

Initial Cost Benefit analysis- the 'Right to Provide' expression of interest

	Pros	Cons
1	Explores the potential to draw in additional investment over and above any contract funding from B&NES, either through its trading or through grants such as Children In Need. The staff group believe there is an opportunity to generate significant income by 'trading' some of their services.	The development of the staff-led organisation will need 12 -18 months to develop a business case and prove viability. This means the Children's Centre service is unable to move fully to the new model with two service groupings with effect from 1st April 2015, and would have to operate on the basis of three groupings for the transitional period in which the mutual is being developed. This means a saving of just under £1.4m of the £1.5 can be delivered in 2015/16 - the transitional cost of this is calculated to be £104k in 2015/16 and £76K spread over the following two years as transitional costs taper
2	Potential to address the funding gap and retain some aspects of the service that will no longer be funded and commissioned through B&NES budget such as universal groups.	Both staff developing the mutual and commissioning staff would need to commit time and resource to support the development of the mutual.
3	Reduces the likelihood of negative publicity about the changes	There may be an adverse reaction to the services being externalised and the additional transitional cost .
4	Builds capacity in the local market of organisations able to bid for and deliver commissioned Children's Centre services. This would support the Council's 'Think Local' procurement policy.	
5	Supports stability during a period of significant change	May be perceived as a loss of the opportunity to remodel the Children's Centre service
6	Seen as an attractive option as it's not 'privatisation' of public sector services. Any income generated commercially is used for social benefit and ploughed back into the service to meet its social objectives.	There is a risk that the staff mutual is not viable and sustainable and its establishment cannot be supported. This is likely to incur additional one-off costs. An alternative plan will need to be agreed. If the proposal is supported, there will be a recommendation for the Director and Cabinet member to have discretion at key points in the process to halt the process.
7	The existing service providers (B&NES	The establishment of a staff mutual

	<p>and First Steps) are interested in investigating the potential to develop some form of collaboration, with the potential to offer a seamless transition from the current arrangements to the new model. This would minimise any disruption to the services and families and staff.</p> <p>It will be a requirement of the providers that they work together to achieve the development of a Bath service grouping and full implementation of the model</p>	<p>and the creation of a Bath Service group is made more complex because the Children's Centre service in Bath West is managed externally by First Steps and there is a risk that the collaboration between the internal and external service does not work.</p>
8	<p>Opens up the possibility of further collaboration with other staff mutuals such as Sirona Care and Health</p>	
9	<p>The process actively engages staff in the service and increases morale, they know that if their business case is strong they have a chance of continuing to provide the service.</p>	