

JOINT CHILDREN'S SERVICES AND FINANCE AND PROCUREMENT PORTFOLIO

DECISION SCHEDULE



Thursday 22 September 2011

at 11.00 a.m.

in Committee Room C, Civic Centre, Hartlepool

Councillors C Hill and R Payne, Cabinet Members responsible for Children's Services and Finance and Procurement will consider the following items.

1. **KEY DECISIONS**

- 1.1 Call-in of decision - Local Authority Childcare Settings – Oscars Out of School Service, Bushbabies Daycare and Chatham House Daycare – *Scrutiny Coordinating Committee*

2. **OTHER ITEMS REQUIRING DECISION**

No items

3. **ITEMS FOR INFORMATION**

No items

JOINT CHILDREN'S SERVICES & FINANCE AND PROCUREMENT PORTFOLIO HOLDERS

22 September 2011



Report of: Scrutiny Co-ordinating Committee

Subject: CALL-IN OF DECISION - LOCAL AUTHORITY
CHILDCARE SETTINGS - OSCARS OUT OF
SCHOOL SERVICE, BUSHBABIES DAYCARE AND
CHATHAM HOUSE DAYCARE

SUMMARY

1. PURPOSE OF REPORT

2.1 To report the outcome of the Scrutiny Co-ordinating Committee meeting on the 19 August 2011 at which consideration was given to the Call-In of the following decision taken by the Children's Services and Finance and Procurement Portfolio Holders at a joint meeting on the 9 August 2011:-

Minute No. 1 – Local Authority Childcare Settings - Oscars Out Of School Service, Bushbabies Daycare and Chatham House Daycare.

2. That the Bushbabies and Chatham House day-care facilities be closed.

2.2 To refer the joint decision taken by the Children's Services and Finance and Procurement Portfolio Holders on 9 August 2011, as outlined in section 2.1 above (Minute No. 1 refers), back to the Children's Services and Finance and Procurement Portfolio Holders for further consideration.

2. SUMMARY OF CONTENTS

The report outlines the key concerns of the Scrutiny Co-ordinating Committee in relation to the 'call-in' of the joint decision taken by the Children's Services and Finance and Procurement Portfolio Holders on the 9 August 2011 in relation to the closure of the Bushbabies and Chatham House day-care facilities.

3. RELEVANCE TO CABINET

3.1 As per the Authority's Call-In procedure, the Children's Services and Finance and Procurement Portfolio Holders are required to consider the Scrutiny Co-ordinating Committee's comments and respond to them. In considering comments the Children's Services and Finance and Procurement Portfolio Holders have two options in terms of a way forward:-

- (i) Reaffirm the original decision, or
- (ii) Modify the original decision.

4. TYPE OF DECISION

4.1 Non key decision.

5. DECISION MAKING ROUTE

5.1 The decision making route is as follows:

- A Joint Children's Services and Finance and Procurement Portfolio Holder meeting on the 9 August 2011;
- The Scrutiny Co-ordinating Committee on 19 August 2011;
- A Joint Children's Services and Finance and Procurement Portfolio Holder meeting on the 22 September 2011; and
- Report back to the Scrutiny Co-ordinating Committee (Date TBC).

6. DECISION(S) REQUIRED

6.1 To note the views expressed by the Scrutiny Co-ordinating Committee in response to the 'call-in of the decision taken on the 9 August 2011; and

6.2 To reaffirm or amend the joint decision taken by the Joint Children's Services and Finance and Procurement Portfolio Holders on the 9 August 2011 (minute no. 1 refers), setting out the reasons for doing so in response to the issues raised by the Scrutiny Co-ordinating Committee.

Report of: Scrutiny Co-ordinating Committee

Subject: CALL-IN OF DECISION - LOCAL AUTHORITY
CHILDCARE SETTINGS - OSCARS OUT OF
SCHOOL SERVICE, BUSHBABIES DAYCARE AND
CHATHAM HOUSE DAYCARE

1. BACKGROUND

1.1 At the Joint Children's Services and Finance and Procurement Portfolio Holder meeting on the 9 August 2011, a report was submitted in relation to the 'Local Authority Childcare Settings - Oscars Out Of School Service, Bushbabies Daycare and Chatham House Daycare'.

1.2 Following consideration of the reports / information provided Cabinet made the following decisions:-

Minute No. 1 – Local Authority Childcare Settings - Oscars Out Of School Service, Bushbabies Daycare and Chatham House Daycare.

