

Classification: Open	Date: 20 June 2012	Decision Taker: Cabinet Member for Children's Services
Report title:	Early Years (Community Nurseries) Voluntary and Community Sector Grant Funding Programme 2012-15	
Ward(s) or groups affected:	All	
From:	Strategic Director of Children's services	

RECOMMENDATIONS

1. That the Cabinet Member approves the grant funding programme allocations set out in appendix 1 of this report; for the Early Years (Community Nurseries) and Pre-school Learning Alliance (PSLA) for the period 2012 to 2015.
2. That the Cabinet Member notes that allocations proposed for the period are based on organisations receiving an annually reduced grant as part of the process of phasing out the subsidy so that settings receive no grant funding from 2015.
3. That the Strategic Director of Children's Services should monitor progress and retain the right to withhold, withdraw or reduce funding proportionately should the conditions of grant not be met by the organisations concerned, or services not provided.

BACKGROUND INFORMATION

4. The Council has historically funded through a grant aid programme a number of Community Nurseries (currently 8 remain) and, via the Pre-school Learning Alliance (which is also funded through the programme), a number of pre-schools (9 remain). The purpose of the programme is to promote high quality and affordable childcare for Southwark children. The policy dates back many years and it is recognised there is a need to revise this approach taking account of the considerable diversity that now exists in the childcare market and the need for the council to treat all providers in a fair and equitable fashion.
5. This report serves two purposes. It implements the council's budget decisions as agreed at Council Assembly on 29 February 2012 and it allocates grants to the community nurseries.
6. Appendix 1 of this report shows the proposed allocations (inclusive of phased reductions) for each of the organisations covered by the grant for the period 2012/13- 2014/15.
7. The funds allocated via this programme are now fully funded from the Dedicated Schools Grant component of local authority funding which is agreed by the Schools Forum.

KEY ISSUES FOR CONSIDERATION

8. The previous financial year 2011/12 was the final year of a three year funding cycle; and as part of the discussions, all organisations receiving funding from the grants programme were advised that, there was no guarantee of continued funding from the programme beyond 31 March 2012.
9. The council has progressively reduced its contribution to Community Nurseries, the PSLA and the playgroups over a number of years as part of a managed process which has involved supporting them to compete alongside providers operating in the private, voluntary and independent sectors. This has been coupled with a plan to move to a commissioning model for places in a mixed economy of providers where the place is specifically tailored to the needs of individual children and their families. In particular, there has been considerable investment in supporting these organisations to adopt sustainable business models and to develop high quality provision so that they become less reliant on grant funding. During 2012/13 officers will continue to work with the sector in an effort to facilitating partnerships and strengthening relationships with Community Action Southwark so that we can build on the progress made in strengthening leadership, governance, and business practices in recent years.
10. The organisations listed in appendix 1 were written to in November 2011 advising them to begin early planning for grant reductions in 2012/13.
11. The settings covered by this report are all registered to take children up to the age of 5. Provided the settings continue to meet the standards required to be on the register of Free Early Education Entitlement providers they will be able to provide places for children aged 3 and 4 with funding provided by the council. Payment is provided on the basis of individual qualifying children, with each 3 and 4 year old child currently generating funding up to a maximum of £2,377 a year, equating to £71,300 for a 30 place setting. An expansion in the number of free two year old places from September 2013 will provide additional opportunities for settings.
12. Given the difficult financial settlements of recent years, organisations have been regularly warned of the need to develop business plans that are not dependent on grant funding from the Council. Some of the community nurseries have responded well to this and are well on the way to independent sustainability. The tapering arrangements proposed in this report should provide sufficient time for all the settings to implement robust business plans.
13. The grants officer, has been in regular contact with the groups, attends management committee meetings, undertakes a monitoring exercise and reports that groups have been preparing for continued grant reduction. It has been reported by the groups they would be better prepared in planning their budget, if known well in advance, the level of planned reductions to any funding they receive, from the authority. The proposals contained in this report for advance notification of the budgets through the transition phase will provide this level of certainty for the settings.
14. In arriving at the proposals, officers have been mindful of the need for decisions here to be consistent with other decisions made in respect of voluntary sector providers. Elsewhere the principle has been for a three month roll over to ensure stability of funding in line with the compact the council has with the voluntary sector. The recommendations take account of the desire to ensure as far as a

reasonably practicable that reductions have a limited impact on frontline services delivered by funded organisations.

Policy implications

15. There are no new policy implications in this report. The recommendations seek to implement existing council policy in respect of supporting voluntary sector organisations.

