

Bath & North East Somerset Council

MEETING/ DECISION MAKER:	Ashley Ayre, Strategic Director for People & Communities, in consultation with Cllr Michael Evans, Cabinet Member for Children's Services	
MEETING/ DECISION DATE:	5th November 2015	
TITLE:	Staff mutual for Children's Centre Services	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: <ul style="list-style-type: none">• Appendix 1: Cost/ Benefit analysis		

1 THE ISSUE

- 1.1 To consider the work undertaken on the business case for developing a staff mutual vehicle to deliver the Council's Children's Centre Services and the requirement to implement the two service model and determine next steps.

2 RECOMMENDATION

- 2.1 The Strategic Director, in consultation with the lead Cabinet Member, accept the proposal by the Staff Mutual Project Board to cease work on developing a business case for a staff mutual, in light of the recent cost/benefit analysis undertaken by the Board.
- 2.2 The Strategic Director, in consultation with the Cabinet Member, agrees that there is no longer a requirement to move to a two service model as originally proposed because the full savings required through the 2012-16 MTSRP have been achieved without the need to do so.
- 2.3 As a consequence there will no longer be a requirement to recommission the internal Children's Centre Services and it is proposed to manage this service through an internal Service Level Agreement (SLA).

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 Work undertaken by the Staff Mutual Project Board demonstrates that the Children's Centre Services (both B&NES managed and Frist Steps) can be delivered within the prescribed budget without moving to the proposed two centre model. This means there is no financial cost to this decision.

One-off / transitional funding made available to support this workstream amounting to £104k (2015-16) and £76k (2016-17). The requirement over the period will be £160k in total thus releasing £20k.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 The Childcare Act [2006] places a duty upon local authorities to improve the wellbeing of young children, reduce inequalities between them and ensure there is sufficient Children's Centre provision to meet identified need as far as practically possible
- 4.2 The equality impact assessment undertaken in light of the remodelling proposals has been reviewed and there are no equality issues arising for staff or the service as a result of the decision.

5 THE REPORT

- 5.1 The Early Years and Children Centre Budget reductions agreed by Council in 2013 led to a review and redesign of Children Centre services supported by a task and finish group of the Early Years, Children and Youth Policy Development and Scrutiny Panel. The new model for service delivery was agreed at Cabinet in September 2014. This involved three key changes:

- the move to fully targeted service provision.
- the creation of 4 key service centres / Children Centre hubs with the remaining Children's Centres acting as service delivery outlets for groups and sessions run in the wider community.
- The creation of a two Children's Centres services/ management arrangement: One for Bath and the other for North East Somerset.

- 5.2 This has largely been delivered, except for the proposed two service management arrangement. This was deferred to enable the service time to explore the establishment of a staff mutual. It was agreed with the expectation that any recommendation to proceed to the next stage would come back to Cabinet in the autumn of 2015, and that the Strategic Director and Cabinet Member in consultation with the Section 151 Officer, would have delegated authority at key stages to halt the process if it became evident that the business case would not be viable.

- 5.3 A Staff Mutual Project Board was established to oversee the process, providing independent support and challenge through the development process. This is chaired by the Director for Children & Young People Strategy and Commissioning and includes the Senior Commissioning Manager for Preventative Services, the

Head of Finance, the Divisional Director for Specialist and Preventative Services and Service Manager 0-11 Outcomes. There has been input from the staff developing the mutual and advice sought on legal and technical issues when required.

- 5.4 Managers of the staff group have undertaken significant work, with input from the Government's Cabinet Office and a commercial expert to develop the business case. They have been able to pilot approaches to trading services and charging for others as part of developing the business case. As a result they have been able to fund the delivery of some universal groups as part of the Children's Centres Service.
- 5.5 The Project Board has met four times and explored the feasibility, risks and benefits associated with the business case. Through this work it has become clear that the preparatory work undertaken by the children's centre service, particularly through its traded activity is delivering some of the activity that would be achieved through a staff mutual. The Board has concluded that the potential gains of a staff mutual model are not sufficient to outweigh the financial disadvantages. Of greatest significance is the VAT cost which would have to be either borne by the Council as an additional cost or result in a further corresponding reduction in services.
- 5.6 Expert advice is that the current commercial environment is not conducive to the development of a new entity such as a staff mutual.
- 5.7 Both the council run service and the commissioned service (First Steps) have confirmed that the services can be delivered within the reduced budget without the need to move to a two centre management arrangement.
- 5.8 One of the drivers for exploring the development of the staff mutual was that it could generate income and enable elements of universal provision to be delivered without council funding. The service has been able to develop and test out the market for traded services and this activity has now started to generate regular income. This has been achieved without the development of a staff mutual.
- 5.9 This process of developing a business case has been helpful to the service in supporting it to develop its trading expertise which can be shared across the council.
- 5.10 Recent cost-benefit analysis on the business case undertaken by the Staff Mutual Project Board confirms the benefits of progressing with the staff mutual are marginal and not enough to justify the costs and potential risk. The service is already able to do 90% of what it wanted to achieve through a staff mutual. The cost benefit analysis is attached as appendix 1.
- 5.11 Different opportunities arise as a result of not proceeding with the staff mutual, which includes the internal service being able to respond more flexibly in the future to further service remodelling (e.g. through service integration with a range of internal services).

6 RATIONALE

- 6.1 The rationale for proposing to cease work on the staff mutual and not implement the two service management arrangement is set out in sections 3 and 5 above in the report.

7 OTHER OPTIONS CONSIDERED

- 7.1 To proceed with staff mutual development as planned– this was dismissed because of the significant extra costs/risks involved for marginal benefit.
- 7.2 Explore alternative delivery vehicles. For instance a local authority trading company or joint venture. There is no significant advantage, since no such vehicle exists currently and the service is already able to trade at the margins.

8 CONSULTATION

- 8.1 Key stakeholders and experts have been consulted as part of this process, either by the service or through the Project Board. The section 151 Officer has been consulted about this report.
- 8.2 Staff leading on the development of the business case have been consulted and are in agreement.

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.
- 9.2 It is the view of the Project Board that the risks of proceeding with the staff mutual to the council outweigh the benefits as summarised in this report.

Contact person	Debbie Forward 5305
Background papers	Cabinet Paper 10 th September 2014:Re-structuring Early Years, Children's Centres and Early Help (0-11) services
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