception of the Fosse ward where there is a shortage of places. However, new provision is due to open in the Newfoundpool Community Centre, initially with 30 daily places. In addition, there is capacity to expand to 120 places per day. When consideration is given to the Fosse Pre-School in the context of school cluster areas and the likely movements of families across areas, the data shows that there is capacity in the city to



cope with potential closures of a maintained settings including in the Fosse ward. In addition, linked in with the Transformation Neighbourhood Services Project, opportunities will be explored for buildings as a community asset transfer with bespoke provision for a preschool setting.

5.3.9 When sufficiency is considered alongside take-up and parental choice in where they access a place it is considered that there are sufficient places in the city at present. The small number of places offered by the maintained settings will have limited impact on place sufficiency.

5.3.10 There is a buoyant PVI sector in the city. There has previously been a wide range of interest from providers when settings have been commissioned out through procurement. The PVI settings offer larger, more flexible provision that parents should be afforded. With the majority of our settings only offering one session per day, with most operating only in the morning, could be affecting the general take-up of places for 2 year olds as the places may not be available when parents need them.

## 6. **Options**

The Local Authority could choose to **maintain the status quo** and continue to operate all of the settings as we have done for a number of years. This will always however, mean the Council will have to fund the settings from general fund of up to £500k in order for them to operate.

It is important to note that the provision at Spinney Hill Primary School will cease during 2016/2017 academic year in order for the space occupied to be re-purposed for mainstream school places. The affected staff will be subject to processes within their contractual rights.

Based on the work carried out and the information available, 3 options for change are presented for a decision. None of the options put forward would require a formal organisational review process as there is no proposal to change the service delivery model or the job role; therefore it would result in a redundancy exercise and consultation undertaken with staff. The Council has a duty to mitigate against redundancy as a statutory requirement under the Employment Rights Act, which is outlined in the Council's Redundancy Policy: Appendix 1.

### A. **Cease all provision by July 2016**

This is the only option which will allow for full disposal of financial responsibility from the Local Authority with savings achieved within 1 year, providing the community centre space and pre-fabricated buildings are repurposed.

This option would result in vacant space across several buildings including pre-fabricated buildings on school sites – which could be reassigned for other uses which could include pre-schools; vacant space in community centre buildings – some of which however, are currently under consultation, leaving space that could be reassigned for other use.

348 FEEE places would be lost across the city for primarily 3 and 4 year olds. However, the PVI sector is buoyant with new large provision opening all of the time. Currently no area of the city has a sufficiency issue for 3 and 4 year old FEEE. Given the small size of the maintained settings and the take-up of places in the autumn term, the market could absorb the loss of places in the short-term. There will be places lost in areas where there is currently a sufficiency issue. The Council could choose to retain settings in the areas of Fosse and Abbey (Fosse Pre-School and Tudor Centre Pre-School) until such a time that the PVI offer sufficient spaces. However, the existence of the maintained setting could be restricting the market.

Conversations have taken place with the Raising Achievement Service within the Education and

Learning Directorate to retain the Pre School Settings Manager (1 FTE) but transfer them to that service as the responsibility for LA provision decreases. This role could be reviewed in line with further development of the school improvement service which would include supporting settings that are graded as 'Requires Improvement or Inadequate' by Ofsted to improve their standards for children.

### Benefits

- Allows the PVI sector to grow
- Space available for other groups to use
- The on-going cost to deliver to the Local Authority is removed
- In-line with statutory duty
- Support mechanisms already exist within Local Authority structures
- Allows some space to be developed into statutory school age places
- No organisational review – straightforward redundancy exercise if a remit to proceed were given and consultation undertaken with staff

### Risks/Challenges

- There could be a **sudden** shortage of FEEE places for children which will affect in particular the national target of 80% of eligible 2 year olds to be in FEEE, Leicester is currently 63%
- Closures mid-academic year could adversely affect parents and carers
- Places lost in areas with low childcare sufficiency, North-West Cluster area (Fosse and Abbey)
- Longer to realise financial savings
- Budget from children's services lost to fund community buildings
- Parents may have to travel further to access a FEEE place
- Children already accessing maintained settings will be displaced
- There could be vacant unused space in Local Authority buildings
- Redundancy costs
- Loss of good quality provision
- Could affect the early years outcomes of the City
- Reduces choice to families if the PVI sector do not expand
- Loss of highly skilled staff

