

# **CHILDREN'S SERVICES AND FINANCE AND PROCUREMENT JOINT PORTFOLIO DECISION RECORD 9 AUGUST 2011**

The meeting commenced at 10.00 a.m. in the Civic Centre, Hartlepool

**Present:**

Councillor Cath Hill (Children's Services Portfolio Holder) and  
Councillor Robbie Payne, (Finance and Procurement Portfolio Holder).

Also Present: Councillor Chris Simmons, Chair of Children's Services Scrutiny  
Forum.

Officers: Caroline O'Neill, Assistant Director, Performance and Achievement  
Danielle Swainston, Sure Start, Extended Services and Early Years  
Manager  
David Cosgrove, Democratic Services Team.

## **1. Local Authority Childcare Settings – Oscars Out of School Service, Bushbabies Day-care and Chatham House Day-care** *(Director of Child and Adult Services)*

**Type of decision**

Key decision – tests (i) and (ii) apply. Forward Plan ref: CAS 94/11

**Purpose of report**

To seek approval for the future delivery of local authority day-care settings – Bushbabies day-care and Chatham House day-care and to consider the options for the future delivery of OSCARs out of school service and decide on the future delivery of this setting. The council currently provides childcare through three settings – OSCARs out of school service, Bushbabies day-care and Chatham House day-care. These settings are all currently subsidised by the council. Due to the current financial situation for the council these settings can no longer be sustained and therefore the delivery of these settings needs reviewing. The report set out the current budget positions for the settings and set out recommendations for their future delivery.

**Issue(s) for consideration by Portfolio Holder**

The council had a duty through the Childcare Act 2006 to ensure that there were sufficient childcare places for parents to access employment and training. The council was not required to deliver the childcare. The

expectation from government was that the voluntary and private sector should provide the childcare for an area using a sustainable business model.

In order to ascertain if there were sufficient places the council carried out a childcare sufficiency assessment every three years and refreshed the information annually. The most recent full childcare sufficiency assessment was published in April 2011. The assessment showed that the supply of 0-5 year old childcare was significantly higher than the demand for these places and there were slightly more out of school childcare places than demand suggested. In contrast the assessment indicated that the supply of holiday places only just met the demand for places therefore implying that a small reduction in holiday provision would be of concern to working parents in Hartlepool.

The report set out the services provided by Oscars, Bushbabies and Chatham House, their hours of operation and the staff numbers involved. The financial situation of the three providers were also set out which showed that the projected deficits for the providers which were –

	Deficit for 2010/11	Allocated council Budget 2011/12	Therefore potential gap in funding giving a budget pressure for 2011/12
OSCARs out of school	£29,000	£10,000	£19,000
Bushbabies day-care	£80,000		£85,000
Chatham House day-care	£122,638		£110,000

It was highlighted that these figures were projections that had some caution attached to them but they did show that the three services were not sustainable.

It was reported that a market-testing event had been held in March of this year to determine whether private or voluntary providers would be interested in delivering the three childcare services in line with current government thinking on childcare. The event had been well attended and providers had been asked to express an interest in providing the child care services in total 22 expressions of interest had been received with one national organisation expressing an interest in all three settings.

Options for the future of all three child care settings were set out in the report. Briefly, these were;

Options for Oscars: -

Option One – The Council to continue to provide OSCARs out of school

service and continue to provide the £10,000 subsidy.

Option Two – The LA to continue to provide OSCARs out of service through one delivery site instead of two.

Option Three – Carry out a tender process for an external provider to provide the out of school service.

Option Four – Closure of the OSCARs out of school service.

Options for Bushbabies: -

Option One – The Council to continue to provide Bushbabies day-care as part of the Rossmere Children's Centre.

Option Two – Carry out a tender process for an external provider to provide the day-care service.

Option Three – Closure of Bushbabies day-care.

Options for Chatham House: -

Option One – The Council to continue to provide Chatham House day-care as part of the Chatham House Children's Centre.

Option Two – Carry out a tender process for an external provider to provide the day-care service.

Option Three – Closure of Chatham House day-care.

All staff from Bushbabies day-care, Chatham House day-care and OSCARs out of school service were invited to a meeting on 24th June 2011. Unions, HR and child and adult services managers were in attendance along with a representative from Association for Public Service Excellence (APSE). The representative from APSE gave a presentation to the staff affected on the different types of service delivery models including the main considerations, advantages and disadvantages. All staff were unanimous that they would not move forward with any interest in operating these services in a co-operative or mutual service delivery model. The staff were keen that the Members considered the options for each service separately.

