

Appendix 1

Cost / Benefit Analysis – review of business case /proposal for a staff mutual

	Pros / benefit of continuing with the staff mutual	Cons / disadvantage of continuing with the staff mutual
1	The potential to draw in additional investment over and above the council funding for the core children's Centre service, through grant applications and trading of services.	The service is successfully generating income by trading and charging for services. It is doing this through its 'trading arm' ahead of developing into a staff mutual. It generated £20K in Q1 and £14K in Q2. Income is projected to exceed the £66K target for year 1.
2	Potential to address the funding gap and retain delivery of some universal services, no longer funded by the council.	Income generated through the service's trading arm has enabled a wider range of services to be delivered including some universal groups such as baby massage.
3	The Staff mutual will provide wider social benefits in the longer term.	<p>The development work associated with the staff mutual is extremely resource intensive in terms of extra staff time and buying in expertise where required. Now that the trading arm is established, the additional work required is taking resources away from service delivery and embedding the new model. Stopping the work on the staff mutual will free up staff.</p> <p>The review of the business case has identified a number of risks and costs to the council associated with the development of the staff mutual (such as VAT costs of £70K). Ceasing the work on the staff mutual removes these risks and potential costs.</p> <p>Expert advice that it's not a good time to develop a staff mutual given the commercial environment</p>
4	Reduces the likelihood of negative publicity about the changes made to the children's centre service as a result of the budget reduction.	This has been achieved as a result of the trading activity, and provision of some wider universal groups.
5	Builds provider capacity in the market to bid for children's centre services.	There may be a risk of complaint from the market, given the soft market testing exercise undertaken as part of the review, however there is no legal requirement to subject council service

		to competition.
6	Support stability during a period of significant change	Not pursuing the staff mutual at this stage would cause less disruption to the workforce.
7		If it's agreed not to proceed with the staff mutual, there will be more flexibility to respond to any further opportunities of service integration.
8	Would eventually remove situation of having two providers in Bath	The current situation of having two providers of children's centre services in Bath remains. However, effective joint working between the two providers supported by the commissioning process will help promote unified service.
9	A staff mutual would provide the opportunity to bid for grants	No direct opportunity to bid for grants but may be able to work with partners to support bids.