## B. Implement a phased exit from all maintained settings

Phase 1 Close	Phase 2 (Close in-line with TNS Implementation)	Phase 3 Close
Spinney Hill Playgroup	Fosse Pre-School	Little Tykes Playgroup
Coleman Playgroup	Home Farm Playgroup	Heatherbrook Pre-School
Beaumont Leys Sure Start Pre-School	New Parks Pre-School	Sandfield Pre-School
	Tudor Centre Pre-School	Spice Pre-School
	Stocking Farm Pre-School	Magpie Playgroup
		Brite Early Years

This option will allow for full disposal of financial responsibility from the Local Authority with savings achieved over 2 years, providing the community centre space and pre-fabricated buildings are rented to further occupants or repurposed.

This option would result in vacant space across several buildings including pre-fabricated buildings on school sites – which could be reassigned for other uses; vacant space in community centre buildings – some of which however, are currently under consultation, leaving space that could be reassigned for other use.

348 FEEE places would be lost across the city for primarily 3 and 4 year olds. This option would be phased to allow for the implementation of TNS in the north-west and any proposals agreed as part of the Early Help Re-Modelling Project. The PVI sector is buoyant with new large provision opening all of the time, a phased approach will allow, given the small size of the maintained settings the market to absorb the gradual loss of spaces as the PVI sector is allowed to expand.

**Phase 1:** Settings that offer very few daily places in areas with sufficient places.

**Phase 2:** Settings in buildings currently subject to TNS consultation. Where the setting is in a building proposed for disposal the setting will cease in-line with the implementation of the TNS plans. Work will continue by the Childcare Sufficiency Team to repurpose the pre-fabricated buildings now vacant from phase 1 on school sites to re-site in the Fosse and Abbey wards to negate the closures of Fosse Pre-School and Tudor Centre Pre-School and identify a PVI provider, similar to the Barley Croft provision that has recently been commissioned through a concession arrangement having moved the building from St Mary's Fields Primary School. This could be funded through the reserved 2 year old capital fund. In addition, as part of the TNS project, where possible the process of community asset transfer and transfer of the setting would be aligned.

**Phase 3:** Larger settings that are within purpose built accommodation that could be suitable for re-use. All settings are in areas where there are sufficient or more than sufficient childcare places.

There will be places lost in areas where there is currently a sufficiency issue. The Council could choose to retain settings in the areas of Fosse and Abbey (Fosse Pre-School and Tudor Centre Pre-School) until such as time that the PVI offer sufficient spaces. However, the existence of the maintained setting could be restricting the market.

Conversations have taken place with the Raising Achievement Service within the Education and Learning Directorate to retain the Pre School Settings Manager (1 FTE) but transfer them to that service as the responsibility for LA provision decreases. This role could be reviewed in line with further development of the school improvement service which would include supporting settings that are graded as 'Requires Improvement or Inadequate' by Ofsted to improve their standards for children.

### **Benefits**

- Allows the PVI sector to grow
- Space available for other groups to use
- The on-going cost to deliver to the Local Authority is removed in a phased manner
- In-line with statutory duty
- Phased approach will allow the market to respond
- Support mechanisms already exist with in Local Authority structures
- Allows some space to be developed into statutory school age places
- No organisational review – straightforward redundancy exercise if a remit to proceed were given and consultation undertaken with staff

### Risks/Challenges

- There could be a shortage of FEEE places for children which will affect in particular the national target of 80% of eligible 2 year olds to be in FEEE, Leicester is currently 63%
- Closures mid-academic year could adversely affect parents and carers
- Places lost in areas with low childcare sufficiency, North-West Cluster area (Fosse and Abbey)
- Longer to realise financial savings
- Parents may have to travel further to access a FEEE place
- Children already accessing maintained settings will be displaced
- There could be vacant unused space in Local Authority buildings
- Redundancy costs
- Loss of good quality provision
- Could affect the early years outcomes of the City
- Reduces choice to families if the PVI sector do not expand
- Loss of highly skilled staff (safeguarding)