2. That the Bushbabies and Chatham House day-care facilities be closed.

1.3 To assist the Children's Services and Finance and Procurement Portfolio Holders, copies of the relevant report and an extract of the minutes from the Joint Children's Services and Finance and Procurement Portfolio Holder meeting on the 9 August 2011 are attached at **Appendices 2 and 3**, respectively.

1.4 Following the decision taken at the Joint Children's Services and Finance and Procurement Portfolio meeting, a Call-In Notice was issued by 5 Members of the Council on the 18 August 2011. This notice was accepted by the Monitoring Officer on the 18 August 2011 and a copy is attached at **Appendix 1**.

1.5 The Scrutiny Co-ordinating Committee, at its meeting on the 19 August 2011, considered the Call-in notice and made a variety of comments and recommendations, as detailed in Sections 2 and 3 of this report.

2. KEY ISSUES / CONCERNS

2.1 The Scrutiny Co-ordinating Committee gave initial consideration to a 'call-in' notice in relation to the decision of the Portfolio Holders (as outlined in Section 1.1 above) at its meeting on the 19 August 2011. Following consideration of the information provided, the Committee received the 'call-in' notice and accepted that the decision had been taken in contravention of the principles of decision making as outlined in Article 13 of the Constitution – specifically in respect of parts:-

i) Due consideration:

- Parents not consulted effectively and clearly; and

vi) A presumption in favour of openness:

- Not achieved by lack of consultation.

- 2.2 The Committee acknowledged that the decision had been made on the basis that there were alternative placements available for children in other settings in the town and that financial support of the facilities could not continue in light of the current financial situation. It was also noted that arrangements had been made to assist staff in finding suitable alternative employment. However, whilst Members acknowledged the reasons for the decision, there was great concern that parents had not been consulted in relation to the proposed closure. This lack of consultation clearly contravened the principles of decision-making in terms of openness and transparency.
- 2.3 The Committee did not, however, support the assertion that the decision had contravened the principles of decision making in respect of i) 'Due Consideration' on the grounds that 'all Councillors especially Ward Councillors were not informed or kept up to date with the decision making process'. The basis of this being that:-
- i) The issue / decision had been included within the Forward Plan, although it was noted that this related to a review of provision and not specifically a decision in relation to closure.
 - ii) The issue had previously been discussed through the Business Transformation Board.
- 1.6 In addition to this, Members referred to the process required, through legislation, for the completion of equality assessments as part of the financial decision making process. In light of this, Members were keen to receive a briefing from the Monitoring Officer on the most appropriate methods of ensuring that sound arrangements are in place to ensure that equality arrangements around financial decisions were understood and effectively implemented when decisions were being taken.

3. RECOMMENDATIONS

- 3.1 That the Children's Services and Finance and Procurement Portfolio Holders be asked to reconsider their decision, on the grounds that it contravened the principles of decisions making in relation to openness and transparency (as outlined in section 2 above).
- 3.2 That in reconsidering their decision, the Scrutiny Co-ordinating Committee recommend to the Children's Services and Finance and Procurement Portfolio Holders that meaningful and effective consultations be undertaken with the parents of those children affected by the closures.

Hartlepool Borough Council

Overview and Scrutiny – Call-in Notice – All Members (with the exception of Executive Members)



1. Which decision would you like to call-in?

Please include details of the decision, when it was taken and by whom)

Decision: that bushbabies and Chatham house daycare facilities be closed. Taken 9th August, 2011, at Childrens Services and finance procurement joint portfolio meeting.

2. What are the reasons for calling-in this decision?

Call-in must only be used in exceptional circumstances and the justification for the call must be either: Please tick as appropriate

- that the decision or proposed decision is outside the Budget and Policy Framework
- that the decision was not taken in accordance with the principles of decision making set out in Article 13 of the Constitution.

SECTION 3. – Due consultation

Parents not consulted effectively or clearly.
All Councillors especially Ward Councillors not informed or kept up to date with decision making process.

SECTION 6 – A presumption in favour of openness.

Not achieved by lack of consultation.

Councillor	Position and Party Group	Signature
1. TRISHA LAWTON	COUNCILLOR LABOUR PARTY	Trisha Lawton
2. C AKERS-BELCHER	COUNCILLOR LABOUR PARTY	C Akers-Belcher
3. STEVE GIBBON	COUNCILLOR, A.T.C.	Steve Gibbon
4. STEPHEN THOMAS	COUNCILLOR LABOUR PARTY	Stephen Thomas
5. ANN MARSHALL	COUNCILLOR LABOUR PARTY	A Marshall

NB. Any Member (with the exception of Executive Members) may initiate call-ins providing they have the support of at least four other members of the Council. The signatories must represent at least two of the Council's political groups.

