



Report sponsor: Cllr John Whitby Cabinet
Member for Children's Social Care, Learning and
Skills.
Report author: Sharon Buckby, Director for
Learning, Inclusion and Skills

Central and Ashgate Nursery.

Purpose

- 1.1 This report provides Cabinet with an up-to-date position regarding the financial sustainability of Ashgate and Central Nurseries.
- 1.2 The repositioning of Ashgate and Central Nurseries as centre of good practice in early child development.

Recommendation(s)

- 2.1 To approve the proposal to reposition Central and Ashgate Nurseries as a centre for child development, as outlined in paragraph 4.7.
- 2.2 To approve the deficit recovery position of both Nurseries by 2027/8 as detailed in paragraphs 7.1-7.3.

Reason(s)

- 3.1 At its meeting on 12 July 2023, Council Cabinet approved recommendations to develop alternative options to address the financial deficits at Ashgate Nursery School and Central Nursery School and that Ashgate Nursery School should remain open.
- 3.2 The Council has worked together closely with the Governing Body of Ashgate Nursery School and Central Nursery School to develop plans to develop a set of options to ensure as far as possible both schools can remain open, be sustainable and financial deficits are reduced.

Supporting information:

- 4.1 Ashgate Nursery School is located on the outskirts of the Mackworth and New Zealand Ward, just off Ashbourne Road, and has been federated with Central Nursery School for many years. The nurseries share the same Headteacher and Governing Body but have separate financial budgets. Both nurseries have a 'Good' Ofsted judgement, with the most recent Ofsted inspections having 'Good' outcomes. Most children who attend the nursery schools live locally.
- 4.2 Both Ashgate Nursery School and Central Nursery School ended the 2022/23 financial year in significant financial deficit. A reduction in numbers, the COVID-19

pandemic, and a reduction in demand for additional childcare sessions have all impacted significantly on the projected income streams of Ashgate and Central Nursery Schools.

- 4.3 As background information, Council Cabinet approved the commencement of the initial consultation on the future viability of Ashgate Nursery School on 7 December 2022. The initial seven-week consultation to close Ashgate Nursery School period ran from Monday 9 January 2023 to Monday 27 February 2023. A total of 225 responses were received during the initial consultation period. Of these responses, 204 (91%) were in objection to the proposal. A detailed summary of the consultation responses was considered by Council Cabinet at its meeting on 15 March 2023.
- 4.4 Cabinet, at its meeting on 15 March 2023, approved moving to the next stage of the statutory process on the proposal to close Ashgate Nursery School, including the publication of a legal notice. The publication of this notice marked the start of a further four-week statutory consultation period, which ran from Tuesday 9 May 2023 to Tuesday 6 June 2023. A total of 37 further responses were received during the statutory representation period, all of which opposed the proposal to close Ashgate Nursery School.
- 4.5 Following further careful consideration of all the responses, and a change in administration, a decision was taken not to proceed with the closure of Ashgate Nursery School and alternative options developed in relation to the budget deficits at Ashgate Nursery School and Central Nursery School.
- 4.6 Derby City Schools and Nurseries are funded through the Dedicated School's grant, they have delegated budgets and must adhere to the Scheme for Funding Schools. The scheme sets out the financial relationship between the Council and the maintained schools which it funds. The financial controls within which delegation works are set out in this scheme for funding schools drawn up by Derby City Council in accordance with section 48 of the Act and approved by the Secretary of State.

The Council may suspend a school's right to a delegated budget if the provisions of the school financing scheme, or rules applied by the scheme, have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. Whilst suspension was not enacted a notice of financial concern was issued in July 2022, as a direct result of the increasing deficit. All deficits are reported to Council Cabinet.

A Local Authority cannot write off a school deficit, as set out by the Scheme for Funding Schools.

Cabinet was informed of the deficits via a Financial Matters Report June 2022, approving a retrospective licenced deficit for Ashgate and Central Nursery schools in 2021/22 totalling £0.253m and an increased licenced deficit for the financial years 2022/23 and 2023/24 totalling £0.538m. The school had requested a retrospective licenced deficit of £0.253 for the financial year 2021/22, a licenced deficit of £0.395m for 2022/23 which represents 61% of their budget and a licenced deficit of £0.538m (85% of their budget for 2023/24).