### C. Transfer some provision to PVI and schools with some closures

Close	Transfer to School*	Transfer to PVI**
Coleman Playgroup	Heatherbrook Pre-School	Brite Early Years
Spinney Hill Playgroup	Sandfield Pre-School	Little Tykes Playgroup
Beaumont Leys Sure Start Pre-School	Spice Pre-School	Tudor Centre Pre-School+
Home Farm Playgroup+	Magpie Playgroup	Stocking Farm Pre-School+
		New Parks Pre-School+
		Fosse Pre-School

*(\*subject to schools agreement. If the transfer does not go ahead the provision could be transferred to the to the PVI Sector under a concession arrangement with TUPE*

*\*\*if procurement is unsuccessful the provision will close*

*+ within current TNS)*

In this option no settings are maintained by the Local Authority, in-line with its statutory duty. Some are closed while others are transferred to Schools or the PVI sector under a concession arrangement including TUPE.

**Close:** Small settings that cannot be expanded to above 40 places per day (Coleman and Beaumont Leys) and there are sufficient places for children (Home Farm). Settings in areas of high need for school places are released for classroom development (Spinney Hill Pre-School). This will result in the loss of 90 FEEE places per day.

**Transfer to School:** Those in pre-fabricated buildings or in dedicated space on school sites are offered to the respective schools. Staff would transfer to the respective school which, if the school is a maintained school is undertaken in the “spirit of TUPE”. If the school are not willing to take on the setting the setting would be tendered out through a concession arrangement to the PVI.

**Transfer to PVI Sector:** Provision that is seen as sustainable to the PVI sector to develop is transferred out through a concession arrangement. These settings are either in large suitable space with potential to expand to offer multiple daily sessions, increase the number of places currently offered or are in an area that does not have sufficient FEEE places. Staff would be subject to TUPE. Many of the settings are in buildings subject to TNS. Where possible the process of community asset

transfer and transfer of the setting would be aligned. Settings that cannot be transferred will be closed.

Conversations have taken place with the Raising Achievement Service within the Education and Learning Directorate to retain the Pre School Settings Manager (1 FTE) but transfer them to that service as the responsibility for LA provision decreases.

This role could be reviewed in line with further development of the school improvement service which would include supporting settings that are graded as 'Requires Improvement or Inadequate' by Ofsted to improve their standards for children

### **Benefits**

- Allows the PVI sector to grow
- Space becomes available for other groups to use in the community
- The on-going cost to deliver to the Local Authority is removed
- In-line with statutory duty of Childcare Act 2006, Section 8 (3)
- Phased approach will allow the market to respond
- Capital monies could be used to improve accommodation
- Support mechanisms already exist with in Local Authority structures
- Allows some space to be developed into statutory school age places
- Staff would TUPE
- Staff reductions could be managed through vacancies and voluntary redundancy with minimal to no need for compulsory redundancies
- The settings transferred to the PVI could be expanded to offer multiple daily sessions allowing flexibility to parents and carers, supporting the local authorities responsibility within the Childcare Act, Section 6
- In areas where closures occur the PVI market could expand
- Procurement activity in the past has been positive
- Could result in more spaces than when the Local Authority was the provider as settings can expand
- No organisational review – straightforward redundancy exercise if a remit to proceed were given and consultation undertaken with staff

### **Risks/Challenges**

- There could be a shortage of FEEE places for children in the short term of take-up increases suddenly which will affect in particular the national target of 80% of eligible 2 year olds to be in FEEE, Leicester is currently 63%
- Closures mid-academic year could adversely affect parents and carers
- Longer timescale to realise financial savings
- Parents may have to travel further to access a FEEE place
- Children already accessing maintained settings will be displaced
- There could be vacant unused space in Local Authority buildings therefore the cost will still be met by Early Help Targeted Services.
- Redundancy costs
- Loss of good quality provision
- Could affect the early years outcomes of the City
- Transfer of settings could fail – TUPE risk to providers
- Buildings costs could be too high for PVI to sustain
- Some transfers are reliant on TNS consultation

- Costs and resource of procurement/commissioning processes
- Capacity of service area to facilitate transfer and procurement activity
- Academisation could affect school response

## **7. Recommendation**

- 7.1 The contents of the paper are noted, any comments and observations are directed to the Head of Early Help (Targeted Services).
- 7.2 That once taking in to consideration the factors of sufficiency of childcare places; budget and that the Local Authority should be the provider of last resort for pre-school provision, recommendation C as outlined in section 6 of the report is endorsed. If option C is approved, the work will be added to the Procurement Plan.

