

Bath & North East Somerset Council

MEETING/ DECISION MAKER:	Cabinet	
MEETING/ DECISION DATE:	10th September 2014	EXECUTIVE FORWARD PLAN REFERENC
		E2593
TITLE:	Re-structuring of Early Years, Children's Centres and Early Help (0-11) services.	
WARD:	All	
AN OPEN PUBLIC ITEM		
<p>List of attachments to this report:</p> <p>Appendix 1: Summary of consultation Appendix 2: Right to Provide request - cost benefit analysis Appendix 3: Examples of service models/budget reductions in other Councils Appendix 4: Service Design and Commissioning principles</p>		

1 THE ISSUE

- 1.1 To determine the future model for Early Years and Children's Centres to be delivered within the reduced budget available, following Council budget decisions in February 2014.
- 1.2 To consider whether to support a 'Right to Provide' request from Children's Centre staff who would like to explore establishing a 'staff mutual' to deliver a range of services.

2 RECOMMENDATION

- 2.1 To note the results of the consultation processes and the range of views expressed by respondents, both for and against each element of the proposed changes.
- 2.2 To agree to implement the new service model as proposed, in order to deliver the cost savings approved in the Council's approved Medium Term Service and Resource Plan.
- 2.3 To note the 'Right to Provide' proposal submitted by Children's Centre staff who wish to explore the development of a 'staff mutual', (which could help to enable some elements of universal provision to be delivered without direct Council funding), and agree to permit the staff to develop a business case.

- 2.4 If the Right to Provide proposal is permitted, agree that the Strategic Director – People and Communities Department and Cabinet Member for Early Years, Children and Youth, in consultation with the Section 151 Officer, to have discretion at key stages to halt the process if it becomes evident that the business case is not going to be viable.
- 2.5 In light of the above, to agree that the Council will continue to be the direct provider of Children’s Centre Services for 9 Children’s Centres until March 2018 unless a staff mutual is established at an earlier date for an appropriate procurement process to be undertaken.
- 2.6 In light of 2.5, ensure the continuation of the Bath West Children’s Centre Services (the 2 Children’s Centres contracted from an external provider) through appropriate procurement mechanisms to run until March 2018 in order to align with the in-house service.
- 2.7 To require both the Council service and commissioned provider to work together to enable the new two-service model to be progressively implemented ahead of a full re-commissioning process to let a contract that runs from April 2018 onwards.
- 2.8 To approve the inclusion of further transitional funds of £104,000 in 2015/16 and plan for transitional funding of £76,000 in the Council Budget for 2015/16. Transitional funding to be spread over the following 2 financial years to support these measures, due to the resulting delay in achieving the full implementation of the new two-service model.
- 2.9 To instruct officers and commissioned providers to continue to promote and explore opportunities to enable some universal services, such as groups and peer networks, to be delivered without direct Council funding.
- 2.10 To ask the Early Years, Children and Youth Policy Development and Scrutiny Panel (PDS Panel) to receive a report and review implementation of new models a year following implementation.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 In February 2014 a full Council decision was made to remove £1.535m from the Early Years and Children’s Centre budget with effect from 1 April 2015. A remodelling of all the services within the Early Years and Children’s Centre Budget is required to implement this budget reduction.
- 3.2 For the Children’s Centre Services to achieve this remodelling means moving from a model based on 4 groupings of services (Bath West; Bath East; Keynsham & Chew Valley and Somer Valley) to a model based on two groupings (one for Bath and one for North East Somerset).
- 3.3 A commissioning process is required to move to a model based on two groupings by April 2016. As two of the five Children’s Centres in Bath are commissioned externally, it means sustaining 3 rather than 2 service groupings whilst the commissioning is undertaken. The cost of this in 2015/16 will be £104,000, meaning that £1.431m savings can be achieved with immediate effect from 1st April 2015.

