

Amalgamation of Little Owls settings

Date: 23/11/2022

Report of: Head of Early Help Services

Report to: Director of Children & Families

Will the decision be open for call in? ☐ Yes ☒ No

Does the report contain confidential or exempt information? ☐ Yes ☒ No

Brief summary

A Financial Health Task and Finish Group, led by the Chief Officer for Financial Services was established in September 2022 to bring key LCC officers together to work collaboratively, constructively, and imaginatively to prioritise work to bring the 2022/23 finances back to a balanced budget and address the identified funding gaps in future years.

Due to the significant budget pressure projections, the Little Owls provision has been identified as one of the services to be scrutinised by the Financial Health Task and Finish Group. To support this work, the Little Owls business review has now been expedited, with an initial phase facilitated by LCC officers.

Within this initial phase of the review, the opportunity to amalgamate several Little Owls settings has been explored. The amalgamation of settings situated in close proximity of each other will result in business efficiencies without reducing a service to children and families.

This report is to inform the Director of Children & Families of the work undertaken and seek approval for the amalgamations be implemented.

Recommendations

- a) That the Director of Children & Families notes the content of this report.
- b) That the Director of Children & Families approves the amalgamation of the following Little Owls settings, to the timescales set out in this report;
 - Armley Chapel Lane to Armley Moor
 - Richmond Hill to Osmondthorpe
 - Dewsbury Road to New Bewerley and City & Holbeck
 - Middleton Over 3's to Middleton Laurel Bank

What is this report about?

- 1 In May 2022, CFSLT approved the establishment of a Project Board to oversee a comprehensive review of the Little Owls provision. However, due to resourcing pressures across the council, no project management resource was identified internally to conduct this review within the timescales required.
- 2 Acting on behalf of CFSLT, Procurement and Commercial Services identified an external organisation with the capability and capacity to deliver a comprehensive review of the Little Owls service. A proposal was received from Local Partnerships in August 2022 that recommended a phased approach to the business review. This proposal was shared with CFSLT in September 2022 and this alternative approach was approved.
- 3 However, it has become apparent that financial pressures across Leeds City Council have increased significantly. Energy costs and inflation are likely to have a significant impact on the current year's budget as well as increasing the budgetary pressures in the Medium-Term Financial Strategy.
- 4 A Financial Health Task and Finish Group, led by the Chief Officer for Financial Services was established in September 2022 to bring key LCC officers together to work collaboratively, constructively, and imaginatively to prioritise work to bring the 2022/23 finances back to a balanced budget and address the identified funding gaps in future years.
- 5 Due to the significant budget pressure projection, the Little Owls provision has been identified as one of the services to be scrutinised by the Financial Health Task and Finish Group. To support this work, the Little Owls business review has now been expedited, with an initial phase facilitated by LCC officers.
- 6 It is deemed imperative that this review considers the ongoing social purpose, as well the financial health of each Little Owls Nursery individually to assess their "value for money" in the context of significant budget pressures.
- 7 Building on the previous work of the Commercial Financial Manager and Early Start Manager each of the existing 28 Little Owls settings have been considered using a scoring matrix to assess their sustainability and viability.
- 8 This scoring matrix considers;
 - a. Number of SEND children attending setting
 - b. Number of children known to CSWS (CIN, CPP, CLA) attending setting
 - c. Number of children living in the most deprived LSOA's attending setting
 - d. The setting's market share of 2 & 3yr old places
 - e. The financial health of each individual setting
 - f. If the site is a designated Childrens Centre
 - g. If the setting is in a sole use or shared building & if in non LCC venue, if there is a lease agreement
 - h. If there is more than one setting serving the same community
- 9 As a result of this exercise the table below indicates the Little Owls settings that can be amalgamated.

SETTINGS SUITABLE FOR AMALGAMATION		
Setting to close	Provision to move to	Rationale
Armley Chapel Lane, Armley	Armley Moor, Armley	Proximity less than 2 miles, children can be accommodated. High deficit
Richmond Hill, Burmantofts & Richmond Hill	Osmondthorpe, Burmantofts & Richmond Hill	Proximity less than 2 miles, children can be accommodated. High deficit, low demand in area
Dewsbury Road, Hunslet & Riverside	New Bewerley, Hunslet & Riverside & City & Holbeck, Hunslet & Riverside	Proximity less than 2 miles. Moving nursery will allow additional Family Services to be delivered. 2yr setting only, deficit.
Middleton Over 3's, Middleton Park	Middleton Laurel Bank, Middleton Park	Proximity less than 2 miles. Drop in demand only 50% full.

