



DERBY CITY COUNCIL

COUNCIL CABINET
16 MARCH 2004

Report of the Director of Education

Castle Nursery School Developments and Charging Policy Childcare

RECOMMENDATIONS

- 1.1 That Castle Nursery School retains its maintained nursery school status and is given the opportunity to provide childcare facilities for those children receiving Foundation Stage 1 education, applying the new charging policy to cover the costs of childcare.
- 1.2 That a charging policy (Appendix 2) is adopted for the nine new children's centres and is recommended to school governing bodies for childcare within maintained schools, including nursery schools.
- 1.3 To start to review the sustainability of Castle Nursery School from October 2004.

REASONS FOR RECOMMENDATIONS

- 2.1 The governors of Castle Nursery School have put together a development plan, aiming to demonstrate that the school can be sustainable if it is able to expand its provision to include childcare.
- 2.2 If the school fails to attract enough pupils from April 2004, there is an underspend within the school's 2003/04 grants to be carried forward to sustain it for the financial year 2004/05.
- 2.3 Childcare costs cannot be met from the Education Formula Spending Share. Childcare is one aspect of an extended school and funding for it must be separated from the school's delegated budget. A consistent charging policy will need to be developed for the Council's new children's centres. The proposed charging policy will reflect realistic local childcare costs necessary to secure sustainability. This is a recommendation, not a requirement as school governors make the final decision.

SUPPORTING INFORMATION

- 3.1 The Early Years Strategy and Children's Centre plan presented to Council Cabinet on 28 October 2003 recommended the closure of Castle Nursery School. Council Cabinet resolved that other options should be explored before reaching a decision on its long-term future.
- 3.2 Castle Nursery School will receive a delegated budget from April 2004, which will be based on the existing formula for funding primary schools. The School currently has only 16.2 full-time equivalent (fte) pupils on roll, which it is anticipated will rise to 20 fte in the summer term. The nursery school is currently staffed and resourced for 40 fte. Under the new funding formula the school will be funded on actual pupil numbers and will be unable to meet its current overheads.
- 3.3 There are 34 (16.2 fte) children on roll, of which only two live in the local area. Five children travel from Mickleover, seven from Littleover and four live outside the city. In the future, it is expected that all except the two local children could be accommodated in a nursery school or class closer to their homes.
- 3.4 None of the children attending Castle Nursery School follow the traditional pattern of attendance, i.e. five mornings or five afternoons. All attend on a full day pattern up to a maximum of five sessions, suggesting that their parents are using the nursery for childcare purposes.
- 3.5 The governing body of the school has submitted a development plan, which it believes demonstrates that the school could be sustainable by introducing childcare places paid for by parents. However, the number of pupils would have to rise quickly to ensure sustainability in the first year.
- 3.6 Castle Nursery School has predicted underspends in its Standards Fund Grant and School Standards Grant from 2003-04. This £18,000 could be used to support the school in 2004-05 while the governing body recruits children. However, there would be no predicted underspend for 2004-5 to support Castle Nursery School in 2005-6 if it fails to attract enough children to become sustainable.
- 3.7 The budget for 2004/05 also assumes that the current arrangement of an acting headteacher funded for 2.5 days a week will continue. If the development plan is successful and numbers increase significantly, arrangements will have to be made to appoint a full-time Headteacher who would have a teaching commitment to meet the teaching ratios in a nursery school of this size, 1:20. If the number of children receiving Foundation Stage education remains below 26 fte, additional teaching time would not be required and arrangements could be made to

federate the school under the management of another nursery school or a primary school.

- 3.8 The caretaker will retire in March. Discussions are underway with Commercial Services to appoint a temporary caretaker to provide cleaning and caretaking duties which meet the requirements of an extended childcare day.
- 3.9 Childcare is one aspect of an extended school and funding for it must be separated from the school's delegated budget. The Council's nine new children's centres will require a consistent charging policy for the provision of childcare. Guidance for extended schools on charging policies states that "while any fee levels set will need to take into account costs incurred, it is at least as important to consider the ability of local parents to pay for quality care." Appendix 2 sets out the proposed charging policy for childcare. For maintained schools, this policy can only be a recommendation as the school governors make the final decision about charges in their schools.
- 3.10 The charging policy will need to reflect local childcare charges and is based on an average cost per hour of a teaching assistant in a maintained school and the ratio of staff to children as required by Ofsted daycare standards.
- 3.11 Some local authorities contract out their childcare to private providers whilst others use heavily subsidised charging to support the sustainability of childcare provision. Many local authorities are in the process of developing or reviewing their charging policies to take account of the growth of childcare in the maintained sector.