- 3.4 If it is agreed to permit the staff to develop a business case for a staff mutual, the B&NES Children's Centre Services will need between 12 and 18 months to complete this process. This means a further delay of 2 years until 2018, until the two groupings model can be fully implemented following competitive tendering. However, the providers will be expected to work together to achieve the development of a single service grouping for Bath and make efficiencies over this period and the transitional protection would taper accordingly.
- 3.5 In addition to the 'one-off' transitional cost of £104K in 2015/16 (set out in 3.3), supporting the development of the business case would require a further £76K over the following two years (see 3.4). The additional transitional funding request is therefore for a total of £180,000 (£104,000 plus £76,000).
- 3.6 Other than the move to the two-service model, all the other changes to Children's Centre Services can be implemented through a staff restructuring process. The same applies to the Early Years Foundation Stage Team and Parent Support Advisor Services. Whilst this will result in some reduction in posts within the Early Years and Children Centres Services, including First Steps, those affected will be offered the opportunity to express an interest in early retirement and voluntary redundancy and every effort will be made to manage this sensitively through normal policies, with the expectation that very few compulsory redundancies will be required. Where there are redundancy costs the expectation is that these can be met from the Severance Reserve.
- 3.7 New models for the Specialist Family Support and Community Play services will be developed as part of the commissioning process. Options for remodelling health related support services within reduced budgets are being considered.
- 3.8 The full development of a business case for the staff mutual will require some external professional advice. Staff leading the mutual development can apply to the Government's Cabinet Office to access training, consultancy and professional advice. Other external sources of funding will be sought to support this work.
- 3.9 Staff who are developing and commissioning the mutual, whilst having very different roles, will need to commit officer time to supporting the development.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 Consideration has been given throughout the preparatory work to issues relating to need, poverty, disability and disadvantages of children and families. Service reductions have been designed to ensure those children and families most in need of help continue to receive "early help" services.
- 4.2 The statutory guidance for Children's Centres states that before making a significant change to services, the Council must formally consult everyone who could be affected by the proposed changes, for example, local families, those who use the centres, children's centre staff, advisory board members and service providers. Particular attention should be given to ensuring disadvantaged families and minority groups participate in the consultation.
- 4.3 Children's Services need to reduce the costs of delivering Children's Centre and Early Year's Services, and officers have reviewed the budget reductions and

models being developed elsewhere in the country. The models proposed in Bath and NE Somerset are consistent in principle with those being developed elsewhere. The key difference is that no Children's Centre buildings are being closed and a staff mutual is being supported to help mitigate some of the reductions. A comparison is attached in Appendix 2.

- 4.4 The Early Years, Children and Youth Policy Development and Scrutiny Panel and Cabinet approved a set of Service Design and Commissioning principles which have been applied to the new models (see Appendix 4).
- 4.5 The Council has received a Right to Provide request from staff, seeking to establish a staff mutual to run the current council managed Children Centre Services. This must be formally considered as part of the Council's commissioning process, taking into account the social and economic benefits this may bring, along with any associated risks and costs.

5 THE REPORT

- 5.1 In February 2014, full Council made the decision to remove £1.535m from the Children's Centre and Early Years budget with effect from 1 April 2015. A full remodel of services is required to implement this budget cut. Work has been done with the Early Years, Children & Youth Policy Development Panel to develop the Children's Centre model, and extensive consultation with service users and stakeholders has been undertaken and has been considered in determining the new models.
- 5.2 Transitional funding of £200k already agreed by full Council enables implementation to take place on a planned and phased basis in 2015 and changes to be gradually embedded over a period of time.
- 5.3 Full Council in February 2014 agreed to put £300K back into the Children's Centre and Early Years budget reducing the saving required from £1.8m to £1.535m. This will help mitigate against the more extreme impacts of the reductions for the most vulnerable children and families by ensuring the quality of the settings, supporting the costs of running the buildings and the continuation of some nursery provision for very vulnerable children as part of the funded service.

Proposed Models

- 5.4 The reduced Council budget will fund and commission the following core services. This does not prevent the delivery of wider services where these can be delivered without Council funding.
- 5.5 In summary the new core models proposed are as follows:
 - 5.5.1 Children's Centres: it is proposed to commission and fund only targeted groups (no Council funded universal groups); reduce opening times of the non-hub centres to match times when the Children's Centres are running targeted groups and activities, and the consolidation of back office and management functions by moving from 4 to 2 groupings of services in the new model.

- 5.5.2 Early Year Foundation Stage Service (EYFS): it is proposed to commission and fund targeted delivery of training and support to Early Years settings where they have had, or are at risk of, a poor Ofsted inspection, or where there are high numbers of children who have complex needs. Other non-targeted training support will be charged for.
- 5.5.3 Parent Support Advisory Service; it is proposed to move to a model of full cost recovery by charging schools and Behaviour and Attendance panels.
- 5.5.4 Community Play and Specialist Family Support: These services are commissioned externally and the contracts expire during 2015. A sector review is under way as part of the commissioning process to look at how these services need to be reshaped in the light of recent service developments such as the establishment of the Connecting Families service and the reduced financial envelope. These services will then be specified and commissioned within the reduced budget.
- 5.5.5 Commissioned health related support services: Options for remodelling the services are being considered with other commissioners and providers as part of the commissioning process for Community Health Services.

Consultation feedback

- 5.6 Extensive service user and stakeholder consultation has been carried out on the proposed changes. This has highlighted a range of risks and opportunities and a summary of the feedback is attached in Appendix 1. The main issues arising from the consultation and the Equality Impact Assessment, along with a response to each, is shown in the table below.

