

# **Report on Pre-publication Consultation on a proposal to discontinue (close) St Mary's Community Nursery School (StM) and a related proposal to extend the age range of Overleigh St Mary's CofE Primary School (OSM) from 4-11 to 3-11.**

## **1 What is the report about?**

- 1.1 This report provides detail of the responses to the first formative stage of consultation on a proposal to amalgamate StM and OSM. The consultation was initiated in response to a resolution of StM governing body (GB):

"It is with great regret the Governing Body have concluded having explored a wide range of staffing and organisational options that it is not possible under current funding arrangements to set a balanced budget for the school given likely future pupil numbers and the costs of staffing the school. Consequently, the Governing Body requests the local authority, Cheshire West and Chester Borough Council (CW&C), commence the process of consulting on possible closure of the school. It is the governing body's wish to continue to work with the local authority and headteacher throughout the necessary processes of consultation to secure as smooth, stress-free and dignified a conclusion to the process as is possible."

- 1.2 Following a meeting between the Director of Education and Inclusion with the Chair of Governors of the two schools and the Chester Diocesan Director of Education it was agreed that an amalgamation be pursued subject to the agreement of the OSM GB.
- 1.3 Having been satisfied by the outline costs of an amalgamated structure that nursery age provision could be delivered in a financially sustainable manner, the OSM GB agreed to proceed with the proposal. This was on condition that they would not be liable for any redundancy costs related to achieving amalgamation, and that the cost of necessary physical works required to safely integrate the two settings would be met by the Local Authority (LA).
- 1.4 An agreed consultation document was produced with the guidance of a Legal Officer following discussion with both schools and Chester Diocese.

## **2 Officer's Recommendations**

- 2.1 No viable alternative has been put forward during the formative stage of consultation, however the outcome of an Ofsted inspection and the current Coronavirus pandemic lead to a recommendation that the current priority should be for stabilisation rather than imminent change; consequently it is recommended that any decision to progress the related proposals leading to amalgamation be deferred until at least September 2020 when a decision can hopefully be made giving full consideration to the feedback received during this phase of consultation.

### 3 Reasons for the Recommendation

- 3.1 Exceptional circumstances that create an unprecedented level of uncertainty and will hamper the ability to lawfully implement the statutory process.

### 4 Report Details

4.1 St Mary's Community Nursery School moved to its current site on Overleigh St Mary's CE Primary School campus in 2009. It principally draws pupils from the Handbridge, Westminster Park and Curzon Park areas of Chester, but is attended by pupils from more widespread areas of the City. The majority of pupils either progress to OSM or to Belgrave Primary School on reaching statutory school age. The school developed a positive reputation for its ability to meet the needs of pre-school children with special educational needs.

4.2 Changes in the funding of early years education have incrementally challenged the sustainability of the school and since the introduction of the current national formula in 2017 the StM GB has found it increasingly difficult to set a balanced budget. The GB no longer believe it is possible to discharge their financial duties and despite taking rigorous measures to reduce expenditure forecast that the school would have a deficit (increasing by around £40-50,000 per annum) of £170,043 by 31 March 2022.

4.3 In the light of the GB's subsequent decision the LA initiated public consultation on a proposal for amalgamation with OSM. The first stage of public consultation opened on 27 January 2020 and ended on 1 March 2020. During the period of consultation public drop-in events were held at StM on 04 and 12 February 2020 and at OSM on 12 February 2020. Consultees were able to contribute to the consultation through direct representation at these events, by completing an online survey; through completion of a hard copy pro-forma and by email and by letter. In addition to the headteachers and governors from each school the drop-in events were attended by all St Mary's staff, eleven parents and three other interested parties (some attended multiple events). 44 different responses were received (some of these were from attendees and some were submitted in duplicate formats) of which 38 were opposed to the proposal, two were unsure and four were supportive of it.

4.4 The issues raised by consultees may be summarised as:

- 4.4.1 **StM is an 'outstanding' provider and the LA's case for dis-applying the presumption against closure cannot be substantiated through its proposal for its replacement by the standard of education to be supplied by OSM.**

This was a concern for several respondents who cited the fact that Ofsted had found the school to be 'Outstanding' at all inspections since 2008. Some respondents also commented on the lower grading accorded to OSM. Unfortunately when Ofsted visited StM in March 2020 the Inspector concluded that rather than being an 'Outstanding' provider the school now 'Required Improvement', this contrasts with the improvement journey that OSM has been

on, having been found to 'Require Improvement' in 2012 Ofsted considered it to be a 'Good' school when inspecting in 2014 and 2019, this judgement was extended to its early years teaching.

Some respondents recognised that further staffing cuts were proposed to be implemented at StM and that these were likely to be detrimental to the ability to maintain quality. These cuts are a response to the school's financial predicament not a consequence of the proposal for amalgamation. The amalgamation proposal is intended to ensure that available resource is targeted on children's learning and not on the maintenance of a separate institution.