Cabinet was informed that the school deficits were above the deficit threshold and the schools were unable to provide a recovery plan to balance the budget within three financial years, as a result of this the schools continued to work with the LA school

improvement teams to prepare a sustainable model for the nursery federation going forward.

- 4.7 In Autumn 2023 several opportunities were identified that supported a fresh approach to establishing a more sustainable model for Ashgate and Central nurseries that would also positively impact on nurseries across the City.

These opportunities include:

1. An expansion of the childcare and education offer under the DfE expanded childcare programme (ECO) for children aged 9 months to 4 years of age. The School Organisations Sufficiency Team have worked closely with early years providers, including local authority-maintained nursery schools, to ensure that the supply of places through the ECO programme is available to parents. The first headcount with 2YO working entitlement has been completed. Derby was predicted / received DfE budget base on 915 working entitlement 2YO's taking up a place and we have had 936 take up the offer with further expected to join between now and the end of June. When the 30-hour offer comes into place in September 2025, Ashgate and Central have 12 working entitlement children who from this time will have double the funding which will help with longer term financial viability, the baby unit planned for Central will support consistent 2YO numbers there. This confirms demand for the offer for Central and Ashgate and should change the current picture of a 50% intake in the autumn term, which is, in the main, the primary reason for the financial instability of the past.
2. The expansion of the childcare duties also provided all local authority-maintained schools with the opportunity to consider how services could be delivered with a more commercial lens, given that their main competitors in the pre-school landscape was private, voluntary and the independent sector. The Commercial team provided support to all local authority-maintained nurseries to consider how they could be more commercial in their offer and delivery.
3. Early engagement in pre-school education is also being supported through cross Council collaborative working, particularly with Derby Homes and the Family Hubs working with parents to identify and notify opportunities for pre-school and school engagement earlier, especially those in temporary accommodation due to homelessness; thereby increasing the number of children able to attend local nursery settings.
4. The building condition of Central nursery and in particular the access point via an imposing alley way was a cause for concern for parents, especially those with additional needs, which had led to the decline in numbers attending. Furthermore, due to budget challenges there had been little investment in equipment in the nursery. Therefore, through utilizing some of the underspend in the 2023/4 Early Years budget (£0.15m) and SEND capital due to the expansion of the SEN offer – see below- of up to £0.2m¹) the issues of equipment and the access point to the nursery could be addressed.

These key areas for expansion were particularly relevant to Ashgate and Central nurseries enrolment numbers that may have been negatively impacted by the

¹ Awaiting final figure.

well-established PVI and other MNS in the locality who have proactively responded to delivering the new funded entitlement.

Additionally, Central and Ashgate nurseries had a long-standing reputation for supporting children with additional needs. Over the last few years support for children with additional needs including the research undertaken by the Education Endowment Foundation (EEF².) has shifted the focus from progressing as early as possible through a medicalised approach to SEN diagnosis, an education, health and care plan and a special school for most children, towards a more social approach grounded in an understanding of child development and the impact of a child's environment. This approach was supported through research conducted by Ofsted with reference to the impact of the pandemic³.

Nationally the key measure for children reaching age related development (GLD) in the early years is the assessment undertaken at age 5. The impact of achievement in Derby from the pandemic can be clearly evidenced when comparing achievement in 2019 to those children undertaking the assessment in 2023. In 2019 the GLD for Derby children was 70.7%, 1% point lower than the national average. In 2023 the national average was 67.2% in Derby the achievement rate was 63.3% compared to 66.85% average rate across the rest of the East Midlands. When considering the research from the EEF and Ofsted combined, the impact of the pandemic has been exacerbated by the impact of the cost of living with 38% of children in Derby identified as being in poverty.

