

Item No.	Classification: Open	Date: 18 March 2010	Decision Taker: Executive Member for Children's Services and Education
Report title:	Early Years (Community Nurseries) Voluntary and Community Sector Grant funding programme 2010/11 and Commissioning plan.		
Ward(s) or groups affected:	All		
From:	Romi Bowen Strategic Director for Children's services		

RECOMMENDATION(S)

1. That the Executive Member agrees to continuation of the grant funding programme for the Early Years (Community Nurseries and Pre-School Learning Alliance) in 2010/11.
2. That the Executive Member notes the reasons for the delay in moving to a commissioning model as set out in paragraph 9 below.
3. That the Executive Member notes the continuation of the Sure Start funded Sustainability Grant programme as set out in paragraphs 12 and 13.

BACKGROUND INFORMATION

4. The Council has a policy of funding a small number of Community Nurseries and pre-schools, through a grant aid process to provide affordable childcare places for Southwark children. The policy dates back many years and there is a need to update this to take into account recent legislative changes with a view to establishing a new rationale for the distribution of funding based on the council's agreed approach to commissioning.
5. The corporate and departmental arrangements for managing the Council's funding of voluntary sector organisations require annual Commissioning Plans to be produced for each separate programme of activity resourced by departments. These plans set out the business case for seeking voluntary sector providers, expected links between the Council's policies and priorities and the outcomes that are to be delivered by the voluntary organisations which receive grant aid. The plans also make reference, where appropriate, to the contracting of organisations (via Contract Standing Orders) to deliver services.
6. Approval of the Commissioning Plan for the Early years (Community Nurseries) Programme has transferred to IDM and is now a matter for the Executive Member for Children's services and Education (Constitution: Clauses 2 and 5 Part 3D). In June 2009 the Executive Member agreed the 2009/10 commissioning plan and the carrying over of funding for existing community nurseries and Pre-school Learning Alliance.

7. From April 2006 to April 2007 the council undertook a strategic review of its relationship with the voluntary and community sector. The findings and recommendations of the review were set out in the Council/Voluntary Sector Framework, which was agreed by the Executive on 24 April 2007. This document sets out the policy and principles governing the council's arrangements for partnership with, support to and resourcing of Southwark's voluntary and community sector (VCS).
8. In relation to commissioning and funding the VCS, the Framework sets out that the council will operate a mixed economy of grant aid and contracts and will normally operate on a three-year cycle. A move to contract for some other VCS organisations took place in 2009/10. This was delayed due to the time needed to finalise the simplified contract and to train officers and VCS organisations in the contracting process.
9. The three year cycle for the Community Nurseries has been delayed due to complexities associated with the introduction of a number of national initiatives. In particular, these nurseries are affected by the development of delivery arrangements for the 2 year old pilot, the extension to the free early education entitlement for 3 and 4 year olds; and the proposed introduction of a local early years single funding formula (EYSFF). However this provides the Council with the opportunity to reschedule planned consultations and training to funded organisations on future commissioning proposals. As part of the commissioning process, members will need to establish a clear policy regarding the role of community nurseries and the funding associated with delivery against this role.

KEY ISSUES FOR CONSIDERATION

10. The key objective is to commission childcare places that ensure quality standards of care and education for children and families, particularly those who are vulnerable. A major consideration with quality is the outcome of Ofsted inspections which make judgements both about the quality of the learning experience and the degree to which welfare standards are met. A number of community nurseries have struggled to meet Ofsted standards and as a result the council has had to put in considerable additional support. It is important that the management committees of community nurseries take responsibility for quality improvement in their settings as we prepare for the new commissioning arrangements.
11. Some community nurseries continue to struggle to be financially viable despite investment through the Sure Start funded sustainability programme. The variability of the rents paid by these organisations also impacts on their capacity to be sustainable.
12. The focus of the sustainability programme changed in 2009 -10 to concentrate specifically on those organisations causing the most concern. An interim report from DayCare Trust, who have been commissioned to work with these settings, has highlighted significant problems in the following areas:
 - **Governance:** a lack of understanding of the division of responsibilities between Board members and Nursery Managers. Boards and Management Committees often have very few members and a high turnover leaving one

or two key people charged with carrying forward major changes and /or dealing with problematic staff relations if they arise.

