

<p><b>Report from:</b></p> <p><b>Marianne Alapini.</b> <b>31<sup>st</sup> October 2003</b></p>	<p style="text-align: center;"><b>Southwark Children and Families Alliance (SCFA).</b></p> <ul style="list-style-type: none"> <li>• <b>Study on effects and affordability of Child Care following fee increases</b></li> <li>• <b>Effects of take up of new Family and Childcare Tax Credits on Families using or considering using Southwark’s voluntary sector community nurseries and Pre-School Learning Alliance groups.</b></li> </ul>
<p><b>Objectives of the Study</b></p>	<p><b>Southwark Children and Families Alliance commissioned a study on the effects of Tax Credits and the affordability of child care</b> in the catchment areas of community nurseries and Pre School Learning Alliance groups in Greater Peckham. Comparing this with other nurseries in the borough, including one maintained early years centre, following fees increases and take-up of the new Family and Childcare Credits.</p> <p>(a) Study provides 'in depth' views from parents and nurseries, which will inform Anti Poverty issues and projecting into the future and identifying suitable funding sources to help overcome problems with increased fees and Tax Credits.</p> <p>(b) Study aims to produce accurate and reliable data, which will form part of the Report back to the Council Executive and Overview and Scrutiny Committees.</p> <p>(c ) Study Report will be used by the nurseries and Pre School Learning Alliance groups - to inform their business and financial planning.</p>
<p><b>Interviews undertaken with</b></p>	<ul style="list-style-type: none"> <li>• <b>Four community nurseries in Peckham:</b> All Nations Community Nursery (Peckham Settlement), Copleston Children’s Centre, Happy Faces Community Nursery, (Sumner Road) and Welcome Community Nursery.</li> <li>• The <b>3 other community nurseries</b> in other areas in the borough were included as part of the study in order to appropriate comparison. These are: East Dulwich Community Nursery, Rockingham Community Nursery, Rosalind Community Nursery and SRC Community Nursery, ARC.</li> <li>• Re-scheduled appointments to Bermondsey Community Nursery and Gumboot Community Nursery</li> <li>• Interviews undertaken with Glenn Garcia, Sarah Wallis and Pre School Learning Alliance.</li> </ul>

The local authority is seeking to achieve Value for Money from Early Years expenditure by achieving tangible positive outcomes for child, family and the community as a whole. Affordable childcare is critical to achieving the councils Anti-Poverty Strategy, in particular through the development of employment and enterprise strategies. These provide parents with [short term] & child [long term] education, training & employment, plus preparation for school – leading to ‘enhanced life chances of the child’ in future education and employment. This is linked to GLA Childcare Strategy for London.

**Early years Mission Statement:** To deliver child centred, cost effective service; Provide high quality care and education; enable children to achieve maximum potential; work supportively with children, parents and family; targeted to meet needs of vulnerable children

and their family; Support children of working / studying parents via a mixed economy nursery and new business culture, childminders, sessional and wrap around services.

### Key findings from the interviews:

- At the end of April 2003, 44% of Southwark families using community nurseries were eligible for WFTC. Council officers undertook focused awareness raising with provides, via seminars, training and surgeries. Supporting this with advice on the careful management and phased increase of fees from a minimum of £50:00 - £170:00 per week, per child.
- Reduction of childcare costs for siblings to alleviate financial hardship has proved difficult to sustain for most nurseries due to viability issues.
- **The complex Assessment Process of claimants by the Inland Revenue has resulted in delays of payment** to the nurseries and the build up of arrears in many of the nurseries interviewed of an average of £500:00. This is being offset via robust but slow Arrears Recovery system with relevant families and in some cases, writing off as bad debts.
- Assessments resulting in higher / lower TC or WFTC than previously received = knock on effect.
- **Nursery staff equally affected by delays in Assessment Process** – resulting in six of them seeking support from Social Services for payment of rent.
- Fees already seen as high for some families not eligible for Tax Credits
- **Anecdotally, very few families are able to receive 70% of Tax Credit** and information of which families are getting full amount is hard to come by, due to confidentiality and arrears issues.
- **New parents are reluctant to Register their child, when told of the cost of new fees.**
- **Parents are also undertaking a ‘Value for Money Assessment’ of the nurseries poor premises**, which is affecting their willingness to pay more. They see themselves as being ‘potentially worse off and financially and socially excluded if getting WFTC’.
- Two weekly disbursement of WFTC makes payments of monies to the nurseries more difficult for some students not used to budgeting, who appear in some cases to be using money for alternative financial priorities.
- **Working patterns of families [mostly women] changing** to more of them taking up part time nursery hours, or a number of days per week, as they cannot afford a full time place.
- **Due to affordability issues: Early transfer of children to free half day nursery**, is resulting in anecdotal evidence of traumatised children who are ‘no ready’ for this transition. Resulting in wetting, inability to sit still for concentrated periods and taking part in focused activities, need for naps, etc. Lower teacher / child ratio = individual child’s needs not always met
- Growth in patchwork of informal childcare, resulting in additional trauma to child as their routine is disrupted, child development, H & S and Child Protection issues.
- **REAL CONCERN ABOUT THE VIABILITY OF 7 NURSERIES** – due to current financial and management arrangements in place, strength of management committees, business, HR and I T infrastructure, occupancy and unfilled Waiting Lists [mostly under 2 year olds and therefore not old enough to be offered a place] for day care places, premises costs and charges, expansion plans and individual nursery issues [50+ families have withdrawn their children prematurely, due to affordability issues = 81% occupancy]
- **3 – 5year olds make up the bulk of vacancies, as more children going into school earlier in September**
- Location and high competition from private sector and other community nurseries is affecting market confidence that community nurseries will be able to operate at and

maintain full capacity from 1<sup>st</sup> April 2004, in addition to being able to assess sufficient alternative funding, or income to replace LEA grant aid.

