

REPORT FOR: CABINET

Date of Meeting:	15 December 2011
Subject:	A Sustainable Future for Children's Centres
Key Decision:	Yes <i>[Affects all Wards and the potential savings are £1.2m]</i>
Responsible Officer:	Catherine Doran, Corporate Director Children's Services
Portfolio Holder:	Councillor Mitzi Green, Portfolio Holder for Children's Services
Exempt:	No
Decision subject to Call-in:	Yes
Enclosures:	Appendix A Harrow Council's Children's Centre Consultation Report September 2011 New operating Structure (Appendix B) to show proposed model for restructuring Harrow Council's Children's Centres.

Proposed Model for organisational structure of Harrow Council's Children's Centres (Appendix C)

Equalities Impact Assessment (Appendix D)

Risk Assessment (Appendix E)

Section 1 – Summary and Recommendations

This report sets out the recommendations for ensuring sustainability of Harrow's Children's Centres to ensure that valuable services for families with young children can continue whilst delivering significant budget savings.

Recommendations:

Cabinet is requested to:

1. agree the proposed hub and spoke operating model for Harrow Council's Children's Centres which will provide the framework for delivering children's centre services ensuring geographical coverage.
2. agree that the Corporate Director Children's Services may implement the new operating model in consultation with the Portfolio Holder.
3. agree that a Governance Board for each Hub is put in place with representation from, service users, staff, partners and ward councilors.

Reason: (For recommendation)

To improve ways of working in Harrow Council's Children's Services following changes in Government policy and funding.

Section 2 – Report

Introduction

Harrow has 16 children's centres providing a range of early education, care and support services to young children and their families.

Harrow Council's Children's Services have deployed a strategy of locating as many Children's Centres (10) within Local Authority maintained educational provisions, to ensure their sustainability in terms of accommodation and provide opportunity to build links with maintained Early Years settings.

Five of the remaining six are either standalone children's centres which operate in partnership with the voluntary sector, housing association or adults services. The remaining children's centre is a very small centre on the border of Harrow and Brent and serves a very specific local area which has links to Woodlands Special School, Stag Lane Infant School and Camrose Primary School. (See **Appendix B** for details)

The Council's Children's Centres have an operating model with a clear focus on targeted early intervention. They contribute to the Corporate Priority of supporting and protecting people who are most in need. They are key service delivery points for;

- Universal pre-school provision giving the youngest children the best start which contributes to improved outcomes at the end of Foundation Stage- particularly in the areas of Communication, Language and Literacy and Personal, Social and Emotional Development.
- Early identification and support to children with special educational needs with targeted places at 3 of Harrow's Children's Centres for young children with profound and complex needs
- Targeted education and support for those parents who need specific services to improve their parenting and understanding of their children's development
- Contact services for those children and families who are not able to live together with children on a child protection plan. Delivery of this service through the Children's Centers has already provided revenue savings and a capital receipt.
- A range of public health services including Ante-natal and postnatal services, oral health and sexual health. Midwifery services working together with children's centre staff identify some of the potential high risk families who need immediate access to the range of early intervention services to support parental mental health, issues of domestic violence and potential high risk to the unborn baby.
- Affordable accessible childcare which support parents to be in employment or training.

Harrow Council's Children's Services are required to make a £1.2m saving on Children's Centres. These Centres have historically been funded from a ring fenced Surestart grant. The DfE has replaced this grant in 2011/12 by a reduced Early Intervention Grant. The reduction in grant funding has necessitated a review of the service. Factors to take into account when planning for this reduction are;

- The outcome of the London Borough of Harrow consultation on the value and benefits of the Children's Centres, reported in August 2011, is the identification of very high community support for Children's Centres and the benefits provided by them . 90% of parents surveyed say that using the services has had a positive impact on the quality of their lives. The report provides the evidence for the need for the continuation and sustainability of Harrow Council's Children's Centres, and provides suggestions for future effectiveness and efficiency.
- Harrow Council's Children's Services have identified the need to improve standards in Children's Centres to "good" (Ofsted rating) in order to meet LBH thresholds for inspection performance as part of the Annual Performance Assessment of Children's Services
- Improvement at Early Years Foundation Stage is a priority area for Harrow. Better outcomes for children supported by the Council's Children's Centres will contribute to this improved performance at the end of Early Years Foundation Stage, particularly for children in vulnerable groups.
- The new Harrow Council's Children's Services operating model will commission only those services that evidence good outcomes within a clear evidenced based framework.