Through discussions with primary schools and early years sectors the presenting needs of children in the early years sector reflected those areas identified by Ofsted. Children in Derby are characterised with delay in the development of social and communication skills; their ability to regulate their emotions and their development of transactional skills with adults and other children. This has led to an increase in the number of children being referred at age 4 and 5 for an education, health and care plan as opposed to being engaged in intensive support to address these developmental areas earlier or in Key Stage 1. Nationally, research arising from the Delivering Better Value Programme⁴ deep dives identified that by addressing the developmental needs differently 52% of children would not need an education health and care plan and would achieve better educational outcomes in key Stage1 and beyond.

Working with the leadership team at Ashgate and Central nurseries, drawing on good practice from above, the opportunity to establish a new model of support for the early years sector emerged. This new model will provide a high support programme for children with additional needs at Ashgate and Central nurseries and peripatetically in key areas of deprivation. The model looks to address children's educational needs through identifying and meeting additional needs earlier, therefore the right support, at the right time in the right place. The impact of this new model will be evaluated over a 12-month period with a view to expand the service if it provides the right support, at the right time in the right place, in line with the DFE SEND and Alternative Provision Improvement Plan March 2023⁵.

² https://d2tic4wvo1iusb.cloudfront.net/production/eef-guidance-reports/send/EEF_Special_Educational_Needs_in_Mainstream_Schools_Guidance_Report.pdf?v=1717061513

³ [Education recovery in early years providers: summer 2022 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/education-recovery-in-early-years-providers-summer-2022)

⁴ [Delivering Better Value in SEND Programme \(dbvinsend.com\)](https://www.dbvinsend.com/)

⁵ [Special Educational Needs and Disabilities \(SEND\) and Alternative Provision \(AP\) Improvement Plan \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/114444/special-educational-needs-and-disabilities-send-and-alternative-provision-ap-improvement-plan-march-2023.pdf)

The local authority has allocated funding from the Early Years budget of £0.28m for the development of an inclusive practice model developed by the local authority in line with the Early Years Budget guidance. The programme will be led by the Head of Service for SEN Workforce, Quality and Improvement and consist of:

- The development and delivery of a workforce development programme SENCO leadership programme, supporting staff to develop and apply strategies to meet child developmental needs.
- An Early Intervention First Team operating from 0-7 comprising of a systemic family therapist, assistant educational psychologist child development psychologist and specialist teacher will undertake targeted interventions cross settings with identified children.
- The Ashgate and Central nurseries SENCO will be trained as part of this new approach to then cascade the training across the city. This will include the implementation of SCERTS, supporting the development of inclusive curriculum an early years graduated approach and provision mapping; transition programmes; and home learning programmes.
- The team will dovetail with multiagency teams including Family Hubs and speech language and communication therapists, ND paediatric teams.
- Additionally, funding from the SEND capital grant will be used to support settings to access inclusive resources. The scoping of this will be undertaken with the sector over the autumn term 2024.

Public/stakeholder engagement

- 5.1 Engagement with schools in the primary sector and early years sector have been central to identifying the behaviour connotations and additional needs of children in pre-school settings. Discussions have been held to understand the learning from the research undertaken and information shared on the type of interventions that would be impactful.
- 5.2 All pre-school settings have been involved in exploring how we meet the ECO duties and to meet the supply of places required to meet the duties.
- 5.3 The early years sector has been concerned by the supply of staff to meet the extended duties and the skills of staff to meet the needs of children. With respect to the latter concern, the new model will serve to support the development of staff. Additionally, funding has been given to the sector via the UKSPF to develop and implement a recruitment and retention programme. This combined with the workforce development programme identified in section 4, will be central to meeting the needs of the sector and the sufficiency for pre-school children.

Other options

- 6.1 The other key option to consider would be to explore the closure of Ashgate and Central nurseries. Given the shortage in the supply of places for the ECO programme this would hinder the local authority meeting their statutory duties.