Councillor: *A Marshall* . ANN MARSHALL

Signed: *A Marshall* . Date: 18 . 8 . 11

For office use only

Date received: 18/8/11 Initials: AA SCC Agenda:

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

MINUTE EXTRACT

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**

PUBLICATION DATE: 17th August 2011

JOINT CHILDREN'S SERVICES AND FINANCE AND PROCUREMENT PORTFOLIO

Report to Portfolio Holder
9th August 2011



Report of: Director of Child and Adult Services

Subject: LOCAL AUTHORITY CHILDCARE SETTINGS -
OSCARs OUT OF SCHOOL SERVICE,
BUSHBABIES DAYCARE AND CHATHAM
HOUSE DAYCARE

SUMMARY

1. PURPOSE OF REPORT

- 1.1 To seek approval for the future delivery of local authority daycare settings – Bushbabies daycare and Chatham House daycare
- 1.2 To consider the options for the future delivery of OSCARs out of school service and decide on the future delivery of this setting.

2. SUMMARY OF CONTENTS

- 2.1 The council currently provides childcare through three settings – OSCARs out of school service, Bushbabies daycare and Chatham House daycare. 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 following report sets out the current budget positions for the settings and sets out recommendations for their future delivery.

3. RELEVANCE TO PORTFOLIO MEMBER

- 3.1 This report covers children and family issues but also explores procurement of the services through external organisations.

4. TYPE OF DECISION

4.1 Key decision CAS 94/11

5. DECISION MAKING ROUTE

5.1 Joint Children's Services and Finance and Procurement Portfolio Holder meeting 9th August 2011.

6. DECISION(S) REQUIRED

6.1 To consider the options and make a decision on the future delivery of OSCARs, Bushbabies daycare and Chatham House daycare.

Report of: Director of Child and Adult Services

Subject: LOCAL AUTHORITY CHILDCARE SETTINGS -
OSCARs OUT OF SCHOOL SERVICE,
BUSHBABIES DAYCARE AND CHATHAM
HOUSE DAYCARE

1. PURPOSE OF REPORT

- 1.1 To consider the options for the future delivery of local authority daycare settings – Bushbabies daycare and Chatham House daycare and decide on the future delivery of these settings.
- 1.2 To consider the options for the future delivery of OSCARs out of school service and decide on the future delivery of this setting.

2. BACKGROUND

- 2.1 The council currently operates three childcare settings – OSCARs out of school and holiday service, Chatham House daycare and Bushbabies daycare.
- 2.2 OSCARs is an out of school service that provides childcare to children aged 4-16 years olds on two sites – Miers Avenue Sure Start building and Owton Manor Community Centre. OSCARs has been in operation since 1993. The service offers after school care between 3pm and 6pm and holiday care from 8.30am – 5.45pm. The service has a capacity of 50 children for each site and on average offers care for 34 children on a typically average day. OSCARs currently employs 10 staff.
- 2.3 Bushbabies is an all year round 0-5 daycare facility operating from the Rossmere Sure Start Children's Centres. The nursery has been operating for approximately five years and services parents from across the town. It operates from 8am – 6pm for 51 weeks a year. There are currently 98 children on the register. These children access various sessions across the week. Bushbabies currently employs 17 staff.
- 2.4 Chatham House daycare is an all year round 0-5 daycare facility operating from the Chatham House Sure Start Children's Centre. The nursery has been operating for approximately five years and services parents from across the town. It operates from 7.45am – 5.45pm for 51 weeks a year. There are currently 69 children on the register. These children access various sessions across the week. Chatham House daycare currently employs 12 staff.

3. CHILDCARE REQUIREMENTS

- 3.1 The council has a duty through the Childcare Act 2006 to ensure that there are sufficient childcare places for parents to access employment and training. The council is not required to deliver the childcare. The expectation from government is that the voluntary and private sector should provide the childcare for an area using a sustainable business model.
- 3.2 In order to ascertain if there are sufficient places the council carries out a childcare sufficiency assessment every three years and refreshes 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.
- 3.3 Previously there has been a requirement for children's centres to deliver childcare. The current government has withdrawn this requirement therefore there is no statutory need for the council to deliver daycare in a children's centre.
- 3.4 The childcare market in Hartlepool is predominantly provided by the private sector, schools and the voluntary and community sector.