The report detailed the risks facing the council in considering the options set out in the report. Continuing to provide the childcare places a significant budget pressure on the council of over £200,000. Closure of the settings could on some occasions lead to families not being able to access childcare in order for them to work. It was highlighted that the greatest risk was holiday care as the market was only just covering demand with OSCARs included in the places. Closing the settings would lead to potential redundancy costs for a total of 39 staff. The market testing exercise showed that there were providers potentially interested in delivering the childcare. This, however, must be taken with caution as these were only initial discussions.

It was recommended that a tender exercise be undertaken for the provision of the three childcare settings by external providers as this could provide staff transferred through TUPE regulations with some protection and parents would still be able to use these care facilities.

It was also highlighted for Portfolio Holders information that the services had been discussed at Business Transformation Board where concern had been raised at the level of subsidies the three child care settings required and the number of staff involved.

The Children's Services Portfolio Holder commented that the decision on the future of the services was extremely difficult and questioned the Sure Start, Extended Services and Early Years Manager on the national organisation that had expressed an interest in all three child care settings. The Sure Start, Extended Services and Early Years Manager indicated that a national voluntary child care provider 4Children had expressed an interest in the services. The organisation did provide services for local authorities, predominantly in the south, though did have a presence in the North east, most notably in Stockton.

The Portfolio Holders questioned the option of bringing Oscar's onto one centrally based site. Had a potential venue been identified and would the savings of reducing from two sites not be outweighed by the additional transport costs. The Sure Start, Extended Services and Early Years Manager indicated that transport costs could be an issue not just for the organisation but also for the families who used the service. The costs of transport could be offset by the reduction in management costs. It was also highlighted by the Assistant Director, Performance and Achievement that neither of the current sites were operating anywhere near capacity.

The Finance and Procurement Portfolio Holder expressed concern at the recommendation to go to an outside provider for the three services. He supported the proposal made by the Children's Services Portfolio Holder for the move to one site for Oscars though did feel that all the potential locations for the service had not been fully explored.

The Chair of Children's Services Scrutiny Forum questioned the numbers of families accessing the services of the three settings that would receive support from the authority through the Early Intervention Grant and asked if the grant could be used to support the services in some way. The Assistant Director, Performance and Achievement commented that between 25% and 40% of the families at the three centres were supported but the concern was that with the level of support being given to the three settings, the authority was also supporting the 70% of users who could more than likely pay their way.

The Portfolio Holders had great concern at the potential of making the staff involved in the services redundant. The Children's Services Portfolio Holder also expressed her wish to protect the jobs at the other private providers in the town from the potential of a large scale national organisation coming into the town and putting their businesses at risk.

Members questioned if there was sufficient capacity in the town should Bushbabies and Chatham House close. The Assistant Director,

Performance and Achievement stated that there was sufficient capacity to accommodate all the children concerned. Wherever those families that were supported by the authority at the current settings eventually ended up being placed, they would still receive the same level of support they did now; that would not change.

The Portfolio Holders discussed at length the options available to them. The options of making the operations 'full cost recoverable' were considered but this would make the charges to parents prohibitive. Options for the tendering procedure, including the weighting of the proposals to local suppliers was also one option explored. After lengthy discussions, the portfolio holders agreed that the services provided through OSCARs should be consolidated onto one central site.

The services provided through Bushbabies and Chatham House caused both portfolio holders concern. It was with great reluctance that both portfolio holders agreed that these services should be closed. The Portfolio Holders stated that their reasoning for this was that there were alternative placements available for children in the private sector nursery's in the town; the financial support of the facilities could not continue in light of the current financial situation and the withdrawal of government grant; all those parents that received support from the authority through early intervention processes would continue to receive support; there was no prospect of the two facilities being run on a 'full costs recoverable' basis; and a tendering process could lead to the introduction of a national operator coming into the town and damaging the long term viability of the current local providers businesses.

The Portfolio Holders stated that their decision inevitably lead to redundancies which they had wished to avoid. The Portfolio Holders requested that officers contact the staff immediately following the meeting to commence to inform them of the decision and to commence the appropriate personnel procedures. Portfolio Holders also requested that officers meet with the private providers to look to finding re-employment for as many staff as possible. Parents should also be contacted to assist in the process of finding new placements for their children.

### **Decision**

1. That in relation to OSCARs the authority continue to provide OSCARs out of service through one delivery site instead of two and that an appropriate central facility be identified.
2. That the Bushbabies and Chatham House day-care facilities be closed.

The meeting concluded at 10.20 a.m.

**P J DEVLIN  
CHIEF SOLICITOR**

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