## **8. Dependencies**

- 8.1 There are six maintained settings operating in Local Authority Community Centre buildings, four of these are in the north-west area (neighbourhood services) of the city which is currently under consultation for the transforming neighbourhood services programme. The proposals out for consultation identify that two of the settings are operating within buildings that are identified for community asset transfer, sale or demolition. TNS and the future of the maintained settings will need to be carefully coordinated to ensure decisions do not impact negatively on buildings or services. However, it is clear that opportunities do exist and will be explored for buildings in this area as a community asset transfer with bespoke provision for a preschool setting.
- 8.2 It has been agreed that all maintained settings within Buildings in scope of TNS will remain where they are pending the outcome of the decision from the Executive.
- 8.3 The Early Help Targeted Services are currently scoping substantial savings across the service, which will include a remodelling of the service. Three of the maintained settings are based within Children, Young People and Family Centres – two of which are designated Children’s Centres. Any agreed proposals and next steps will have to align with any decisions made around the network of buildings within Early Help Targeted Services.
- 8.4 Pupil Place Planning across primary and secondary schools is a key issue for Leicester City. Five of the maintained settings are on school sites, with two of these settings occupying physical space within the school building. One school (Spinney Hill Primary School) in which a pre-school operates has been approached for expansion by the School Organisation Team meaning the space utilised by the pre-school is potentially no longer available in the short term while development work takes place. One of the community centre venues (Fosse) has also been earmarked for re-development into a potential 3 form entry primary school.
- 8.5 It is essential that all communication is effectively managed and each project is aware of the dependencies.

## **9. Next Steps**

Following comments and feedback received on this report and agreement to proceed with the recommendations, the following next steps are proposed:

- Engage with staff and trade unions around the proposals and potential effects on staff group
- Engage with affected parents and carers.

- Develop and implement a detailed implementation plan in conjunction with corporate services.
- Discuss with Neighbourhood Services the financial impact of the decision for Children's Services and Neighbourhood Services.
- Keep the Executive and City Mayor informed of developments.
- Continue to offer support to the PVI sector to build citywide sufficient and sustainable FEEE provision.

## 10. Financial, legal and other implications

### 10.1 Financial implications

The 2016/17 budget for pre-school settings is as follows:

2016/17 Pre School Settings Budget	
	£'000
Staffing	873
Premises	
City Council	141
Other	83
Running costs	45
<b>Total Costs</b>	<b>1,142</b>
NEG income	(721)
<b>Net Budget</b>	<b>421</b>

The options listed will result in the following savings (excluding redundancy costs):

Budget savings*:	2016/17	2017/18	2018/19		
	£'000	£'000	£'000		
Option A	187	280	280		
Option B	84	247	280		
Option C	106	240	280		
* Note these budget savings <i>exclude</i> savings from vacating City Council premises					

All options for change result in the withdrawal from all sites. The budget of £141k for city council sites covers the internal re-charge from Neighbourhood Services who manage the properties and incur the costs. Savings from vacating these sites can therefore only be realised if Neighbourhood Services dispose of the buildings or are able to charge a third party for the use of the site to the equivalent value. This will depend on the TNS review. The savings from closing these sites will contribute towards the £5m spending review target for Education and Children's Services.

**Martin Judson, Head of Finance**

## 10.2 Legal implications

The primary legislation is as identified – the Childcare Act 2006. The secondary legislation is The Local Authority (Duty to Secure Early Years Provision Free of Charge) Regulations 2014. Both provide that Local Authorities must have regard for guidance issued by the Secretary for State from time to time. Currently the most recent guidance can be found at –

[https://www.gov.uk/.../early\\_education\\_and\\_childcare\\_statutory\\_guidance](https://www.gov.uk/.../early_education_and_childcare_statutory_guidance)

It is titled: Early education and childcare Statutory guidance for local authorities - September 2014. It is a comprehensive document which details the requirements on the Council and which sets out those duties in addition to Section 6, 7 and 8 duties. It is recommended that the contents are reviewed when considering the options being put forward.

