

Item No.	Classification: Open	Date: 6 th January 2003	MEETING NAME Executive
Report title:		Call-in Request: Best Value Review of Early Years	
Ward(s) or groups affected:		All	
From:		Overview & Scrutiny Committee	

RECOMMENDATION

1. That the Committee considers the decision taken on 3rd December 2002 in respect of the Best Value Review of Early Years, taking into account the particular concerns of Overview & Scrutiny Committee as set out in paragraph 7 of this report.

BACKGROUND INFORMATION

2. On 3rd December 2002 the Executive considered a report on the Best Value Vision for Early Years. A copy of the original Executive report is attached at Appendix A.
3. The Executive resolved as follows, i.e.
 1. *That the Best Value Vision for Early Years as set out in the report be agreed.*
 2. *That the recommendations of the Executive Best Value Panel to adopt the long term strategy of the service be agreed, including the financial strategy in option 3, as described in paragraph 13 of the report, which will*
 - a) *deliver cost-effective, child centred services which:*
 - *Provide high quality care and education;*
 - *Enable children to achieve their maximum potential;*
 - *Work supportively with children, parents and families;*
 - *Will be targeted to meet the needs of vulnerable children and their families, alongside children of parents who work or study; through a mixed economy of nurseries, childminders, sessional and wrap-around facilities*
 - b) *replace council subsidy for child care for working parents except where it is part of a family support or child protection package of social care, while maximising the potential for income from external sources.*
 - c) *see fee levels rise in the Council's Early Years Centres to levels similar to many other London boroughs, and in the community nurseries, in order to maximise the contribution of government tax credits to childcare in the borough and generate additional investment to improve the quality of the service to ensure its long term sustainability.*

d) be carefully managed and implemented to minimise the risk of unnecessary closures.

e) achieve initial savings of £618,000 in 2003/04, and, subject to successful risk management, £857,000 in 2004/05 and £20,000 in 2005/06, with potential for a further £1.5million by 2007/08.

f) note that this approach is consistent with the Government's policy "Delivering for children and families" a recent inter-departmental review of childcare.

3. That as part of this strategy, the following changes to the fee structure for the Council's Early Years Centres be agreed:

- From April 2003, raise fees for fee-paying places from £100 to £135*
- From April 2003, pilot a top rate of £150 for a limited number of places.*

4. That it be noted that grant aid to the voluntary section is reduced by 3%, and that community nurseries will be expected to charge fees in line with Working Tax credit rates to achieve income commencing 2003/04.

5. That it be agreed in principle that grant aid is progressively reduced thereafter (with an estimated 50% or more reduction per group by 2004/05) subject to the annual review of the Implementation Plan to ensure there is no overall loss of provision, and replaced with a Commissioning arrangement.

6. That the final performance targets be agreed and an improvement plan for the service are prepared after this meeting, for comment by the Executive Member for Education, Youth and Leisure and it be noted that, by mutual agreement, no decision on phase 2 transfer to WS Atkins will be made for at least the next six months.

7. That for reasons outlined in the Chief Finance Officer's report on the 5th November, 2002, the Executive reserves the right to review the extent to which it wishes to take Early Years savings in future years.

8. That officers monitor the implementation, reporting back in April and October 2003. Officers will assess the impact of the Best Value recommendations on early years voluntary sector providers and their ability to become sustainable community social enterprises in April 2004.

The reviews will examine:

- The take up of Working Family Tax Credit and the effect of commissioning on the voluntary sector providers and their current users.*
- The ability of smaller nurseries to adapt.*
- The resources (people, structure, processes and money) required to manage change and to reach and retain sustainability.*

- *Other funding sources and areas of work and development that will support providers as sustainable social enterprises.*
4. On 9th December 2002 the Chair of Overview & Scrutiny Committee, Councillor Kim Humphreys, and three members of the Committee (Councillors Aubyn Graham, Barrie Hargrove and Andy Simmons) requested a call-in of this decision, the reason given for the call-in being “That key financial information on the proposed costs of childcare in excess of the maximum working Family Tax Credit/Childcare Tax Credit was excluded from the report”.
 5. On 18th December 2002 Overview & Scrutiny Committee met to consider the call-in request. Councillor Skelly – Executive Member with portfolio for Education, Youth & Leisure was present at this meeting. In addition, Members received additional background information from officers and heard from a representative of Southwark Community Care Forum. Appendix B contains the Agenda papers for this meeting.
 6. The Borough Solicitor had previously confirmed that the original Executive decision giving rise to the call-in request was not contrary to the policy framework and accorded with the budget.
 7. Having considered the decision, the Committee agreed as follows, i.e.
 1. *“That the Best Value Review of Early Years be referred back to the Executive for consideration.*
 2. *That the Executive be asked to take into account the following particular concerns of Overview & Scrutiny Committee, i.e.*
 - (a) *That the Executive be asked to reconsider the affordability of the in-house charges for childcare for two or more children prior to budget-setting.*
 - (b) *That the Executive consider the experience of boroughs where changes to subsidy have led to the collapse of the community sector.*
 - (c) *That future reports on Early Years should explicitly address the affordability of charges in excess of the maximum tax credit.*
 3. *That scrutiny look at Early Years implementation in the current municipal year, with particular attention to points 2 (a)-(c) above”.*
 8. In accordance with Overview & Scrutiny Procedure Rule 19.4 the matter stands referred to the Executive for consideration.

KEY ISSUES FOR CONSIDERATION

9. Overview & Scrutiny Procedure Rule 19.5 requires that decisions referred back to the decision making body be considered within seven clear days of the date on which the decision to refer back was taken, i.e. 18th December 2002. If the Monitoring Officer or Chief Financial Officer determines that the decision falls within the budgetary and policy framework, the decision-making body may amend its decision (or not), before adopting the final decision.

LEGAL & FINANCIAL IMPLICATIONS

10. Members of the Executive have been requested by the Overview and Scrutiny Committee to reconsider the Best Value Review of Early Years, together with certain specific issues.
11. Members may decide not to reconsider. However, the decision of the Executive on 3rd December may be challengeable on the basis that Members did not take account of all information that they are reasonably required to take into account.
12. If Members do consider those matters as requested by the Overview & Scrutiny Committee, Members should ensure that they have all relevant information available for consideration.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Council Procedure Rules & Scrutiny Procedure Rules	Constitutional Support Unit, 3 rd Floor, Town Hall, Peckham Road, London SE5 8UB	Ian Millichap (Executive) T: 0207 525 7225 Shelley Burke (Scrutiny) T: 0207 525 7344
Executive Committee: Agenda, Background Papers and Minutes	Constitutional Support Unit, 3 rd Floor, Town Hall, Peckham Road, London SE5 8UB	Paula Thornton T: 0207 525 4395
Overview & Scrutiny Committee: Agenda, Background Papers and Minutes	Constitutional Support Unit, 3 rd Floor, Town Hall, Peckham Road, London SE5 8UB	Lucas Lundgren T: 0207 525 7224

Audit Trail

Lead Officer	Deborah Holmes, Borough Solicitor & Secretary	
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Dated	19 th December 2002	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Borough Solicitor & Secretary	Yes	Yes
Chief Finance Officer	No	No
Executive Member	No	No
Date final report sent to Constitutional Support Services		