	Issue/risk	Mitigation /opportunities
1	Concern about the loss of universal services, in particular the opportunity for peer support and social networking	Continue to explore and test out the delivery of universal groups without council funding through the development of the social enterprise. For instance by putting in place appropriate and sensitive charging arrangements. To explore options for the service to work collaboratively with their local communities to build capacity for parents to develop peer and social networks.
2	Concern about the loss of opportunity for children to interact socially and play together in universal groups	As above, but also ensure that other locally provided universal play and toddler groups available in the local community are well publicised.
3	Concern about the stigma attached to targeted services	Ensure referrals are appropriate and made sensitively and that targeted services are delivered in a sensitive way (as they are currently).

4	Some concern regarding management reductions affecting service quality and capacity	Ensure effective use of IT systems to support delivery of service. Commissioners need to ensure the new service is well aligned to new commissioned Health Visitor specification and ensure QA systems are in place to monitor quality of service.
5	Concern about management reduction and ability to manage the multi-use of the buildings.	Clear systems and signed protocols will continue to be in place with partners who use buildings.
6	Concern about reduced opening hours and service users knowing what these are.	Maximise use of IT systems and social media to ensure clear information about opening times and where families can seek assistance if the Centre is shut. Explore development of a Children's Centre app. Ensure clear signage at each Children's Centre.
7	Concern about reduced opening hours and increased travelling costs if families need to travel to another Children's Centre if their nearest centre is closed.	The delivery of targeted groups and home visiting support will continue at the same service level and continue to be provided through a range of community venues including Children's Centres as they are currently, so this shouldn't increase the need to travel. This will include making effective use of the Children's Centre mini bus (Harry Van).

8	Concern about buildings being underutilised as community resources and having limited opportunity to generate income through charging.	<p>Make more use of Children’s Centres as community facilities for the delivery of other related council and community services, especially other early help services for families with young children. For instance exploring options for some Children’s Centres to develop into Community Hubs, providing an outlet for other council and community run services as well as using more buildings to co-locate nurseries.</p> <p>Many parents indicated they are prepared to consider paying something towards the costs of delivering universal groups. The service needs to develop and apply charging arrangements sensitively and discretely with regard to affordability. This will involve development and agreement of a charging policy which includes charging for office space, room hire and charging for some universal groups.</p>
9	Whilst proposals for EYFS team was generally supported, some concern was expressed about reductions in quality.	Continue to explore opportunities to generate income through training and support services, and enhance training and support available on-line and through social media.
10	The Parent Support Advisor service is highly valued by schools and parents, and the benefits recognised.	To continue the dialogue with schools about continuing to contribute to the costs.

Right to Provide request

- 5.7 Alongside the consultation, the Council also received a ‘Right to Provide’ request from Children’s Centre staff, seeking to establish a staff mutual to run the Council managed Children’s Centre service. Right to Provide is where staff in the public sector are given the right to set up their own organisations to deliver the services they provide, sometimes referred to as ‘spinning out’. It is a Department of Health Initiative for Health and Social Care, launched as part of the ‘Transforming Community Services’ agenda and mirrors the right to challenge provisions under the Localism Act.
- 5.8 A Right to Provide can take many legal forms, including an employee or staff led mutual, cooperatives, co-owned businesses and social enterprises, joint ventures and partnerships. Most staff-led enterprises formed under Right to Provide are social enterprises, defined as businesses established to address social need. Core to every social enterprise is the trading of goods or services. Whilst they can be funded by local authorities or grants, social enterprises are

fundamentally about business approaches to achieving public and social benefits. Social enterprises have social objectives and all the profits from trading are ploughed back into the service for social benefit.

- 5.9 Since the Right to Provide provisions were introduced, an increasing number of social enterprises have been created by establishing independent organisations to run what were previously local authority or health run services. Sirona Care and Health is an example of a local social enterprise, which delivers what was previously PCT and B&NES managed social and health care services.
- 5.10 Broadly there are five stages to the process of establishing a staff-led organisation. These take an average of between 12-24 months to complete in total.
 - 5.10.1 Expression of interest and initial assessment of the proposal to decide whether it is worth exploring further through the development of a business case and plan.
 - 5.10.2 Development of a business case and initial business plan and assessment of the feasibility of becoming a staff-led organisation.
 - 5.10.3 Development of a detailed business plan for the new organisation. This will be the blue print for the staff-led organisation, demonstrating the viability and sustainability. The business plan and model will be evaluated and subject to full due diligence.
 - 5.10.4 Transition, where shadow arrangements are put in place, including a shadow board. Preparation for the transfer of staff, contracts, assets, and registering and establishing the new organisation.
 - 5.10.5 The staff-led organisation is established and the service leaves the council and is subject to a commissioning process.
- 5.11 The development of a business case for further consideration and evaluation by the Council does not equate to agreeing the establishment of the mutual, which would be subject to a subsequent Cabinet decision. The main resource would be the commitment of staff time.
- 5.12 The consequence of the decision to support the development of the business case is that it delays the implementation of two-service model. Development is conditional on approval of some one-off transitional funding, as detailed in paragraph 3.5 above, to support two providers over the transitional period.
- 5.13 The advantage of giving staff the time to develop a business case is that it could give benefits in terms of the continued delivery of a wider range of services and external funding opportunities. A cost benefit analysis has been completed and is attached and shows the benefits of permitting the staff time to develop the business case.

