

WIRRAL COUNCIL

Cabinet

9 December 2014

SUBJECT:	DAY NURSERY PROVISION
WARD/S AFFECTED:	All
REPORT OF:	DIRECTOR OF CHILDREN'S SERVICES
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR TONY SMITH
KEY DECISION?	YES

1.0 EXECUTIVE SUMMARY

- 1.1 It was agreed by Cabinet on 7 July 2014, that proposals to cease delivery of Day Nursery provision by the Council, at five different locations, be subject to a further 12 week period of consultation (this was to ensure that the school holiday period did not inhibit schools from engaging with the process).
- 1.2 This report is to update Cabinet on the future proposals for the Council's Day Nursery provision following the further period of consultation - undertaken between 15 July 2014 and 22 October 2014.
- 1.3 Ceasing to deliver Day Nursery provision will realise a saving of £772,000 already taken as part of the Council's Budget saving options for 2013/14, but not yet fully delivered. It represents the shortfall between fees and charges collected at six day nursery settings from parents/carers and the cost to deliver the service.
- 1.4 Following a tendering exercise in 2013, one of the day nursery settings has transitioned to a social enterprise company; this was decided by Cabinet on the 19 June and will reduce the outstanding saving to approximately £700,000.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 A report submitted to Cabinet on 13 June 2013 recommended that Day Nursery provision – (childcare paid for by parents and carers) directly delivered in 6 locations progress through a tendering and procurement exercise to become externally commissioned.
- 2.2 The required associated saving represented the deletion of a subsidy of £772,000 per annum, used to financially subsidise childcare for children aged 0 – 5 years. The subsidy was reflective of a shortfall between fees and charges collected from service users (parents) and costs to deliver the service.

- 2.3 As a point of note; four of the six day nurseries are based on or adjacent to Local Authority Community Primary School Sites. One (St Werburgh's) is on the site of a Catholic Aided Primary School. The sixth, Miriam Place is sited within the St James Centre which is owned and managed by North Birkenhead Development Trust (NBDT).
- 2.4 A tendering exercise ran from the 13 August 2013 to the 10 October 2013 and provided the opportunity for interested parties to submit a tender on 'The Chest' (the North West Procurement Portal). Tenders were invited from parties interested in running the day nursery (childcare) provision, for up to a 5 year period in the first instance.
- 2.5 Four of the six day nursery settings did not attract any tenders.
- 2.6 Co-located schools although interested in the tendering process, did not progress to submit tenders citing sustainability issues. The risks to the wider school community and associated school budgets were deemed too great, largely due to school staff rates of pay and conditions. However schools remain strong partners, which is currently evidenced through the expressions of interest shown for the 2, 3 and 4 year old offer at four settings to be delivered by schools
- 2.7 NBDT did submit a tender to deliver full day care and whilst this did not progress due to sustainability issues cited by NBDT, they also remain a strong partner and continue to express an interest in delivering the 2, 3 and 4 year old offer within the St James Centre.
- 2.8 A report submitted to Cabinet on 19 June 2014, was partially agreed. Cabinet approved the day nursery at the New Brighton setting becoming a Social Enterprise model and that the provision would transition to be delivered by New Brighton Day Nursery Ltd (NBDN Ltd). This has now progressed to sign off and the day nursery has been operating as a social enterprise through NBDN Ltd since September 2014.
- 2.9 The report also recommended that the Council stop delivering day nursery provision as soon as is practicable and that negotiations with relevant partners, including the co-located primary schools and North Birkenhead Development Trust for the delivery of the 2, 3 and 4 year old offer be progressed. This element of the report was not progressed, noting the requirement for a future report to advise further consultation.
- 2.8 Following the submission of a further report to Cabinet on 7 July 2014 it was agreed that:
- The proposal to cease delivery of the Council's day nursery provision detailed within the report, in respect of the remaining five day nurseries be subject to a 12 week consultation period. It was felt that earlier consultation 'What Really Matters' used in respect of outsourcing the provision was out of date and was not specific enough to advise on a decision to cease to deliver the day nursery service.
 - Families accessing the provision at the five day nurseries would be made aware of the presenting position and consulted with.