OTHER OPTIONS CONSIDERED

- 4.1 The private sector has expressed an interest in buying or leasing Castle Nursery School in order to develop daycare, particularly for parents working in the city. Under these circumstances, the nursery would continue to provide funded Foundation Stage 1 education places for the few children living in the immediate vicinity. If Castle Nursery School's development plan fails to make the school sustainable this option could be revisited at a later date. However, if left too late the private sector may find alternative suitable accommodation within the city.
- 4.2 Discussions have begun with the NHS Trust responsible for Derby Royal Infirmary (DRI) which has expressed an interest in pursuing a partnership arrangement for the provision of childcare places across the age range from babies to pre-school. The Trust is discussing with officers the possibility of making a capital investment towards the development of the school site in return for a guaranteed number of places, possibly ten, at an agreed rate for a period of about five years.

This could involve extending the nursery day from 7.00am until 7.00pm to accommodate shift patterns of DRI staff.

- 4.3 The City Council could maintain Castle Nursery School as a full daycare nursery, working in partnership with the NHS Trust, and introduce employee childcare provision providing all year round childcare for its staff with Foundation Stage education for local children.
- 4.4 Any of these options would only be financially viable if Castle Nursery School is closed as a maintained nursery school and re-opened as a childcare provision offering funded nursery education places.

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Background papers:	None
List of appendices:	Appendix 1 – Implications Appendix 2 – Charging Policy for Childcare within Maintained Schools Including Maintained Nursery Schools

IMPLICATIONS

Financial

- 1.1 From April 2004, nursery schools will receive delegated budgets and will be funded through a formula based on pupil numbers, unlike the current method of funding which does not reflect actual pupil numbers. Because of the low number of children attending Castle Nursery School, the school will be in financial difficulty. Early estimates indicated that the Nursery School would have a funding gap of around £20,000 even after the addition of £20,000 transitional funding. This would be increased by further falling numbers and changes to the funding formula. To balance the budget for 2004/05, the school has access to under-spent Standards Funds and School Standards Grants of approximately £18,000 and does not have a full time headteacher following the retirement of the head last summer.
- 1.2 These underspends, however, are non-recurrent funds and the school will need to take steps to balance the budget if the pupil numbers continue at this level. There is unlikely to be any underspend to carry forward to 2005/06. Transitional funding applied to the 2004/05 budget is for one year only so the school must be able to demonstrate its sustainability in the long-term.
- 1.2 The proposed charging policy will support Castle Nursery School to develop childcare as an option to sustainability. Childcare costs cannot be subsidised by the school's delegated budget and the charges proposed by the charging policy should be reviewed when take up and staffing ratios are finalised.

Legal

- 2.1 Closure or establishment of nursery provision is subject to consultation and statutory procedures.
- 2.2 Whilst the Local Authority can give guidance about charging policies, the final decision for each school will rest with the governing body. Extended schools are required to take account of statutory guidance on charging policies.

Personnel

- 3.1 There are significant staffing implications in this proposal. Should the nursery school close, as a maintained nursery school, the City Council and the governing body would do everything in their power to ensure employment at another school, particularly those establishing a new Foundation Stage 1 class.

- 3.2 The provision of childcare within the school will create new employment opportunities. However, there may also be implications for existing staff, some of whom who may have to consider changes to their terms and conditions of employment to work a shift pattern to accommodate full daycare and all year round provision. Discussions will take place with staff and unions at the earliest opportunity.

Corporate Objectives and Priorities for Change

- 4.1 The early years strategy of which this is a part contributes to the corporate themes of **education and integrated, cost effective services**.
- 4.2 Sustaining Castle Nursery School as an integrated early years and childcare setting should reflect the Council's priority for change to minimize increases in Council tax and increase value for money from Council services.

Charging Policy for Childcare Within Maintained Schools Including Maintained Nursery Schools

1. Introduction and Scope

- 1.1 The Education Act 2002 offers the opportunity for the development and provision of childcare within maintained schools to meet the national childcare targets and other national initiatives.
- 1.2 The Local Authority is also in the process of developing nine children's centres, some of which will begin to deliver childcare services from April 2004. It is necessary to implement a standard charging policy for childcare in the children's centres to ensure the viability and sustainability of childcare places in the future. This policy can also be recommended to all maintained schools and nursery schools which develop childcare places.
- 1.3 The proposed policy takes into consideration the real costs of providing childcare places. A major factor affecting the overall charge is the cost related to staffing in order to meet statutory requirements of staff to child ratios and levels of qualification.

2. Definitions

- 2.1 The staffing ratios are:

0 – under 2 year-olds	1 staff member to three children
2 – under 3 year-olds	1 staff member to four children
3 – under 8 year-olds	1 staff member to eight children

Childcare provision for children aged eight years old and over is not subject to OfSTED Early Years registration, but a similar ratio is recommended.

- 2.2 At least 50% of staff must have at least an NVQ level 2 qualification appropriate for the level of care or development of children. At all times there will be a member of staff qualified to at least NVQ level 3.
- 2.3 The childcare can be defined as

Out of School Care – facilities that provide day care for children under eight which operate during one or more of the following periods:

- before school
- after school

- during the school holidays

The total care provided is for more than two hours in any day and for more than five days a year.