Vision for Harrow Council's Children's Centres

Improvement at Early Years Foundation Stage is a priority area for Harrow. Better outcomes for children supported by the Council's Children's Centres will contribute to this improved performance at the end of Early Years Foundation Stage, particularly for children in vulnerable groups.

Harrow Council's Children's Centres are key to the Council's Children's Services' new operating model and deliver the Council's agreed priorities for Children's Services of Health Prevention, Safeguarding, Narrowing the Gap and in particularly Early Intervention. Intervening early in the event of difficulties to meet additional needs at the earliest point aims to prevent the escalation of need for more complex and costly interventions.

The Council's Children's Services have identified the need to improve standards in Harrow's Children's Centres to "good" (Ofsted rating) in order to meet LBH thresholds for inspection performance as part of the Annual

Performance Assessment of its Children's Services. To achieve this managers of the Children's Centres will be required to demonstrate that their provisions continually raise educational standards and provide value for money using Ofsted inspection criteria. The new Council's Children's Services operating model will commission only those services that evidence good outcomes, within an evidenced based approach.

Drivers for Change

There are a number of drivers for change;

- Historically both the capital set up costs and the on going revenue expenditure for all 16 centres was funded from ring fenced Surestart grant. From 2011/12 the Surestart Grant was amalgamated into a reduced Early Intervention Grant. To address the reduction in funding and to deliver budget efficiencies a full review of the operating model has been undertaken. The proposals detailed in the report generate savings totaling £1.2m, which represents 35% reduction in Harrow's children's centres' budgets.
- The need to ensure that the Council's Children's Centres have the flexibility to be sustainable in the future, with viable funding sources, and able to meet increasing pressures e.g. ;
 - Unavoidable pressures arising from Government Policy Changes
 - Demographic changes including the increase in child population and an increase in ethnic groups statistically more likely to be over-represented in the care population
 - Higher levels of deprivation and increase in numbers of children eligible for Free School Meals
 - Increase in Special Educational Needs and children with disabilities
 - The need to raise standards of provision to meet Ofsted criteria of 'good'. Two of the current 13 Children's Centres in Harrow have been inspected and both were rated satisfactory – below the expected result.

Developing a new operating model for Harrow Council's Children's Centres

A number of possible alternative options for the Council's Children's Services were considered during the information gathering and research stage:

Option 1 - Retain current service and deliver limited budget reductions where possible.

This option was rejected as it does not deliver the necessary savings to meet the reduced funding available, neither does it provide an operational framework that will support service improvement and sustainability.

Option 2 - Closure of some the Council's Children's Centres.

Although this would deliver significant savings it would leave areas of the borough without provision. This would negatively impact on the ability of the Council's Children's Centres to deliver on the key corporate priorities. Also if centres were to close the costs of closure would have to be taken into account, including redundancy costs and the potential clawback of Surestart capital grant. All the Council's Children's Centres were funded using £4.3m of Surestart capital grant. The grant conditions state this if they cease to be used as Children's Centres then the DfE retain the right to claw back the funding, totaling £4.3m. Initial indications are that the DfE would not look to waver these claw back rules.

Option 3 – Implementation of a 'Hub and Spoke' model

This option proposes a new operating model centred around 4 main children centre hubs, each with 3 smaller satellite delivery points. This model delivers savings from management and overhead costs but enables all the centres to retain some provision.

Option Recommended

On the basis of the consultation and the work done over the years to develop Harrow's Children's Centres as early intervention delivery points for children's services and partners the Hub and Spoke model is being proposed. The key components of this model are:

- 4 main children's centre hubs with linked delivery points
- The appointment of 4 Hub managers with a focus on service quality, outcomes and strong links to the Commissioning Division
- The temporary recruitment of a development manager to maximize income generating opportunities across all the centres
- Standardised Job Descriptions across the grades to provide structure and clear career progression for early years and childcare practitioners

The details of this model and its operation are set out at **Annexe B**.

Implications of the Recommendation

The implementation of the new operating structure is a major change programme over 2 –3 years. There are implications across the Council's Children's Centres which are outlined as follows:

Organisational Structure

The model requires a different organisational structure to bring together the centres into 4 hubs. A re-organisation of the current Children's Centre workforce will enable this. The proposed outline organisation structure is attached at **Appendix C**. The staff will be consulted on a full structure following approval of this approach by Cabinet.