- 10 The Sufficiency team do not have any concerns regarding the re-providing of 2, 3 and 4 year olds in Armley, Burmantofts & Richmond Hill, Middleton Park should the proposal be implemented.
- 11 Available places for 2s, 3s and 4s FEEE provision are limited within the City & Holbeck and New Bewerley areas. If children from the Dewsbury Road setting are not able to be accommodated at the nearby LCC Little Owls, parents may find it difficult to secure a place in private provision. There are only two local schools identifying vacancies for 3s and 4s and very limited provision in the area for 2 year olds. The Sufficiency team believe provision for 3 and 4 years old should be manageable but places for 2 year olds are a concern.
- 12 Initial calculations have been conducted by the Early Start Service and although all of the 3 and 4 year olds at Dewsbury Road can be accommodated in the nearby settings up to twenty-two 2 year olds could be displaced. With some reconfiguring of rooms at New Bewerley and City & Holbeck additional 2yr old places could be created. Several children in those settings will also “age out” over the next few months &/or some parents may choose to take up places elsewhere.
- 13 Therefore, the proposal is to extend the transition period for Dewsbury Road to allow more time for the service to work with staff and parents to ensure children are not displaced because of this amalgamation.
- 14 The timetable for implementation of the proposed amalgamations is:

Setting	Amalgamation from	Note
Armley Chapel Lane	1 st January 2023	Children will break for Christmas at their current setting, returning in the new year to their new one
Richmond Hill		
Middleton Over 3's		
Dewsbury Road	1 st April 2023	Delayed due to reasons given in para 12 above

What impact will this proposal have?

- 15 The overall impact of this proposal is to achieve a reduction of in-year and future budget pressures.
- 16 30 staff would be affected. A consultation process, involving the affected staff and their TU representatives will need to take place.
- 17 Given the number of vacancies across the service it is likely that all 17 Nursery Assistants (B1) and 6 Nursery Officers (B3) displaced could be flexibly deployed within the service. However, this may mean they are requested to work in another area of the city. The 2 Child Care Apprentices could also be flexibly deployed in another setting.
- 18 1FTE Assistant Day Care Manager (SO1) would be displaced due to amalgamation but could be flexibly deployed to a current vacancy.
- 19 1FTE all year-round Day Care Manager (PO1) and 3FTE term-time only Day Care Managers would be displaced due to amalgamation proposals.
- 20 To avoid and mitigate potential redundancies a targeted ELI scheme has been initiated across the service at the PO1 level.
- 21 Richmond Hill and Dewsbury Road are designated Children's Centres. There are other Family Services operating from both sites, so the recommended action on the Little Owls provision would not result in the need for any formal consultation or invoke any financial clawback liability.
- 22 Middleton Over 3's provision is situated in a school, which the service currently leases. We are required to give 6 months' notice to end the lease.

How does this proposal impact the three pillars of the Best City Ambition?

☒ Health and Wellbeing

☒ Inclusive Growth

☐ Zero Carbon

- 23 Little Owls nurseries provide childcare services in areas of high deprivation to all children including those with SEND. This enables children and families to access education, training, and work. Therefore, any change &/or reduction of provision may have an impact on children and families of most need.
- 24 Little Owls work in partnership with the Infant Mental Health Service, Health Visitors, physiotherapy, the child development unit, dental and public health services to ensure a healthy start and supports access to healthcare provision that families may not already be accessing. Therefore, any change &/or reduction of provision may have an impact on children and families of most need.
- 25 Childrens Centres continue to support the Children and Young People's Plan and the Best Start Strategy, delivering universal services in localities for all families and targeting those children with highest levels of need.

What consultation and engagement has taken place?

Wards affected: Armley, Burmantofts & Richmond Hill, Hunslet & Riverside and Middleton Park

Have ward members been consulted?