4. CURRENT BUDGET POSITION

- 4.1 The tables below show the amount of funding needed to deliver the three childcare settings:

	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

The Service Delivery Review for out of school care increased the prices for OSCARs out of school and holiday care in order to attempt for the service to break even. Therefore the level of allocated council budget for OSCARs is lower than the 2010/11 deficit. It is expected that income generated will allow the service to operate within this council funding

but there is a risk that this income is not received therefore giving a budget pressure for 2011/12.

	Deficit for 2010/11	Projected budget required for 2011/12
Bushbabies daycare	£80,000	£85,000
Chatham House daycare	£122,638	£110,000

4.2 This shows that the settings are not currently sustainable and therefore decisions need to be made on the future delivery of these services.

4.3 Bushbabies and Chatham House daycare settings have previously been funded through the General Sure Start Grant but this grant is no longer available. An Early Intervention Grant is now being received by the council from government but this grant needs to focus very clearly on early intervention services to ensure improved outcomes for children and young people. The number of children accessing the daycare is a small proportion of the total under 5s population in Hartlepool but the subsidy being spent on the settings is high. This highlights a disproportionate amount of funding being spent on a small cohort of children.

5. MARKET TESTING

5.1 In order to understand potential options for the future delivery of the settings a market testing exercise took place. This was to determine whether private or voluntary providers would be interested in delivering the three childcare services. This would also be in line with current government thinking on childcare.

5.2 A market testing event was held on 3rd March 2011. Invites were sent to:

- All childcare providers in Hartlepool;
- Individuals who had previously contacted the Families Information the Service expressing an interest in operating a childcare service;
- Local voluntary and community sector groups that work with children and young people;
- National providers of childcare;
- An invite was also placed in the Hartlepool Mail.

5.3 The market testing event was well attended with a range of attendees from the public, private and voluntary sector. Information was presented giving details of each setting and an outline budget position. The attendees had an opportunity to ask questions.

5.4 Potential providers were asked to express an interest in providing the childcare by 11th March 2011.

5.5 There were expressions of interest received as below:

OSCARs	4 expressions of interest
Bushbabies	10 expressions of interest
Chatham House	8 expressions of interest

The above includes a national organisation that has expressed interest in delivering all three settings.

6. OPTIONS FOR OSCARs

6.1 Option One – The Council to continue to provide OSCARs out of school service and continue to provide the £10,000 subsidy.

The deficit for 2010/11 was £29,000. It is hoped through the increase in prices that this deficit will be reduced to £10,000 and this amount of funding has been allocated to the service for 2011/12. It must be noted that there is a risk that the income generated will not be sufficient which may give a budget pressure in 2011/12.

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

This option could potentially reduce costs through the amalgamation of OSCARs 1 at Miers Avenue and OSCARs 2 at Owton Manor Community Centre with a new site being found. Ofsted regulations require at least a Level 3 qualified member of staff to be in charge on a day to day basis. If the two sites were to merge this would enable staffing costs to be reduced due to only one leader needing to be in place. A staff restructure would need to be implemented which would include redundancies. Redundancy costs would therefore need to be found. The number of childcare places available would need to be reviewed based on possible accommodation. Initial calculations have been carried out and it showed that the amalgamation would still leave an approximate £8,000 deficit. These calculations must be met with caution as it is unknown as to whether parents would continue to use the service if it was based at one site. Transport costs must also be taken into account as children are currently picked up from school. There is a risk that transport costs could continue to rise which would place more pressure on the budget.

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

The market testing has shown that there is significant interest from alternative providers in taking over delivery of this childcare service.

This option would save the £10,000 of council funding allocated to OSCARs and reduce any risk of budget pressure as the external provider would be responsible for all costs. Staff currently employed by the council would need to be transferred to the new provider through TUPE. This option would ensure that the service continues to be delivered allowing families to access the childcare they need.

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

This would save the council £10,000 and remove any risk of overspend which would lead to a budget pressure but could pose difficulties in relation to childcare sufficiency. The childcare sufficiency assessment for 2010/11 indicated that the supply of holiday care was just adequate for the demand therefore if OSCARs were to close a large number of families would struggle to find childcare. This may have an affect on the ability of parents to maintain their employment which may ultimately impact on child poverty levels.

7. OPTIONS FOR BUSHBABIES

7.1 Option One – The Council to continue to provide Bushbabies daycare as part of the Rossmere Children's Centre.

Bushbabies daycare has been subsidised through the General Sure Start Grant since opening. In April 2011 the Sure Start grant was removed and a reduced Early Intervention Grant was received from the government with a 22% cut. This grant is expected to develop early intervention services. The council would need to find £85,000 to continue to subsidise the setting.