#### **4.4.2 StM is a resource that the LA cannot afford to lose because of the quality of its provision and its expertise in working with children with special educational needs.**

Several respondents felt that the school's excellence should have been exploited by the LA as a means of raising income for the school through the dissemination of good practice. This suggestion fails to recognise that the purchase of developmental services is a matter for individual establishments, not the LA, and that it was consequently for the governing body of StM to find a model and a market for exploiting their perceived attributes.

Several parents gave testimony to the way their children had been supported by the school in the meeting of their special education needs. This expertise was also cited by a former headteacher of a local primary school and a former member of the early years team. The proposal for amalgamation was in part an attempt to retain this expertise, albeit within a different governance arrangement, rather than seeing it incrementally dissipated through progressive reductions in staffing budgets. The LA acknowledges this expertise and consider it to be consistent with the high standard of practice that the LA's early years officers and Ofsted have found in the majority of CW&C early years settings.

#### **4.4.3. The provision made by OSM will be no more financially viable than that made by StM.**

This issue was raised by a staff member and a former governor of StM. It was also a concern for an existing OSM parent who was concerned that a potential deficit on nursery provision would create further financial pressures for a school that already seeks financial contributions for trips and relies on parental fund-raising for some essential resources. Currently 48 primary schools in the LA operate maintained nursery classes and the number is rising annually. In most instances these operate within available budgets, in some cases there is a loss on the operation of the nursery class but the schools accept that loss because of the longer term financial benefit that accrues through the nursery class's role in securing sustainable numbers on roll in subsequent year groups. It is for an individual school's GB to determine whether they believe that the establishment of a nursery class will be financially beneficial (although the LA

will not support a community school's proposal to establish one if they believe it will compromise the ability to sustain a balanced budget). On the basis of figures supplied to the LA by StM the OSM GB formed the view that the financial risk associated with establishing a nursery class was acceptable. It is accepted that in the light of the Ofsted judgement and the uncertain impact that Coronavirus will have on demand for non-statutory education the OSM GB may be well-advised to revisit the potential viability of the proposal.

A number of respondents questioned whether financial viability would only be achieved by a loss of quality resulting from the potential implementation of a 3:39 staffing ratio as opposed to the 2:26 ratio deployed at StM. This proposal was first put forward by StM as a means of achieving a balanced budget. It is also the favoured approach of OSM on the basis of the headteacher's experience working with this ratio in another LA. The ratio meets EYFS requirements and has the advantage that, rather than the admission of a twenty-seventh child requiring the establishment of a second class with the marginal cost of a teacher and a teaching assistant, that marginal cost is reduced to that of the cost of a teaching assistant. The LA's Early Years Team had concerns about the impact on quality if the ratio was delivered through a teacher plus two teaching assistants and it is agreed that if implemented a teacher plus teaching assistant would be augmented by an Early Years Professional, ie the ratio of graduate qualified staff to pupils is potentially higher than in the existing 2:26 arrangement. This level of enhanced professional staffing offers the opportunity for additional focused intervention to support individual children and ensure access to an enriched challenging curriculum for all.

A former governor raised concern that the proposal would not lead to true savings but would move the financial burden from the school to the LA on account of redundancy costs, loss of rateable income and a reduction in the purchase of services from part Council-owned subsidiaries. Other consultees suggested that the Council might waive its entitlement to payment of rates by StM as it had done with other early years settings. It is anticipated that the majority of redundancy costs will occur irrespective of whether amalgamation takes place as a consequence of the need for the governing body to balance its budget. Those costs directly attributable to the amalgamation would be recouped in less than two years of anticipated over-spend. The Council's income from rates would not be reduced by amalgamation as OSM would be the ratepayer for the whole of the rates liability for the site. The school would be fully funded for their rates charge through their Dedicated Schools Grant schools block funding allocation. The CW&C allocation of DSG from Central Government is based on the actual costs of the rates element (although with a one-year lag), to fund any increased rates burden. Councillors could agree to waive rates, as has been done on a time-limited basis in a small number of exceptional circumstances, but this would not resolve the school's long-term funding issues. Whilst the rationalisation of services purchased from Council-owned subsidiaries could have a significant impact upon the school's budget the marginal loss of income would be of less significance to the providers.

#### **4.4.4 Use of the term amalgamation is misleading.**

A number of respondents take exception to the use of the term 'amalgamation' to describe the proposed arrangement and feel that this is misleading as it conceals the extent of change that is likely to occur. Amalgamation is the term used for the proposed arrangement in Statutory Guidance. The LA believes that the best prospect of maintaining existing expertise and practice is to emphasise continuity, whereas emphasis on closure is more likely to lead to a loss of pupils resulting in a further reduction in staffing levels with a consequential dilution of expertise, practice and culture.

#### **4.4.5 The proposal will result in an immediate loss of nursery pupil sessions.**

This concern was expressed by one respondent. The StM governing body are already faced with having to reduce the number of sessions available to match demand for places. The physical capacity of the nursery will not be reduced and by offering a comprehensive 'wraparound' childcare offer the OSM GB hope to be able to make an offer that is attractive to more parents and will help maximise use of this capacity.