Financial and value for money issues

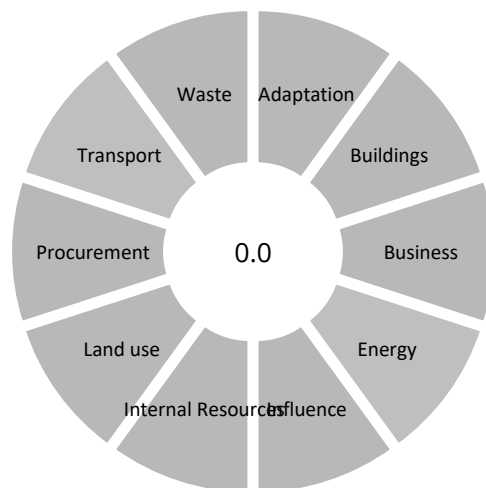
- 7.1 Central and Ashgate first applied for a deficit budget in 20-21, Ashgate reported a 11.1% deficit on a budget of £0.265m, Central reported a 17.8% deficit on a budget of £0.421m. The permitted 5% allowable under the Scheme for Funding Schools was breached.
- 7.2 Over the next 3 years, the deficits did not reduce and at the end of 22-23 the combined deficit was £0.4m 103% of the combined Nurseries budget. Pupil numbers had reduced to a low of 50% of total capacity.
- 7.3 Further discussions took place in 2023-24 with an outcome of a plan to reduce the deficit by a number of actions.
- Supporting 9 month old's at Central – via the DfE's extended childcare offer effective from September 22024. (£0.07m for a full year of operation)
 - Providing increased numbers of two year olds from April 2024 – via the DfE's extended childcare offer.
 - Increased equipment refurbishment and entrance alteration (£0.15m)
 - Increase in a sustained pupil number take up over the next 5 years in existing age ranges, (£0.6m)

The impact of the positive measures have seen an increase in pupil number take up since the deficit reporting began. Numbers forecast for 2023-24 a significant increase on the previous year raising participation to circa 80%. Maximisation of existing staffing and nursery resources in supporting those increased numbers have resulted in a significant improvement in the deficit recovery plans for each nursery. Initial budget projections indicate that both Nurseries recover their deficits by 2027-28.

- 8.1 Alongside the informal and statutory consultations, the Council has been following its Schools Causing Concern policy and that process is currently underway with both schools. Further information on school finances, including the Scheme for Funding Schools, is available on the Council's website and can be viewed by clicking on the following link:

[Schools Financial Information](#)

9.1 Climate Implications



- 9.2 In line with Council policy, a Climate Impact Assessment has been carried out for this report and has determined that because both schools could remain open, there is no climate impact of either Ashgate Nursery School or Central Nursery School.

Socio-Economic implications

- 10.1 Ashgate and Central Nursery Schools serve communities with significant levels of socio-economic disadvantage. Through this targeted model for supporting child development it is envisaged that there will be significant benefit to children within the following wards Mackworth & New Zealand, and Darley

Other significant implications

Personnel

- 11.1 Any potential implications for staff will be managed in line with the Council's relevant employment policies and procedures.

Equalities

- 11.2 A key feature of Ashgate and Central Nursery Schools are the levels of children with an identified SEN that attend nursery school provision in Derby. Ashgate has 39.1% and Central 33% SEN SEN support and 3 children supported by Education, Health and Care Plan (EHCP) . The closest to the two provisions is Walbrook Nursery at 22.4% and no children with an EHCP. Therefore the approach proposed above will provide significant investment into those attending the provision and across all those in high areas of deprivation and with an identified SEN.

Property and Asset Management

11.3 The Schools Capital Programme team continue to work closely with the Ashgate and Central nurseries to ensure that relevant feasibilities and adjustment to the properties are undertaken. Governance is provided through the Schools Capital Programme Board.

This report has been approved by the following people:

Role		Date of sign-off
Legal	Olu Idowu, Head of Legal, Insurance & Information Governance Services	28/6/24
Finance Service Director(s)	Janice Hadfield, Head of Finance	28/6/24
	Sharon Buckby, Director for Learning Inclusion and Skills	28/6/24
Report sponsor Other(s)		

Background papers:
List of appendices: