



**16 October 2024**

<b>Title</b>	Sunnyside Nursery at Sun Street Children's Centre
<b>Purpose of the report</b>	To make a key decision
<b>Report status</b>	Public Report
<b>Report author</b>	Brian Grady, Director of Education
<b>Lead councillor</b>	Cllr Wendy Griffith; Cllr Ruth McEwan
<b>Corporate priority</b>	Inclusive Economy
<b>Recommendations</b>	Committee are asked to: <ol style="list-style-type: none"><li>1. Agree to consult on formal closure of Sunnyside Nursery.</li><li>2. Delegate authority to the Director of Children's Services to consult on closure.</li><li>3. Delegate authority to the Director of Children's Services in Consultation with the Lead Councillor for Children's Services to decide on the future of the nursery based on the outcomes of the consultation.</li></ol>

## **1. Executive summary**

- 1.1. This report presents a recommendation to consult on the closure of Sunnyside Nursery, a small nursery attached to Sun Street Children's Centre which is currently empty (no children attending as of September 2024), and in the context of a significant increase in number of available childcare places locally.

## **2. Background**

- 2.1. Sunnyside at Sun Street Children's Centre is a Brighter Futures for Children – operated nursery which was established in December 2021. It expanded the childcare creche offer provided historically from Sun Street Children's Centre, which has been voluntarily registered with Ofsted since 2018. Sunnyside Nursery is registered with Ofsted as a stand-alone provision but falls under the management of Brighter Futures for Children.
- 2.2. The nursery is based in the children's centre in the grounds of Sun Street Children's Centre, East Reading. The nursery operates from one room and can accommodate up to eight two-year-old children, opening Monday to Friday 9.15am-12.15pm, term time only. Children attend the nursery for one year and then transition to another local setting when they turn three years to access their universal entitlement to 3 and 4-year-old funding. Funding is solely through the Government funding for two-year-old children; so the nursery only receives funding if children are on roll. Currently the nursery has no children attending.
- 2.3. Sunnyside at Sun Street was the subject of an Ofsted inspection in May 2024 and was graded overall as Good.

- 2.4. Brighter Futures for Children provides the following in-house early years provision for children 0-5 years in Reading:
- Two day nurseries, Surestart Whitley day nursery and The Lodge at Southcote, offering approximately 114 places
  - Sunnyside nursery providing early education to disadvantaged two-year-old children offering up to 8 places.
- 2.5. The aim of the nurseries is to support young children to access their free entitlement to early education and to support parents to access employment by providing childcare. The nurseries help support the Local Authority's statutory duty to ensure there is a sufficiency of early years places in Reading.
- 2.6. Early years provision operate on zero budgets relying on government early years funding entitlement and parental income in the day nurseries to cover costs of running the settings.
- 2.7. Despite having capacity for up to eight children, since the start of 2024 the number of children attending has reduced. The table below indicates the average attendance of the unit over the last two and half years has reduced from 2022/2023 to 2024/2025. There are currently no children attending the setting.

Children attending	Spring	Summer	Autumn
<b>2022</b>	<b>N/A</b>	<b>8</b>	<b>8</b>
<b>2023</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>2024</b>	<b>7</b>	<b>3</b>	<b>0</b>

### **3 Policy context**

- 3.1 Nationally the early years sector is a mixed model of delivery ranging from full day care, pre-schools, childminders, home carers and schools. It is subject to an Ofsted inspection framework. The sector plays an important role in the government's employment agenda enabling the workforce to access childcare for their children supporting a stronger economy.
- 3.2 The sector is however quite financially fragile, largely due to the low levels of agreed funding for free places for 2, 3 and 4 yr olds. The sector received an uplift in April '23 and April '24 which for Reading realised the maximum increase of 4.9% for three- and four-year-olds and 10% for 2-Year-olds from April 2023. Although this was a positive settlement, the current inflation rate impacted the increase.

### **4 Sufficiency of places**

- 4.1 The Reading Childcare Sufficiency Assessment 2023-2024 concluded that there are currently sufficient childcare places for all under-fives where there is a demand and this includes funded early education and paid spaces. The Sufficiency Assessment examines likely future patterns of demand accounting for changing birth rates and any planned new housing developments.
- 4.2 The Assessment identifies that we currently have sufficient places in the East area of Reading. From March 2023, East Reading has seen a net increase of 305 places. 429 new places have been created through expansion and opening of new Private, Voluntary and Independent sector places; with some reductions of provision, totalling

124 places, through the closure of Private, Voluntary and Independent sector places. Further provision is opening in 2025, which will increase the total places locally. Therefore the loss of the 8 places from Sunnyside Nursery is not expected to impact on sufficiency of local childcare places for families.

## **5. The proposal to close Sunnyside Nursery**

5.1 We have analysed the economic and structural viability of the nursery in the light of the low occupancy rates:

- The setting is small, accessing only one room and garden area as part of the children's centre building. There is no option to increase capacity (child numbers) due to the physical constraints of the building. This means we are limited to a theoretical maximum capacity of 8 places,
- The staffing establishment is for a room leader (RG4 grade) and an early years practitioner (L3 grade) for every four children is financially unsustainable and leads to a continued budget pressure, which closure would remove, realising a cost avoidance.
- There is a national shortage of early years staff and small units such as this are more vulnerable to this situation. We have had to rely on agency staff which increases cost pressures and have benefitted from the economies of scale that are associated with larger capacity units. It is noteworthy that the new providers opened in 2023 and 2024 and which are due to open in Reading are all part of much larger structures and will be running larger (30 place plus) units.

## **6 Alternative options for the building**

6.1 The building is part of the local Children's Centre. Closure would permit more Family Hub centred uses of the room made available, meaning we are able to deliver more targeted support for priority families.

## **7 Contribution to strategic aims**

7.1 Closure of the nursery will reduce the capacity for 2yr old places in the local area, although the scale of that reduction is very minor, especially in the light of its historic under- use. It would mean approximately 10 less places against an overall number of approximately 4,000 under-fives places in Reading.

## **8 Environmental and climate implications**

8.1 The decision to consult on the future of Sunnyside will not have any significant environmental or climate implications.

## **9 Community engagement**

9.1 Consultation should take place after the decision to proceed.

## **10 Equality impact assessment**

10.1 We have initiated an Equality Impact Assessment into the proposed closure and change of use. This will be further informed by the community consultation exercise. Any equalities implications which emerge during the process of making the changes to this nursery will be considered as part of the statutory process. Any equalities impact on staff will be considered through the normal consultation processes which include one to one meetings for staff during which any concerns can be discussed. The completed Equality Impact Assessment will be available to the Director of Children's Services when any decision is made.

## **11 Legal implications**

11.1 The Local Authority must comply with the School Organisation legislation, (the Education and Inspections Act 2006), and statutory guidance, "Making 'prescribed

alterations' to maintained schools" published by the Department for Education. This statutory process requires the Local Authority to carry out consultation on the proposed changes, to publish statutory notices which are followed by a four-week representation period, and to make a final decision within two months of the end of the representation period.

## **12 Financial implications**

- 12.1 The nursery will not financially break even due to the size of the unit and will require additional support and resources that will increase expenditure. Brighter Futures for Children have picked up these pressures but this is unsustainable going forward.
- 12.2 The financial risk of this proposal is minimal as staff can be moved to other internal nurseries within BFfC, meaning there is no proposed compensation/redundancies required.
- 12.3 Due to the current sufficiency around the area, closing down this resource will direct more children to other alternative settings, this will help those settings to stay open and risk any future sufficiency in early years places.

## **13 Timetable for implementation**

- 13.1 Consultation lasts for a statutory-prescribed 30 days, allowing a final decision to be made within 2 weeks from the end of consultation.

## **14 Background papers**

- 14.1 There are none.

## FINANCIAL IMPLICATIONS

The financial implications arising from the proposals set out in this report are annual cost avoidance as set out below:-

### 1. Revenue Implications

	2024/25 £000	2025/26 £000
Employee costs	30	30
Other running costs	10	10
<b>Expenditure</b>	40	40
Income from: Fees and charges Grant funding (specify) Other income	0	0
<b>Total Income</b>	0	0
Net Cost(+)/avoidance(-)	-40	-40

### 2. Capital Implications

No capital implications regarding this proposal

### 3. Value for Money (VFM)

Currently the nursery has no children and is not likely to be in the future, so the value for money benchmark would not be achieved and future deficit forecasts will continue.

### 4. Risk Assessment.

Financial risk and ongoing deficits will be created if the proposal is rejected.