- **Finance management:**
There is a basic lack of understanding of the key functions and requirements of financial management of a childcare social enterprise. Several of the nurseries could face a cash crisis within 12 months and most do not have an adequate cushion of reserves.
- **Business Planning and Administration:** With one exception, none of the nurseries has a comprehensive fully up to date Business Plan. Systems are not computerised where this would make standardisation much easier.
- **Staffing:** Job descriptions for nursery managers do not reflect the need for the basic business management skills that are now required in the sector. No investment has been made in employing skilled administrative staff
- **Marketing:** Settings are required to develop better relationships with training providers and local employers linked to identifying support to parents for childcare costs, including tax credits and support for parents in education and/or training and understand the rapidly changing market.
- **Measuring Results:** Basic goal setting is not used by any of the nurseries for example in the areas of the % of fees collected and occupancy levels.

13. The sustainability programme will continue for those specifically identified settings in 2010/11 who are currently working with the DayCare Trust on agreed action plans. It must be noted that many settings have successfully applied for Sure Start Early Years Capital grant funding in 2009-10 and will be able to make applications for any future round(s) in 2010-11.

14. This report recommends that each community nursery will have grant aid continued for 2010-11, at the same level as for 2009-10, as set out in the appendix.

Community Nurseries and Pre-School Programme

15. The Council in 09-10 allocated a total of £798,972 to Community Nurseries and Pre-schools. This included £156,247 resource set aside to help those settings that were struggling to achieve financial sustainability. The budget proposed for 2010-11 remains unchanged at £798,972.

With the exception of the Pre-school learning Alliance (which has an SLA) all settings operate under grant aid conditions, this will remain unchanged in 2010-11.

Future Developments

16. Children's services will also begin work on the reconfiguration of services to support the new expectations around commissioning, monitoring and

evaluation and the drafting of relevant and appropriate specifications; following the development of the single funding formula.

17. A new SLA has been negotiated with the Management Group of the PSLA which ensures that they are able to continue to support pre-school settings to include new Early Years Foundation Stage requirements. The increase in the level of funding agreed in 2009/10 enabled them to continue with their service in support of pre-school settings. However a further increase for 2010/11 is not expected.

Community Impact Statement

18. There is a duty on local authorities to promote equality of opportunity. An analysis of the makeup of service users and providers within this programme will be undertaken and included in the report on funding allocations in 2010. This information will enable the Council to identify the capacity building needs of various BME communities across the borough and explore ways to improve the capacity of new groups and communities in competing with existing suppliers for funding.

Resource implications (CSI09002)

19. The 2010/2011 base budget for Early Years (Community Nurseries) voluntary sector grant programme is set at £798,972. The allocation in 2010/2011 has been set at £798,972.
20. Where appropriate grant aid is used to access external funding such as Big Lottery grants, or to consolidate provision through partnership funding from trusts and other grant giving bodies. Income generation and fund-raising to include match funding is encouraged to achieve long-term stability.

Consultation

21. Copies of the final report and commissioning plans will be made available to all departments and to Community Action Southwark. Consultation with those organisations currently in receipt of funding was originally carried out in 2006/2007. However this will be carried out again during September 2010. As part of finalising the 2011/2012 commissioning intentions.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director for Communities, Law & Governance

The Strategic Director for Communities Law & Governance (“DCLG”) notes the content of this report, and, in particular the recommendations set out within paragraphs 1 to 4. With regard to paragraph 1, the DCLG confirms that the approval of the Commissioning Plan and the subsequent award of grants to selected organisations fall within the range of matters expressly reserved to an Individual Executive Member for decision under Part D of the Council Constitution.

Finance Director

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

APPENDICES

No.	Title
Appendix 1	Proposed budget allocation document

Background Documents

Background Papers	Held At	Contact
IDM Report - Early Years Single Funding Formula – Update (Feb 2010)	0-5 & Community Division	Cherrelle Baker-Duff
Voluntary Sector – Fast Track Review	Social Inclusion Division Town Hall Peckham SE5 8UB	Bonnie Royal 020 7525 7389
Southwark Compact	As above	As above
Early years (Southwark Education) Voluntary Grants Programme 2008/09	Communities, Extended Services & Partnerships Business Unit Tooley Street, SE1 2TZ	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

This section must be included in all reports.

Lead Officer	Mike Smith, Assistant Director, 0-5 & Community	
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Version	Final	
Dated	18 March 2010	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director for Communities Law & Governance	Yes	Yes
Finance Director	Yes	Yes
List other officers here		
Executive Member	No	No
Date final report sent to Constitutional Officer	18 March 2010	