Given the magnitude of the transition to the new model this will be achieved in 2 phases. This phased approach will ensure that the system is safe and will enable strategic functions to develop and be consolidated. There will be an on-going support for staff and workforce development programme through the transition to the new operating structure.

All staffing changes will be in accordance with the Council's Protocol for Managing Organisational Change.

Implementation Strategy

If agreed, the new operating structure will be implemented in two phases. The organisation re-structure will be in accordance with the Council's Protocol for Managing Organisational Change. This will commence with formal staff consultation in January 2012 on the complete structure.

The Divisional Director, Early Intervention Services will manage the programme supported by a core team including the Service Manager for Children's Centres and, the Procurement Business Partner and Finance Officers.

Approving the recommendations will allow a model of service delivery to be established which develops vibrancy, maximises staff potential and works within a reduced but realistic budget envelope.

Consultation on proposed model

Harrow Council's Children's Services has been working closely with partners in health, schools and the third sector since February 2011 to consider options for the sustainability and improvement of the centres. This included a wide ranging consultation which ran from May 17th 2011 to August 27th 2011. Details of the consultation responses were reported to Cabinet in October and a summary is set out in the main report, included as **Appendix 1**.

The outcome of the London Borough of Harrow consultation on the value and benefits of the Children's Centres, reported in August 2011, is the identification of very high community support for Children's Centres and the benefits provided by them. The report provides the evidence for the need for the continuation and sustainability of Children's Centres, and provides suggestions for future effectiveness and efficiency.

The Children's Centre consultation had over 500 responses. The responses strongly support the sustainability of the Children's Centres with users, staff, partners all proposing:

- developing the use of the children's centres,
- increasing their use by those who most need the services
- exploring options for income generation
- exploring a model of retaining staff expertise

Work has also been taking place with visits to other centres and consideration of developed and best practice from around the country.

The Harrow Council Children's Centre survey report, September 2011, focused on what the users valued and wanted from the Centres. The proposed new operating model has taken note of the findings. The consultation took into account statutory guidance. This requires a local authority to carry out appropriate consultation, before making any arrangements for the provision of a children's centre, any significant changes to services provided through a children's centre or closing a children's centre.

The guidance states that significant changes would include a change to the location of some of the core services, a significant new service, reducing the level of service or stopping provision of a service at a particular children's centre. The guidance recommends consultation with relevant statutory agencies such as the Primary Care Trust and Jobcentre Plus, local families, including members of disadvantaged groups, staff, advisory boards, the wider community, service providers, including the voluntary and private sector, other local authorities, schools sharing the site of any children's centre and parent and carers of children using the services.

In considering closing any children's centre, the Council must have regard to the need to preserve access to children's centres for all families with young children and the duty to meet local need. The guidance states that there is a presumption against the closure of a children's centre, therefore in order to proceed with closure proposals, the Council must demonstrate that outcomes for children would not be adversely affected, particularly for the most disadvantaged and that better value for money would be secured by the children's centre closing rather than by it remaining open.

Case law has confirmed that when determining whether to change service provision, the Council must be receptive to reasonable arguments against the proposals, however this does not simply involve a head count of those for and against the proposals. The Council must take the consultation responses into account and balance this with other relevant information to decide whether the proposals are justified for proper policy reasons.

Implications of the proposed model with regard to Equality Duties

Section 149 of the Equalities Act 2010 created the public sector equality duty. Section 149 states:-

- (1) A public authority must, in the exercise of its functions, have due regard to the need to:
 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

When making decisions in relation to service provision, the Council must take account of the equality duty and in particular any potential impact on protected groups.

Equality Impact Assessments have been completed to indicate the impact of the above proposals on particular groups and any mitigating measures that can be taken. A summary of the results are included in the report and a copy of the Equality Impact Assessment is included as **Appendix D**. The Council must also take account of other material such as press reports and consultation results to determine whether there is a potential positive or negative impact on a specific individual or group of individuals and if so, what mitigating measures can be taken to address this.

When making decisions on changes to service provision, the Council must take account of all relevant material, including financial resources, consultation responses and potential equality impact in order to reach a decision. This report presents a number of options and the financial implications of each option. However, this does not preclude Cabinet from determining that another option is the most appropriate way forward. In an extreme case, if Cabinet felt that the severity of the impact of the proposed options on particular groups of individuals was such that none of the options are appropriate and that additional resources are required to fund these services, then it should refer the matter up to full Council with a recommendation that further spending resources be allocated to the Directorate.