7.2 Option Two – Carry out a tender process for an external provider to provide the daycare service.

As stated above Bushbabies daycare has been subsidised using the General Sure Start grant. This grant has been removed. This option would allow the £85,000 subsidy currently being allocated via the Early Intervention Grant to be spent on early intervention services for vulnerable children as the external provider would be responsible for all costs. Staff currently employed by the council would need to be transferred to the new provider through TUPE. This option would ensure that the service continues to be delivered allowing families to access the childcare they need. The market testing exercise indicated that there are potential providers interested in delivering the provision.

7.3 Option Three – Closure of Bushbabies daycare.

There are no requirements for daycare to be delivered in a children's centre but it needs noting that a number of vulnerable children access the setting and these children would need to be placed at other childcare settings across the town. The childcare sufficiency

assessment for 2010/11 indicated that there are more daycare places across the town than parental demand. This option would mean that staff would have to be made redundant and therefore redundancy costs would need to be found.

8. OPTIONS FOR CHATHAM HOUSE

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

Chatham House daycare has been subsidised through the General Sure Start Grant since opening. In April 2011 the Sure Start grant was removed and a reduced Early Intervention Grant was received from the government with a 22% cut. This grant is expected to develop early intervention services. The council would need to find £110,000 to continue to subsidise the setting.

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

As stated above Chatham House daycare has been subsidised using the General Sure Start grant. This grant has been removed. This option would allow the £110,000 subsidy currently being allocated via the Early Intervention Grant to be spent on early intervention services for vulnerable children as the external provider would be responsible for all costs. Staff currently employed by the council would need to be transferred to the new provider through TUPE. This option would ensure that the service continues to be delivered allowing families to access the childcare they need.

- 8.3 Option Three – Closure of Chatham House daycare.

There are no requirements for daycare to be delivered in a children's centre but it needs noting that a number of vulnerable children access the setting and these children would need to be placed at other childcare settings across the town. The childcare sufficiency assessment for 2010/11 indicated that there were more daycare places across the town than parental demand. This option would mean that staff would have to be made redundant and therefore redundancy costs would need to be found.

9. BUSINESS TRANSFORMATION FEEDBACK

- 9.1 The above options were presented to the Business Transformation Board on 1st June 2011 and a comprehensive discussion took place. Concerns were raised about the amount of subsidy needed for the council to continue to operate these settings. It was agreed that due to the council not having a statutory duty to deliver the provision that the subsidy could not be continued. In light of this there were major

concerns raised about the staff working in these settings and their future.

- 9.2 A number of delivery options, such as a staff co-operative and mutuals, were discussed and it was agreed that it would be worthwhile for staff to be consulted on potential staff delivery options.

10. STAFF CONSULTATION

- 10.1 All staff from Bushbabies daycare, Chatham House daycare 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, which is reflected in this report.

11. RISK IMPLICATIONS

- 11.1 There are a number of risks associated with the options set out above
- 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 needs to be noted that the greatest risk is holiday care as the market is 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 are providers potentially interested in delivering the childcare. This must be taken with caution as these were only initial discussions.

12. LEGAL AND FINANCIAL CONSIDERATIONS

- 12.1 The settings as stated above are in deficit as above:
- | | |
|---------------|---|
| OSCARs | £10,000 (this may be higher as the projected deficit is approx £30,000) |
| Bushbabies | £85,000 |
| Chatham House | £110,000 |
- 12.2 Legal, HR and procurement advice and guidance will need to be sought if portfolio holders decide to go out to the market. TUPE regulations will need to be followed if this decision is taken.

13. RECOMMENDATIONS

- 13.1 The recommended option is for the council to carry out a tender process whereby external providers are sought to provide the three types of childcare.

14. REASONS FOR RECOMMENDATIONS

- 14.1 The three local authority childcare settings are not currently sustainable and need significant subsidy from the council to continue to deliver the service. If an external provider were able to provide the childcare staff would be protected through TUPE regulations and parents would continue to be able to use this care.

15. BACKGROUND PAPERS

Three appendices are included with this report. These appendices are the detailed financial reviews which are undertaken each year by the Business Support Officer that specialises in childcare. Information contained in these reports includes significant financial data including information on staffing.

These items contain exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) Information relating to the financial or business affairs of any particular person (including the authority holding that information)

Appendix A – Financial report 2010/11 Chatham House daycare

Appendix B – Financial report 2010/11 Bushbabies daycare

Appendix C – Financial report 2010/11 OSCARs out of school service

16. CONTACT OFFICER

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