☒ Yes

☐ No

- 26 The Executive Member has been informed of this proposal. They acknowledge that this review is necessary but highlighted that there is very strong political backing to protect the city's Children's Centres. It must be noted however, that the recommendations, as outlined in this paper, would not directly result in the closure of any designated Children's Centre, as other children and family services would continue to operate from within those settings.
- 27 Councillors from all four affected wards have been fully briefed and are all supportive of the proposals.
- 28 The Sufficiency team have been fully consulted and their views have informed these proposals.
- 29 Trade Unions colleagues were briefed on 9th November and a range of different options has been discussed in managing reductions through flexible deployment and targeted ELI across the service.
- 30 The service is optimistic in achieving the reductions through the above, however if this is not achieved then any changes will be managed in line with the council's existing framework.
- 31 Staff briefings will take place during November initially with those staff directly impacted and then with the wider workforce. HR are supportive of a targeted ELI offer in line with the corporate policy and process.
- 32 Families will be informed of the plans once approval has been obtained. All children can be accommodated in neighbouring settings and transitions visits will be offered during December.
- 33 Once staff and parents have been informed, local schools will be notified of the change in arrangements.

What are the resource implications?

- 34 Staff are employed to the service and not to specific settings. It is regular practice to deploy staff to other settings to meet operational needs.
- 35 Based on current nursery numbers and current staffing requirements, the table below indicates the estimated annual savings that could be achieved from implementing these proposals.

Settings	Estimated Savings
Armley Chapel Lane to Armley Moor	£66,000

Richmond Hill to Osmondthorpe	£157,000
Dewsbury Road to New Bewerley / City & Holbeck	£126,000
Middleton Over 3s to Middleton Park	£128,000
TOTAL	£477,000

- 36 The savings identified so far relate to the staffing implications set out above, however there may be opportunities arising from release of the space within buildings currently occupied by the nurseries to be closed or amalgamated. Work will be undertaken within estate rationalisation programme to identify the implications.

What are the key risks and how are they being managed?

- 37 Through consultation with Trade Unions the service has agreed a targeted ELI offer that has been open to all PO1 Day Care Managers within the service. This measure will reduce the potential risk of compulsory redundancy for the affected staff.
- 38 A further key risk is that parents will object to the proposals given it may mean increased journey time to an alternative setting and be unsettling for the children moving nurseries. Key to the proposal will be a period of engagement, working with parents and carers to provide reassurance, alleviate concerns and address, wherever possible, any negative impact.

What are the legal implications?

- 39 As the implementation of the recommendations would not directly result in the closure of any designated Children's Centres there are no legal implications in terms of statutory consultation or financial clawback.
- 40 No other legal issues have been identified, although work with Legal, and Procurement and Contracts colleagues continue,

Options, timescales and measuring success

What other options were considered?

- 41 One option would be to continue business as usual and not undertake this review. Due to the current finance challenge LCC is experiencing this is not deemed a suitable option, and from a service perspective there would remain issues around sustainability of those settings identified, in terms of finance and staffing.

How will success be measured?

- 42 Where an amalgamation is to take place, success will be measured through transition effectiveness, with minimum disruption for children, families, and staff.
- 43 For the desired savings to be achieved and an overall reduction in the Little Owls budget pressure.
- 44 Settings that are being amalgamated into, that these become more sustainable over the medium term.

What is the timetable and who will be responsible for implementation?

- 45 Given that alternative places are available for children in Little Owls nurseries identified for amalgamation in the same ward and that the financial savings identified to date do not meet the threshold for a key decision it is proposed that the decision in respect of these nurseries should be taken as a significant operational decision.
- 46 The Director of Children and Families has delegated authority in relation to early year's provision and is therefore authorised to take the decisions necessary to give effect to these proposals.
- 47 An item was published to the List of Forthcoming Key Decisions on Tuesday 18th October 2022, meaning that the earliest date a key decision could be taken is Wednesday 16th November 2022.

- 48 Further detailed work regarding the financial impact of the proposals to commence immediately and be led by Children & Families Finance Business partners.
- 49 Revised staffing structures and consultation process to be facilitated by Early Start & Children's Centre Management team to commence as soon as possible.
- 50 It is hoped that the amalgamation of Armley, Burmantofts & Richmond Hill and Middleton Park Little Owls can be implemented from the 1st January 2023 and the Hunslet and Riverside amalgamation from 1st April at the latest.

Appendices

- None

Background papers

- None