Legal implications of the proposed model.

The Childcare Act 2006 places duties on local authorities to improve the well-being of young children in their area. This specifically includes a requirement, where reasonably practicable, to have arrangements for sufficient provision of children's centres to meet local need. In determining sufficient, regard may be had to children's centres outside an authority's area.

The Childcare Act also requires local authorities to have regard to the quantity and quality of early childhood services that are provided in the area. In particular, the statutory guidance states that consideration should be given to the local childcare market and that services should be provided in an integrated manner, with local authorities encouraging and facilitating the involvement of early years' providers in their area in arrangements for providing integrated early childhood services.

Financial Implications

The Council's Children's Centres net budget in 2011/12 totals £3.4m, excluding central support costs. The new operating structure presents an opportunity for more cost effective services as it aims to:

- Drive efficiencies through smarter working across the hub and spoke model. Staff will work more efficiently over a number of centres geographically located.
- Deliver management savings from the hub and spoke model with managers and senior staff able to work more flexibly to manage a group of centres.
- Commission all early years provision within the Council's Children's Centres from PVI providers, allowing it to be provided without council subsidy.
- Recruiting a development manager to expand the income opportunities already in place, identify future income opportunities, explore appropriate retail opportunities and ensure effective marketing strategies are in place
- Increase the targeting of services to those who need them most with income generation from users of any universal provision
- Generate income from partnership working and co-location particularly from partners such as the Primary Care Trust (PCT) and Harrow College

Estimated Savings

The proposals are forecast to deliver savings totaling £1.2m over the period 2012/13 to 2014/15. The majority of the savings (£830k) are expected from the implementation of the hub and spoke model. It is expected that this new structure, if approved, would start to deliver savings from 2012/13. Given the scale of the changes a part year impact is expected in 2012/13, with the full year impact being delivered from 2013/14.

In addition the commissioning of early years provision at the Gange Children's centre is expected to deliver £220k savings, as reported to Cabinet in June 2011.

Income generation from users and partners and increased utilization of centres is anticipated to deliver further savings of £150k. Given the more uncertain nature of these savings they have been phased across years to enable time for the new arrangements to be implemented and embedded. To ensure delivery of the income target it is proposed to secure a project officer to pursue and implement income generation for two years.

Potential Redundancy Costs

In anticipation of the cessation of Surestart grant the service has been using agency to cover vacant posts. Given the current high level of agency staff the aim is to try to manage the move to the new delivery model without any redundancies. The phasing of the savings also enables the staffing reductions to be delivered without the recourse to redundancies.

The financial implications of the proposed decision are detailed in the table below.

Savings	2012-13	2013-14	2014-15	Total
Implementation of new model	-630	-240	-90	-960
Recommissioning of Childcare provision	-220			-220
Income Generation	-15	-60	-75	-150
Development Manager	65	65		130
Net Saving	-800	-260	-140	-1,200

Performance Issues

In terms of performance, the hub and spoke model is the preferred option because it doesn't necessitate a reduction in service provision or 'reach' to the local community and therefore maintains the potential to improve outcomes for a wide cross-section of Harrow's children and families.

The performance team will continue to monitor the range of activity across children's centres and is working with the service to measure the difference that is made to people's lives.

Two of Harrow Council's Children's Centres have received Ofsted inspections. Both were judged as satisfactory – below the expected result. The Council's Children's Services have agreed an Action Plan to improve standards, focusing on

- Increasing the focus on outcomes
- Increasing participation and take up of services by hard to reach groups
- Improving the effectiveness of leadership and management
- Creating centre development plans with partners
- Strengthening the quality of self evaluation

The new Harrow Schools Improvement Partnership (HSIP) has been commissioned to work with Children's Centre leaders and managers on an improvement programme. By restructuring leadership and management through the proposals, lines of accountability and links with mainstream Early Years leadership and management will be strengthened.

Performance data

From 2010 to 2011 there has been increased take-up by families in all Harrow Council's Children's Centres. The total volume of individuals using the centres was 16,998, up 32.8% over the last 4 months and up 41.8% compared to March 2010. All centres saw an increase in overall volumes compared to 4 months and 8 months ago.

