

Classification: Open	Date: 17 June 2011	Decision Taker: Cabinet Member for Children's Services
Report title:	Early Years (Community Nurseries) Voluntary and Community Sector Grant funding Programme 2011-12	
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; for the Early Years (Community Nurseries) and Pre – school Learning Alliance (PSLA) in 2011-12.
2. That the Cabinet Member notes that allocations proposed for 2011/12 are based on organisations receiving a full portioned quarterly allocation of Council grant for the first three months of 2011/12, followed by a 25% reduction in Council grant for the remaining nine months of 2011/12. The total grant reduction for the full year is 19% overall. Note that for every Community Nursery, the Council grant accounts for a minority of their income.
3. That the Cabinet Member also notes that one setting is no longer functioning as a community nursery.
4. That the Strategic Director of Children's Services should monitor progress and retain the right to withhold funding should the conditions of grant not be met by the organisations concerned.

BACKGROUND INFORMATION

5. The Council has historically funded a small number of Community Nurseries (9) and pre-schools (10), through a grant aid process to promote affordable childcare for Southwark children. The policy dates back many years and there is a need to revise this approach, particularly in light of current budgetary constraints, but also in the interest of value for money and equity.
6. This report serves two purposes. It implements the council's budget decisions as agreed at Council Assembly on 22nd February 2011 and it allocates grants to the community nurseries. It is a follow up to the report agreed by the Executive member for Children's Services and Education in June 2009 of the same name. That report agreed the three year programme and allocations for 2009/10. A further IDM in March 2010 agreed the funding for 2010/11.
7. Appendix 1 of this report shows the proposed allocations (inclusive of the 25% reduction for the final three quarters, i.e. a net reduction of 19% each) for each of the organisations covered by the grant for 2011/12. Appendix 2 provides a budget overview, and split between core and DSG budgets.

KEY ISSUES FOR CONSIDERATION

8. This is the final year of the current three year funding cycle; and organisations receiving grant funding have long been aware there was no guarantee of funding beyond that period, particularly given the Council's funding reductions from government. As part of discussions, all organisations receiving grant funding from the grants programme will be advised that it is likely to cease completely from March 2012, in line with the Council's agreed Budget.
9. The council has progressively reduced its contribution to Community Nurseries over a number of years as part of a managed process which has involved supporting them to compete alongside all other private, voluntary and independent sector providers in the market on a level playing field. 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 2011/12 officers will continue to work with the sector in 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 over the past few years.
10. The organisations listed in appendix 1 were written to in November 2010 to advise them to begin early planning for reductions in 2011/12, as a result of the comprehensive spending review. They were also sent the letter from the Cabinet Member for Resources along with all other voluntary sector providers. The grants officer, has been in regular contact with the groups, and has attended management committee meetings. It is clear that groups have been preparing for grant reductions of at least 30%. The proposed overall reduction is less than anticipated, and as a result the groups will be able to mitigate against closures in 2011/12.
11. The early years (community nurseries) voluntary and community sector grant recommendations include full grant for the first quarter (April-June) followed by a reduction of 25% in grant funding over the remaining three quarters of 2011/12 representing an overall reduction of 19%.
12. 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. In addition, the general principle has been that budget reductions for the voluntary sector should be in line with the overall budget reduction for the grants in question. The recommendations also take account of the desire to ensure as far a reasonably practicable that reductions have a limited impact on frontline services delivered by funded organisations. To achieve this, reductions are also being made to the delivery of back office sustainability support.
13. The Cambridge House (Butterfly Nursery) has closed for refurbishment. When it reopens it will cease to operate as a community nursery and therefore the budget that would have been allocated now forms part of the budget reductions.

Policy implications

14. 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

15. 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

16. The affected organisations have all received the communications outlined in paragraph 10 above. In addition, the council's grants officer has visited all settings since November to discuss the impact of changes. Further meetings have taken place with the settings during the passage of this report and all settings have indicated that they will be able to continue to operate an effective service in 2011/12 if budgets are reduced by the amount proposed in this report. We will continue to work with all settings over the year to support them in developing a sustainable offer beyond 2011/12.

Resource implications

17. The Council in 2010-11 allocated a total of £798,972 to support Community Nurseries and Pre-schools of which £589,388 was directly allocated to the nurseries and pre-schools. The overall budget comprised £151,789 from the council's core budget with the remainder coming from the Dedicated Schools Grant.
18. The budget report agreed by Council Assembly in February proposed that the council remove its core contribution to the Community Nurseries over a two year period with half (£75,000) being removed in 2011/12 and the remaining (£75,000) going for 2012/13. This would mean that any future support for the community nurseries would come from the DSG contribution which ought to be providing for the free early education entitlement of 15 hours for three and four year olds.

Finance Concurrent - CS0145

19. The Cabinet report of 22 February 2011 proposed savings of £75k in 2011-12 and £75k in 2012-13 by reducing subsidies to Community Nurseries. In order to maintain the proposed levels of subsidies to the Nurseries in 2011-12 as set out in this report, the savings set out in the Cabinet report have been met as follows:

The core budget savings of £75k has been met through £13K reductions in repairs and maintenance budgets; £35k reduction in

grants to Butterfly Nursery, £22k reduction in grant to nurseries and £5k through replacing core budget savings with DSG. In summary, this means that the total saving of £75k has been met through a £70k reduction in core budget and through increasing DSG contribution by £7k. This leaves an unallocated balance on DSG of £156k.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director for Communities, Law & Governance

20. 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

20. 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 2011-12 – Proposed allocations
Appendix 2	Early Years (Community Nurseries) Voluntary and Community Sector Grant funding Programme 2011-12 – Budget overview

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Voluntary Sector – Fast Track Review	Commissioning and Voluntary Sector Support Tooley Street SE1 2TZ	Bonnie Royal 020 7525 7389
Southwark Compact	As above	As above
Early years (community nurseries) Voluntary Grants Programme reports 2010/11	Constitutional Support, Town Hall ,Peckham SE5 8UB	Willie Williams 0207 525 5163
Early Years Review (30/1/07)	Children's Services Department Tooley Street SE1 2TZ	Mike Smith 020 7525 2725

AUDIT TRAIL

Lead Officer	Mike Smith, Assistant Director, 0-5 & Community	
Report Author	Jennifer Jackson ,Business Unit Manager – Communities, Extended Services & Partnerships	
Version	Final	
Dated	17 June 2011	
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
List other officers here		
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Officer	17 June 2011	