

Item No.	Classification: Open	Date: 16 August 2012	Decision Taker: Cabinet Member for Children's Services
Report title:		South Bermondsey Children and Parents' Centre and Bishop's House Children's Centre – report back on initial consultation	
Ward(s) or groups affected:		South Bermondsey and Newington wards; families with young children	
From:		Strategic Director of Children's Services	

RECOMMENDATIONS

1. To note the outcomes of the consultation on the proposal to a phased withdrawal of childcare provision at South Bermondsey Children and Parents' Centre and Bishop's House Children's Centre.
2. To agree the recommended actions as set out in paragraph 16.

BACKGROUND INFORMATION

3. Council Assembly agreed the council's three-year policy and resources strategy on 22 February 2011, including required savings across the council in response to government cuts of £90m in real terms over two years. For children's services, this amounted to £5.8m in 2011/12, with further indicative savings of £6.1m in 2012/13 and £6.1m in 2013/14, making a total of £18m over 2011-14 in addition to the loss of a number of grant funding streams.
4. Council Assembly agreed a range of proposals in order to achieve these savings, including £300,000 in 2012/13 and £500,000 in 2013/14 by reconfiguring day care provision. These reductions require the council to think differently about how its limited resources can be put to best use and have the most positive impact on the opportunities available for the most vulnerable children, young people and families in Southwark.
5. On 1 June 2012, the cabinet member for children's services opened a consultation on a proposal for the phased removal of childcare provision from South Bermondsey Children and Parents' Centre and Bishop's House Children's Centre, in order to achieve the 2012/13 savings agreed by Council Assembly. The childcare provision operating from these two centres is managed and run by the council.
6. As set out in the May 2012 report opening the consultation, council decisions to achieve budget savings are driven by the need to ensure that services provide value for money, value for council taxpayers and contribute towards the council's vision to create a fairer future by promoting social and economic equality, particularly for the most vulnerable of Southwark's families.
7. The rationale for the consultation proposals were set out in the May 2012 report, which noted that the childcare at each provision represented poor value for money, providing an average annual subsidy per place in the region of £2,200 at Bishop's House and £2,700 at South Bermondsey. This amounted to a significant subsidy by the council, providing a service which was no longer targeted at the most needy families.

8. In addition, the report acknowledged that providing childcare is a discretionary service, and that the council, in line with statutory guidance, is regarded as a 'provider of last resort' and so should be directly providing childcare only where demand outstrips supply. As set out in the report, ongoing assessment of childcare vacancy levels indicates there is sufficient supply within the area.
9. Through the Fairer Future for All principles, the council has committed to prioritising support for more vulnerable families. It was noted that the childcare at the two provisions is not currently targeted at more vulnerable groups. Any proposed solution will seek to address this in order to ensure that there are sufficient targeted places available, in particular to meet the roll-out of the disadvantaged two year old free early education entitlement.
10. The consultation proposals, one for each provision as set out in appendix 1, were advertised on the council's website, distributed to parents and visitors to the provisions, and sent to members of the public who had previously contacted the cabinet member for children's services in relation to the matter. The cabinet member and officers also held drop-in sessions at the provisions to hear the view of parents. In addition, the consultation document was promoted to local nurseries, schools, service providers in the children's centres, MPs, members, and trade unions, and tabled at Bishop's House's advisory board meeting. The consultation closed on 31 July and the responses are summarised below.

KEY ISSUES FOR CONSIDERATION

Consultation responses

Bishop's House Children's Centre

11. There were 80 responses including the views of the centre's advisory board. Of the 70 responses that declared a relationship with the provision, 28 are parents/carers of children at the provision, 30 are local parents/carers who did not have a child at the provision, and 12 were 'other', of which 9 are local residents.
12. The responses were as follows (excluding the advisory board's comments which did not vote on the consultation questions):

Q1: Do you agree or disagree that the council should withdraw subsidies as a way to achieve budget savings?	2 agreed; 12 disagreed; 59 stated they could neither agree nor disagree; and 6 did not state a preference
Q2: Do you agree or disagree that the council should only consider providing places when there are not enough provided by the voluntary and private sector?	0 agreed; 73 disagreed; 6 did not state a preference
Q3: Do you agree or disagree with the proposal for a phased withdrawal of childcare provision at Bishop's House Children's Centre	1 agreed; 73 disagreed; 5 did not state a preference

South Bermondsey Children and Parents' Centre

13. There were 42 responses including an email petition on 19 May. Of the 33

responses that declared a relationship with the provision, 15 are parents/carers of children at the provision, 16 are local parents/carers who did not have a child at the provision, and 2 were 'other'.

14. The responses were as follows (excluding freedom of information request and advisory board's comments):

Q1: Do you agree or disagree that the council should withdraw subsidies as a way to achieve budget savings?	1 agreed; 32 disagreed; 1 stated they could neither agree nor disagree; and 7 did not state a preference
Q2: Do you agree or disagree that the council should only consider providing places when there are not enough provided by the voluntary and private sector?	0 agreed; 34 disagreed; 7 did not state a preference
Q3: Do you agree or disagree with the proposal for a phased withdrawal of childcare provision at South Bermondsey Children and Parents' Centre	1 agreed; 34 disagreed; 7 did not state a preference

Respondents' comments

15. For both provisions, respondents' comments can be grouped under the two main themes discussed in the consultation documents, as follows:

- a) Availability of alternative provision: A number of respondents disputed the citation in the consultation proposal that there are sufficient good-quality alternative places available locally. Respondents said that while there may be places available, the alternatives did not match the childcare facilities they enjoyed, particularly the outdoor space and staff experience. Some respondents also questioned the loss of a community asset and noted the likely increase in demand as a result of the roll out of the disadvantaged two year old free early education entitlement from September 2013.
- b) Withdrawing subsidy: The majority of respondents accepted the council's need to make savings, but urged consideration of all other options before considering closure. Respondents suggested a range of ways to ensure the services could break even, including:
- Cutting costs through reducing staff numbers and indirect costs such as catering or administration, and employing less expensive staff, to bring running costs in line with private providers
 - Raising the fees to increase income, with parents who can afford a higher fee subsidising those less able to do so; it was noted that the service had not increased fees in recent years and that other local providers were, in the main, more expensive
 - Considering the advantages of a voluntary or private provider to provide the service on a break-even basis
 - Raising additional income through renting spare rooms, running alternative activities or increasing occupancy rates
 - Ensuring equity of action by considering changes to the borough's other two childcare provision (Camberwell Grove Early Years Centre and Aylesbury Early Years Centre) in parallel with decisions in relation to these two provisions

Recommended actions

16. Given that all four childcare provisions are heavily subsidised by the council, it is acknowledged that the childcare at Bishop's House and South Bermondsey cannot be viewed in isolation from the other two council-run early years provisions. The need to achieve savings, however, has not diminished. In considering the feedback from the consultation the following actions are recommended to change the way the provisions are managed and ensure they are put on a sustainable footing:
 - a) Initiate measures to improve the provisions' financial viability, as follows:
 - Review pricing structure and operating model: Review the fee structure so that prices better meet actual running costs and ensure that the provisions are better targeted at lower-income families
 - Measures to increase cost effectiveness and efficiency: These will include reviewing supplier contracts, the mix of full and part-time places, the nature of the intake (in particular the balance across age groups), and the use of spare capacity within the buildings
 - Review staffing structures: Begin a consultation on what staffing structure will best enable the provisions to provide a fit-for-purpose service on a financially sustainable footing
 - b) Include all four provisions in a review in order to identify a financially sustainable operating model. This review will include consideration of a range of operating models, including management and staffing across all four which will allow for flexibility of operation and/or private or voluntary management. A central aim will be to ensure that the council's priority of supporting more vulnerable children is achieved through the provision of sufficient places where funding is available for such purposes. It is anticipated that future models will contribute significantly towards the achievement of the overall budget savings of £800,000.

Policy implications

17. The proposal is fully consistent with the council's priorities, as set out in the Council Plan and Children and Young People's Plan. The proposal also supports the Fairer Future for All vision and council priority commitment to ensure early years help is targeted to the most disadvantaged groups.
18. In addition, the proposal is consistent with the council's statutory duties in this area including the duty to ensure there is sufficient childcare available in its area.

Community impact statement

19. The proposed review will enable the council to better understand any potential community impact. An equality impact assessment will be conducted during the review and the results analysed and presented to decision makers for consideration.

Resource implications

20. The required savings of £300k and £500k attached to the consultation proposal, and the implication of the proposals in paragraph 16 will be addressed in a future

paper, with actions met from existing council resources.

Human Resources Concurrent

21. In accepting a recommendation to review staffing, it should be recognised that this process will take place within the council's reorganisation procedure and that all jobs created will be graded subject to the council's job evaluation scheme as part of our commitment to equal pay. The council is also committed to the adoption of the London Living Wage. A reliance on making significant reductions in staffing costs to make savings must therefore be treated with caution.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

22. Previous legal advice recommended a formal consultation on the proposed changes to childcare provision at South Bermondsey and Bishop's House Children's Centres. The statutory guidance (published October 2010) states that the council's response to the consultation should demonstrate that views expressed have been taken into account. The consultation feedback is summarised in the report and the Lead Member is advised to agree the recommendation to conduct a review as set out in paragraph 16 above.
23. As background, the Lead Member is advised that the council has a statutory duty under the Childcare Act 2006 to ensure that there is sufficient childcare provision (whether or not provided by the council directly) within its area, to enable parents to work or undertake education or training to work. The range of provision will need to be suitable to meet the needs of children with educational needs and disabilities.
24. The review must be subject to a full equality impact assessment to ensure that the council complies with its duties under the Equality Act 2010, and that decision makers are made aware of the relevant equality implications.
25. The Lead Member is advised that staffing implications (particularly TUPE) that transpire during the review will be subject to full consultation.

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26. The resource implications are as set out in the body of the report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Council Assembly, Policy and resources strategy report, 22 February 2011	http://moderngov.southwarksites.com/ieListDocuments.aspx?CId=132&MId=3454&Ver=4	
Council Assembly, Policy and resources strategy report, 29 February 2012	http://moderngov.southwarksites.com/ieListDocuments.aspx?CId=132&MId=3454&Ver=4	
Consultation on phased withdrawal of	http://moderngov.southw	

childcare provision at South Bermondsey Children's and Parents' Centre and Bishop's House Children's Centre	arksites.com/ieDecisionDetails.aspx?ID=3095	
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APPENDICES

No.	Title
Appendix 1	Consultation on phased withdrawal of childcare provision at South Bermondsey Children's and Families' Centre and Bishop's House Children's Centre

AUDIT TRAIL

Lead Officer	Romi Bowen, Strategic Director of Children's Services	
Report Author	Merril Haeusler, Deputy Director, Education, Children's Services	
Version	Final	
Dated	16 August 2012	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Legal Service	Yes	Yes
Strategic Director for Finance and Corporate Services	Yes	Yes
HR Manager	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	16 August 2012	