6 RATIONALE

- 6.1 The models proposed allow the budget reductions to be made with the least adverse effect on children and families in greatest need. These have already been substantially adjusted from those originally proposed.

- 6.2 Models have been developed in line with the design and commissioning principles previously agreed, e.g. efficiencies and management reductions ahead of front-line services (see Appendix 4).
- 6.3 Similar models are being implemented nationally and other authorities are making greater budget reductions (see Appendix 3).
- 6.4 The models were developed with stakeholder engagement, including PDS panel, and the service providers.
- 6.5 Key concerns raised through consultation can be mitigated as described above.
- 6.6 Support for the development of the staff mutual business case allows greater engagement of staff and the opportunity to explore further mitigations. Delaying full implementation allows both of these things to be fully explored in the most timely manner.
- 6.7 The Council's contract for Bath West needs to be renewed and should be commissioned in accordance with Standing Orders etc. Aligning the end date with the commitment to retain current services in-house to March 2018 enables both to be re-tendered in a more coordinated manner and potentially enables greater benefits to emerge.
- 6.8 There is scope (and willingness) for the two providers (commissioned and Council) to work together to deliver in partnership and achieve the new two-centre model before March 2018.

7 OTHER OPTIONS CONSIDERED

- 7.1 Delivery of budget reductions requires that the services are remodelled. An early commitment was made not to close Children's Centres as this would erode accessibility in a greater way as well as requiring payback of the capital investment.
- 7.2 All the proposals seek to minimise potential impacts for service users, especially those with greatest needs. Any reduction in savings for one service requires greater budget reduction in another which would increase potential impact.
- 7.3 Cabinet could decide against exploring the right to provide request. However, this may well demotivate staff and lose opportunities outlined in the Cost Benefit analysis in Appendix 2.
- 7.4 Any other options would have greater financial consequences in delay or inability to deliver the required savings.

8 CONSULTATION

- 8.1 Formal consultation took place for the changes proposed for Children's Centre services, the Early Years Foundation Stage Team and Parent Support Advisors where new service models are proposed. This took place over a six week period between 26th April and 6th June 2014. Informal consultation was

undertaken for Community Play and Specialist family support as new models are still to be developed as part of the commissioning process.

- 8.2 Views about the proposals were sought through a variety of methods in order to engage families and stakeholders in the consultation process. The consultation focused on seeking the views of those families and stakeholders who are most likely to be affected. Responses were sought through a mixture of online and paper questionnaires, through groups run by the services and interviews.
- 8.3 In terms of the Children’s Centre consultation, 298 questionnaires were completed. Over 70% of respondents were parents or carers with at least one child under 5 and just over 50% were currently using or had used a Children’s Centre Service. In addition 274 families were consulted through the groups and 25 partners and wider stakeholders were consulted, and 40 children in nursery and play groups were asked what they enjoyed and what difference it made to them through arts and crafts. A summary of all the consultations and feedback is shown in Appendix 1.

9 RISK MANAGEMENT

- 9.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council’s decision making risk management guidance, along with an Equality Impact Assessment.

Contact person	Debbie Forward, Senior Commissioning Manager, Preventative Services, People and Communities
Background papers	<ol style="list-style-type: none"> 1. Cabinet 4th December 2013 2. Cabinet 13th November 2013: Restructuring of the Early Years, Children’s Centre and Early Help (0-11 years) Services 2014-2016. 3. Early Years, Children & Youth Policy Development & Scrutiny Panel: Re-structuring of the Early Years, Children’s Centre and Early Help (0-11 years) Services 2014-2016. 4. Council briefing for meeting on 17th January 2014 5. Cabinet 12th February: Restructuring of the Early Years, Children’s Centre and Early Help (0-11 years) Services 2014-2016. 6. Council Budget Meeting 18th February 2014.
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