- **Implementation of Commissioning Model and Contracting Process** to purchase places for vulnerable children, or those with special needs is still unclear, as are SMART targets and key performance indicators, nurseries will need to meet.
- Business Planning and accurate unit costing is therefore proving difficult, although support from consultant has proved helpful – more capacity building time allocation deemed to be required to enable more discussion and involvement of Management Committees in business.
- **Pre-School Learning Alliance and Southwark Childminding Association:** Concerns for their viability as not indicated as part of Commissioning model. Protected redundancies to staff as part of Employment Law requirement. Proposals submitted to council detailing service delivery options and business plans.
- **Sad loss of much loved and experienced staff**, who have had to take difficult decisions to leave nurseries they love and have worked in for many years [seen as 'family']. Some staff are on 'Exit Strategy' to support their individual and family financial commitments.
- **Best needs of child not being fully met via Continuity of Educational Support and Care.**
- Congestion Charge, high Community Charge and rents = limited / no disposable income.
- **All Nations, Copleston, East Dulwich, Happy Faces community nurseries are all linked to Children Centre** developments and five of the community nurseries are involved in increasing their number of childcare places through the Government's Neighbourhood Nursery Initiative, but this should not be at the loss of existing childcare places.

#### **RECOMMENDATION:**

The council is on target to achieve the 2004/05 budget reduction of £800,000. However, the original intention to reduce voluntary sector grants by 50% across the board may not be possible for the complex reasons outlined above.

- Pre School experience ensures that the needs of the child are paramount and they are able to 'Learn via Play' in an environment that provides - High quality communication and grounding towards Early Learning, Goals, cognition, language, social behaviour development.

**With this in mind, a proposal being considered is the establishment of a Social Enterprise Strategy to support the development of the business, Human Resource and Information Technology infrastructure of Southwark's community nurseries** via significant regeneration funding that can be bid against. [£360M].

**The benefits this represents** would be complementary with the council's Anti-Poverty Strategy - providing better co-ordination with other existing benefits services in Southwark, resulting in increasing the level of take up of Tax Credits among low income groups and delivering in the long term tangible outcomes more effectively.

- **Social Enterprises are businesses trading with a social purpose, combining the need to be successful with bringing people and communities together for social gain. They are enterprise orientated, trading viably to make a surplus.**

### **Social Enterprise Strategy - Benefits:**

- Affordable childcare = promoting equality of opportunity and sustainable long-term employment of the most economically marginalized.
- Taking on board lessons learnt from good practice examples and some of the wider related employment and economic development strategies within the Council e.g. - the Community Plan, Business Planning process and related Employment, Regeneration and Neighbourhood Renewal Strategies and in context with what is happening in the rest of London.

### **Action Plan = Financial Modelling and wide consultation with community nurseries and strategic partners:**

- Investigate the potential for the establishment of a Consortia of Childcare Social Enterprises [fundraising and development of joint bids. Economies of scale = Centralised Accounts, Pay roll, qualified Temps who float across nurseries providing Holiday / Sick Leave cover. Centralised training resources, wrap around service development, co-ordination of Waiting Lists and take up of vacancies across nurseries in the boroughs].
- Leadership Development of Management Committees [Governance, Legal Framework, pricing structure and real cost of delivery quality services].
- Staff training linked to Business Plan objectives & team needs [numbers + experience], ratios Vs SEN children and those at risk
- Robust Financial Management, Business Planning, Risk Assessments & Contingency Plans, supported by audit trails for all activities.
- Joint Marketing & Communication Strategies for all the community nurseries
- Capacity building of Quality Assurance Framework, systems and procedures = Business and IT infrastructure development – OFSTED continuous improvement
- Multi agency Partnership development, strengthening the decision making process and increasing social capital = identifying creative and joined up solutions. Mixed economy nurseries operating in market economy environment
- Asset development and premises management
- Contributing to Race Relations Amendment Act by engaging BME communities in planning & implementing service delivery
- Equal Opportunities, Monitoring & Evaluation to meet the needs of the hardest to reach groups in line with reformed Admissions Policy [Travellers, ESOL. Refugees, disabled, leaving care, teenage pregnancy]
- Cultural Awareness training to deliver better liaison with support agencies in terms of environment and activities provided to all ethnicity groups.

END.

### **Nov 03. Update on RB Kensington and Chelsea – Adjudicator Decision:**

**Decision has been published on the statutory proposal by RBKC to discontinue funding to Ainsworth Nursery School and Maxilla Nursery from 31<sup>st</sup> December 2003.**

**Adjudicator – Mr Andrew Collier, did not approve proposal for the following reasons:**

- Local authority mounted a strong case on duty to ensure Value for Money in well argued and documented process.
- **Findings:** Financial considerations had to be weighted against quality of alternative provision and desirability of further integrating pre-school education to Childcare services.
- **Adjudicator was not persuaded that alternative provision would be able to maintain or enhance standard of provision already available from high quality nursery schools, providing a superior educational experience and serving the community as a whole.** Additionally, schools were found to be providing a protective environment, appropriate class sizes, high quality outdoor play facilities and good parental choice.