A main purpose of the provision is to look after children in the absence of their parents. This form of care can include children from three years old and children over eight may use it.

Examples are summer camps, holiday play schemes, breakfast clubs, after school clubs.

Crèches – facilities that provide occasional care for children under eight and are provided on particular premises on more than five days a year. They need to be registered where they run for more than two hours a day, even where individual children attend for shorter periods. Some are in permanent premises and care for children while parents are engaged in particular activities, eg training or adult learning.

Sessional care – facilities where children under eight attend daycare for no more than five sessions a week, each session being less than a continuous period of four hours in any day. Where two sessions are offered in any one day, there is a break between sessions with no children in the care of the provider. This is intended to cover provision which offers children part-time care and the opportunity to engage in activities with their peer group, eg playgroup.

Daycare – facilities that provide care for children under eight for a continuous period of four hours or more in any day in premises which are not domestic premises, eg children's centres.

3. Childcare Charges

- 3.1 There is an expectation that childcare in Children's Centres, when developed, will be available as a minimum from 8am – 6pm (10 hours), five days a week, 48 weeks a year. This policy outlines the principles behind charging for childcare in the maintained sector nursery schools and maintained primary and infant schools with Foundation Stage 1 classes for children aged three and four years old and will be developed further to support children's centre developments and extended schools initiatives. This will need to consider the implications of the introduction of a sibling rate or a sliding scale for those families on low incomes.
- 3.2 The initial costings for the charging policy have been based on an hourly rate for suitably qualified staff meeting Ofsted regulations for childcare facilities. Only staff costs related to the provision of childcare have been included. No costs related to the provision of a part-time Foundation Stage 1 education place have been used to calculate the childcare charge.

- 3.3 Children receiving FS1 education in maintained schools will be able to access a funded education place for 2½ hours a day, five days a week during term time. Parents/carers who want a childcare place before and beyond this time will be expected to pay for that service.
- 3.4 Holiday childcare if available will be charged a full day rate based on the term-time charges.

4. Pricing Structure

- 4.1 The childcare charges are based on the principle of purchasing sessions of time at £2.40 per hour. Staff will need to be paid by the session to ensure ratios are maintained. The following table sets out the actual charges under different circumstances. For example, parents of a child who has a nursery education place in the morning and stays for lunch will pay for 5 hours minus 2.5 (nursery education) at £2.40/hour plus the cost of the lunch, giving a daily total of £7.30. During the school holidays that cost will rise to £13.20 because there will be no free nursery education place.

	Cost	Extras	Cost Term time	Cost Non-term time
Extend FS1 am (8am-1pm)	£6.00	£1.30 (lunch)	£7.30	£13.20
Extend FS1 pm (1pm-6pm)	£6.00	£1.00 (tea)	£7.00	£13.00
Extend FS1 (9am-3pm)	£8.40	£1.30 (lunch)	£9.70	£15.70
Extend FS – FDC (8am-6pm)	£18.00	£2.30 (lunch/tea)	£20.30	£22.75
FDC (holiday) – per day	£24.00	£2.30		£26.30
FDC (holiday) – per week	£120.00	£11.50		£131.50

- 4.2 In order to secure consistent, high quality childcare places, families will need to commit to regular attendance in schools and children's centres. Where children are absent due to holiday or sickness their parents will be expected to pay the full fee as staffing ratios will need to be maintained. In most cases, fees will be collected monthly, one month in advance. One month's notice will be required for termination of the arrangement, except in exceptional circumstances.
- 4.3 Children's centres are intended to offer affordable childcare to families in the most disadvantaged areas. For some families who are low paid and paid on a weekly basis, payment of fees on a monthly basis may not be practical. The payment process will be flexible to meet the needs of the community whilst securing the income for the provision.

5. Support for Childcare Costs

- 5.1 Parents over the age of 19 are able to apply for an access grant of up to currently £5,000 to support childcare costs whilst attending college courses.

- 5.2 Parents under 19 can apply for Care to Learn grants, which currently are £5,000 to support childcare costs.
- 5.3 The Working Tax Credit (WTC) is an in-work tax credit for families, which includes an element to support the costs of registered or approved childcare for working families.
- To apply for the childcare element a lone parent must work at least 16 hours a week
 - Both members of a couple must work 16 hours a week or more
 - One member of a couple must work 16 hours a week or more and the other member must be incapacitated.
 - The childcare element will pay up to 70% of eligible childcare costs up to a maximum of £135 (£94.50) per week for one child and £200 (£140) per week for two or more children.
- 5.4 Childcare costs cannot be met from the City Council Education budget and the maintained school must be able to demonstrate sustainability for any childcare places developed.

6. Review and Monitoring

- 6.1 The policy will be formally monitored and reviewed annually and individual childcare facilities will be reviewed as part of the ongoing financial management and reporting to governors.

7. Relevant Strategy Documentation

- SureStart planning guidance 2004-06
- Derby City Early Years and Childcare plan
- OfSTED Early Years National Standards

8. Contact Details

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