#### **4.4.6 The Local Authority is not putting as much money into the school as it could.**

A number of respondents felt that the LA had the power to put more resourcing into the school. Early Years Funding is allocated to the LA within the Dedicated Schools Grant (DSG) provided by Central Government. The LA is restricted in how it can use the finite Early Years element of DSG by the School and Early Years Finance Regulations and clearly defined criteria for allocating funding to providers equitably. In terms of overall funding received, CW&C is at the lowest level of funding nationally, receiving £4.30 (rising to £4.38 in 2020-21) for every hour of early years entitlement for eligible 3&4-year olds recorded on the January census. The LA is obliged to pass a minimum of 95 per cent of funding allocation to providers, the balance being used to promote and administer the entitlement and develop the quality of provision. An LA must set a universal base rate for funding all providers and is allowed to augment this from a limited prescribed set of supplementary criteria. In CW&C 97.2 per cent of the grant was budgeted to be passed on to providers in 2019-20. In terms of the funding then allocated to settings, the universal base funding (2019-20) rate passed to Early Years settings in CW&C is £3.65/hr; StM receive this rate plus eligible supplements that takes the rate received up to £3.95/hr. The school are also in receipt of supplementary maintained nursery schools lump sum allocation which equates to overall funding of £5.51/hr. Based on the 2019-20 net expenditure budget, the school would need the equivalent of £6.53/hr to achieve a balanced budget. The budgetary settlement for StM already results in a relatively small number of children in one of the most economically advantaged area of the Borough being funded at a higher level than elsewhere in the Borough, any attempt to amend the funding mechanism to increase the funding to StM would be at the expense of young children in settings in the rest of the Borough.

Other respondents recognised that the LA is constrained by the national funding formula and that this was an issue that could only be resolved by Central Government. No viable option for sustainability was put forward by those who recognised that maintained nursery school funding was a national rather than a local issue, other than by the suggestions (dealt with elsewhere) that the LA find a means of commissioning specialist services from the school.

A request was made that no decision should be made before the outcome of the Government's 2020 Spending proposals are known. Time-tabling of the consultative and decision-making process had been scheduled to allow for any significant change in Government policy to be fed into the decision-making process. No such change has been forthcoming.

It was also suggested that the LA was underspending on its Early Years budget and that consequently settings such as StM could have been more generously funded. In certain years the funding the LA receives from Central Government may exceed the payments the LA is obliged to make to providers. This is on account of variations in the take up of free entitlement places to the funding allocation which has to be managed across financial years. Ultimately, any surplus funds would need to be allocated to all providers through the early years single funding formula and not targeted to those in financial difficulty.

#### **4.4.7 The nursery school will return to viability on account of child yield from the Wrexham Road housing development.**

Several respondents suggested the proposed c1400 homes development would yield enough potential pupils to enable the school to benefit from the economies of scale that would come from operating at full capacity. The LA's forecasts suggest that a declining local birth-rate will largely neutralise the potential child yield from the first phases of development. The planned subsequent opening of a new primary school, complete with its own maintained nursery provision (and the potential construction of an additional privately operated childcare facility), is likely to create a greater element of competition in future years with supply potentially significantly exceeding demand until the final phases of house-building are completed.

#### **4.4.8 OSM is too large a school for nursery children.**

This point was specifically made by one respondent and indirectly made by other parents from OSM, whilst several respondents questioned whether the unique environment of a nursery school could be maintained in a large primary school. OSM, with a nursery, would be the standard minimum size for all new primary schools commissioned by the Department for Education. Whilst larger than the average Cheshire West primary school it is not a large school by national standards. The OSM GB's aspiration would be that a large nursery located alongside reception class will allow for the creation of a vibrant foundation stage unit with a strong sense of its own identity.

#### **4.4.9 The loss of StM would be sad but this is a sensible proposal.**

Several current and former parents expressed their sadness at the proposal but recognised the difficulty of sustaining the school. The proposal was described as a 'good alternative' by one parent and the prospect of an enhanced childcare offer was welcomed by another. Another cited the benefits of nursery and reception working more closely together.

#### **4.4.10 The timescale for potential closure is wrong.**

Several respondents questioned whether it was desirable for the proposed amalgamation to take place in the middle of an academic year, the main reason cited being loss of continuity of care. Other respondents who accepted the unsustainability of the existing arrangement felt that certainty over future staffing arrangements would be critical to a smooth transition and that the sooner the transition of governance occurs the better. The LA would have preferred the statutory processes were concluded to enable transition to occur at the end of the academic year but the period of time taken to broker this proposal meant that the statutory process and associated potential HR processes could not be concluded before the end of Autumn Term 2020; the Coronavirus pandemic throws even this timescale into question. The LA continues to monitor a range of considerations that may affect the final timescale for implementation should the proposal for amalgamation be agreed.

**10 June 2020**