- The majority of centres saw an increase in volumes from a year ago.
- There was an overall increase compared to 4 months ago in all event/group categories, with the biggest increases being in Carer & Toddler Groups which was up by 45.3% and Health Services which was up by 54.3%.

The Harrow Council Children's Centres make a significant contribution to the life chances of minority community groups. 18.9% of Centre users were of Asian Indian Origin, with the next largest ethnic groups of users being White UK at 13% and Asian Sri Lankan at 6.6%.

The Harrow Council Children's Centres target vulnerable groups in the community. Current records show services are accessed by known lone parents (6.1%), teenage parents (0.8%), carers with known disabilities or special needs (0.3%), children with known disabilities or special needs (2%). There is work to do to increase accessibility and to identify and record service users from the relevant groups.

The new operating structure for the Council's Children's Centres will contribute positively to the council priorities:

1. The impact of the proposal will be a positive contribution to the following local and national performance indicators;

Local Performance Indicators:

- ✓ Improvement at Early Years Foundation Stage
- ✓ Improving provision in Harrow Council's Children's Centres and Childminders, evidenced through improved inspection judgements.

National Performance Indicators

- 3. Breastfeeding initiation
- 4. Obese children (aged 4-5 years)
- 7. Decayed, missing or filled teeth (age 5 years)
- 13. MMR immunisation (by age of 2 years)
- 14. Children in care immunisations
- 29. Participation in positive activities
- 31. Rate of family homelessness

2. The proposal will make a significant contribution to a positive outcome of any Ofsted inspection of a Harrow Council's Children's Centre, and to the Annual Performance Assessment of Harrow Council's Children's Services.

If the proposal did not go ahead, the alternative would be closure of some of Harrow Council's Children's Centres, which would not be cost effective, and would remove access for the most vulnerable families in the community to support, advice and guidance services for families with very young children.

Environmental Impact

N/A

Risk Management Implications

A risk assessment has been carried out (**Appendix C**).

Risk included on Directorate risk register? Yes

Separate risk register in place? Yes

Equalities implications

Was an Equality Impact Assessment carried out? Yes

The equalities implications of all options have been considered together with the findings of the consultation carried out between May and August 2011.

Option 1 - Retain current service and deliver limited budget reductions where possible.

This option was rejected as it does not deliver the necessary savings to meet the reduced funding available, neither does it provide an operational framework that will support service improvement and sustainability. This option is likely have an adverse impact on families and staffing unless it was implemented very fairly and if services to vulnerable groups were maintained. However it would be difficult to maintain and improve services for all and also reduce budgets. It is likely that certain groups would be adversely affected. Also it does not deliver the necessary savings so could not be a viable option.

Option 2 – Closure of some centres

Children's centres have been placed strategically in order to meet the diverse needs of local communities. Closing any centre would therefore adversely impact all local families and thereby also have a disproportionate effect on those with protected characteristics.

Option 3 – If this is implemented fairly and services are continuously improved in line with community needs this option should have a neutral equality impact on families.

It should have a positive impact if staff expertise is retained as the Hub model would allow for monitoring of centres by a central Hub manager who would be able to provide expertise to all centres. These managers would have a good overview of which services were required and successful at which centres – as currently each centre is run independently and so learning and experience from each of the centres is not systematically shared.

Corporate Priorities

Please identify which corporate priority the report incorporates and how:

- United and involved communities: A Council that listens and leads. The Harrow Council's Children's Centre strategy places children's centres at the heart of communities and they work to support community cohesion.
- Supporting and protecting people who are most in need. Harrow Council's Children's Centres provide a range of services to vulnerable children and their families

Section 3 - Statutory Officer Clearance

Name: Emma Stabler	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 18 November 2011		
Name: Sarah Wilson	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 18 November 2011		

Section 4 – Performance Officer Clearance

Name: David Harrington	<input checked="" type="checkbox"/>	on behalf of the Divisional Director Partnership, Development and Performance
Date: 18 November 2011		

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards	<input checked="" type="checkbox"/>	Divisional Director Environmental Services
Date: 17 November 2011		

Section 6 - Contact Details and Background Papers

Contact: Wendy Beeton, Divisional Director – Early Intervention Services.
020 8416 8830

**Call-In Waived by the
Chairman of Overview
and Scrutiny
Committee**

NOT APPLICABLE

[Call-in applies]