By considering the Guidance the Council will be afforded a measure of protection should the decision become subject to challenge; issues such as the feedback from parents are significant when considering the overriding objective – to supply early years provision according to the needs of the community.

Wherever employee's rights are affected there will be a policy/procedure to ensure compliance with regulations. Consideration will need to be given to reorganisational review, redundancy and TUPE provisions (each involves the requirement to have ensured meaningful consultation), depending on the option approved. Further legal advice can be obtained when required.

**Caroline Woodhouse, Principal Solicitor, For City Barrister and Head of Standards - 37 1429**

## 10.3 Climate Change and Carbon Reduction implications

All options in the report include the closure of at least some services. As detailed in the report, in these circumstances parents may have to travel further to access a FEEE place, which could negatively impact city wide emissions. To increase how efficiently council buildings are used it should be ensured that any space that becomes vacant from these closures is filled, either through alternative council use or by advertising the space to community groups.

In scenarios C and D some services are transferred to existing facilities, eg schools or neighbourhood centres. This is in line with the council's Using Buildings Better programme, whereby council buildings are being consolidated, offering a number of services from key neighbourhood buildings to make more efficient use of the space.

**Louise Buckley, Senior Environmental Consultant, 37 2293**

## 10.4 Equalities Implications

*An Equality Impact Assessment has been drafted **Appendix F***

The Project Manager for this review is currently completing an Equality Impact assessment (EIA) which is primarily focussed upon the impact upon preschool children, parents and staff currently employed in the maintained settings.

Early indications from the EIA detail that whilst staff in the settings and children will clearly be impacted upon by the change, parents will largely feel the impact in that those affected will have to manage the disruption to their children in the change of settings, and in the first instance identifying and securing a place in a new setting. Clearly, this would need to be managed as this could have a huge impact on parents who are working or studying and are dependent on the childcare provision currently being provided by the maintained setting. The EIA details a way to mitigate against this disruption by supporting parents in finding places through a brokerage service. As long as this takes place in good time, giving parents adequate notice then this should minimise any potential disruption to both the parent and their children. It should be noted that where a parent has more than one child requiring a new place in a new setting, more support may be needed to find a number of places within a new setting, as there could be an additional impact for a parent if a new setting was unable to take all of their children.



The findings of the completed EIA must include the results and findings of the engagement with staff and affected parents and carers; it should inform the options presented in the report.

A separate 'organisational review' EIA must be conducted as part of an appendix R review for staff detailing the potential impact and how any adverse impact can be mitigated against.

**Sonya King Equalities Officer, 0116 4544132**

10.5 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

Other implications considered when preparing this report are:

- Transforming Neighbourhood Services Programme
- Early Help Services Remodelling
- Academisation of Leicester City Schools
- Pupil Place Planning
- The proposed 30 hour FEEE
- The take-up of 2 year old FEEE in the city
- Capital claw back

### **Background information and other papers:**

Options Appraisal for Nursery Education Settings 29<sup>th</sup> April 2015, Report no: 677

### **Summary of appendices:**

Note appendices are attached to the electronic PDF document

**Appendix A** – Data Map

**Appendix B** – February 2016 Sufficiency Assessment Summary Update

**Appendix B2** – School Cluster Map

**Appendix B3** – School Cluster Data

**Appendix C** – SEND and Vulnerable Children in Settings Data

**Appendix D** – Details of Settings

**Appendix E** – Map of Settings

**Appendix F** – Working Draft EIA

**Appendix G** – Questionnaire

**Appendix H** – Questionnaire Findings

**Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?**

No, however parents of children who may be affected by the decision have not been informed of this work.

**Is this a “key decision”?**

Yes

**If a key decision please explain reason**

Some of the options outlined may result in the Council making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates. In addition, the decision is likely to be of substantial public interest.