Community Impact Statement

16. There is a duty on local authorities to promote equality of opportunity. All the organisations supported under this grant programme are required to provide monitoring information that demonstrates their commitment to inclusion. In particular, all organisations will be required to provide information on the ethnicity and gender of their participants and staff.

Consultation

17. The affected organisations have all received the communications outlined in paragraph 10 above. In addition, the council's grants officer has visited settings, carried out monitoring exercises and discussed the impact of changes. During discussions settings have indicated that they will be able to continue to operate an effective service providing their budgets are not drastically reduced and that they have time to reshape and address any major shortfall. However, officers are aware of at least two settings that may struggle to survive in the future when all additional council funding ceases.
18. All of the affected organisations will be visited by officers during June and July to discuss their funding situation and to advise them on how they may adapt their work in the future to take full advantage of any national initiatives which might support the viability of their work as the council's grant funding is reduced. These visits will also provide the opportunity to discuss the quality of services provided.

Resource implications

19. The Council's budget for 2012-13, included a saving of £75,000 to reduce the subsidy to community nurseries. The reductions in Community Nursery grants of £41,415 contribute towards this saving target in 2012-13. The total proposed revised 2012-13 allocations can be funded from the existing Dedicated Schools Grant resources.
20. It is anticipated that the introduction of the new school funding reform from 2013-14 onwards will restrict the ongoing funding of the Community Nurseries from the Dedicated Schools Grant; this is reflected in the reducing subsidy over 2013-15.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director for Communities, Law & Governance

21. The Strategic Director for Communities Law & Governance notes the content of this report, and, confirms that the approval of grants of the nature and extent described is a matter which is expressly reserved to an Individual Cabinet Member for decision under Part 3D of the Council Constitution. The award of such grants is

consistent with national and corporate policy, and the report notes the powers which are exercisable by the strategic Director of Children's Services for the purpose of safeguarding the proper application of grant funding.

Finance Director CS0217

22. The financial implications arising from this report are fully set out in the Resources Implications paragraphs above.

APPENDICES

No.	Title
Appendix 1	Early Years (Community Nurseries) Voluntary and Community Sector Grant funding Programme 2012-13 – Proposed allocations

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Early Years (Community Nurseries & Pre-School Learning Alliance) voluntary and community sector grants programme 2011/12	Southwark Council website: http://modern.gov.southwark.gov.uk/ieDecisionDetails.aspx?ID=2242	Eleanor Parkin 020 7525 5032

AUDIT TRAIL

Lead Officer	Pauline Armour, Head of Early Help	
Report Author	Willie Williams - Grants, Commissioning & Community Projects Manager	
Version	Final	
Dated	20 June 2012	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director for Communities Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Cabinet Member	Yes	No
Date final report sent to Constitutional Team		20 June 2012

Appendix 1 – Allocations to Community Nurseries 2011-15

			2011/12	2012/13		2013/14		2014/15	
Community Nursery	Ofsted Rating (Year)	Number of Places	Allocation £ (including rent where applicable)	Allocation £ (including rent where applicable)	% reduction	Allocation £ (including rent where applicable)	% reduction	Allocation £ (including rent where applicable)	% reduction
Bermondsey Community Nursery	good (2011)	24	59,429	53,486	-10%	44,572	-17%	26,743	-40%
Bosco Centre (Community Nursery)	good (2011)	34	34,451	31,006	-10%	25,838	-17%	15,503	-40%
East Dulwich Community Nursery	satisfactory (2011)	20	49,598	44,638	-10%	37,199	-17%	22,319	-40%
Gumboots community Nursery	satisfactory (2011)	50	51,271	46,144	-10%	38,453	-17%	23,072	-40%
K & O Childcare Ltd. (formerly Happy Faces)	good (2011)	53	45,379	40,841	-10%	34,034	-17%	20,421	-40%
Peckham Settlement (All Nations Com. Nursery)	good (2010)	58	47,664*	42,898	-10%	35,748	-17%	21,449	-40%
Rockingham Community Nursery	good (2009)	26	45,049	40,544	-10%	33,787	-17%	20,272	-40%
SRC Community Nursery	satisfactory (2009)	69	59,192	53,273	-10%	44,394	-17%	26,636	-40%
Pre - School Learning Alliance (Southwark)			52,790	52,790	0%	52,790	0%	52,790	0%
Pre - School Playgroups' Grant			22,020	19,818	-10%	16,515	-17%	9,909	-40%
Total Grant allocation			466,843	425,438		363,330		239,114	
* actual payment was less as Peckham Settlement did not meet all criteria.									