- Families accessing the provision at the five day nurseries would be informed of the current position and offered advice based on their individual circumstances to enable them to consider their own position and childcare needs
- A tailored childcare brokerage service would be made available if required by families to enable them to consider their own position and childcare needs and access appropriate support to mitigate the impact of any changes to their childcare offer.
- The allocation of any future places for children at the five day nurseries during the agreed 12 week consultation would ensure families were made aware of the current position. Tailored support (through brokerage with parents) to help mitigate against any possible upset for children and future inconvenience for parents would be offered. This was to ensure families were made aware of the current position and to reduce disruption or unnecessary transfers for children to a different childcare provider in the event that the Council's day nursery provision ceased to operate.
- Further consultation and negotiations to be undertaken with school partners to explore the potential of them delivering the 2, 3 and 4 year old education offer from the sites of the current day nurseries.
- Further consultation and negotiations to be undertaken with North Birkenhead Development Trust (NBDT) as a current and key stakeholder at the St James Centre to explore the potential of them delivering the 2, 3 and 4 year old education offer.
- Contingency be further considered if necessary and appropriate to ensure sufficiency of the 2, 3 and 4 year old education offer.
- The Director of Children's Services be authorised to prepare the requisite consultation documentation and commence the consultation process. This progressed from 15 July 2014 to 22 October 2014.

- 2.10 During this period (and to date) information, advice and guidance along with a supported brokerage service have been offered to all parents using the services and to potential future service users.
- 2.11 A number of parents have already transitioned and potential service users requiring full day care (in most instances) have chosen to take up provision at alternative providers. It is reported by the day nursery managers that in general parents are exercising a degree of caution and that numbers of families using the provision to access the 2, 3 and 4 year old offer are expected to increase when the service has more certainty in its future.
- 2.12 During this period there has been a gradual reduction in the numbers of families using and accessing full day care, at four of the day nurseries (attached or co-located with schools). However parents requiring the 2, 3 and 4 year old education offer on a sessional and term time only basis continue to access the service.
- 2.13 A higher number of children (68) using the provision at Miriam Place Day Nursery - (situated in the St James Centre) have continued to access the service, with parents delaying making changes to their childcare until a decision has been taken by Cabinet.

- 2.14 It is noted that a paper based petition containing 426 signatures (which will be commented on later in this report) from the parents and community linked to Miriam Place Day Nursery was submitted as part of the consultation.
- 2.15 It is expected that approximately 63 of these children will continue to require childcare or early education in January 2015 - the breakdown of the 63 children against current occupancy is 20 children will require some paid for day care (made up of a combination of full and part time places) and 43 children will require their 15 hours of 2, 3 or 4 year early education offer.
- 2.16 The childcare sufficiency assessment demonstrates that there are vacancies across all type of providers (sessional, day nurseries and childminders) and across each area to accommodate the number of children who will be displaced as a consequence of the Council ceasing to deliver childcare.
- 2.17 In the event that the decision is taken to cease to deliver the day nursery service, plans on a setting by setting basis will be detailed and put in place. The approach will see the day nursery provision reduce and phase out in line with children who are due to leave to go to school between January 2015 and July 2015. This will ensure children and families are not unnecessarily disrupted or expected to resettle in to alternative provision for one or two terms. During this period the service will be required to continue (up to 10 hours a day and be inclusive of holiday periods on a needs led basis) albeit as a much reduced offer. It is anticipated longer term that the 2, 3 and 4 year old early education offer currently being worked up by schools and NBDT will be on a term time only basis.
- 2.18 Plans will be progressed with other families using the day nursery service who have younger children and who will likely require day care over a longer period of time (post July 2015). Plans will ensure support to help them to broker the right type of childcare for them and assist with any transfer arrangements for children.

3.0 RELEVANT RISKS

- 3.1 There is a continued risk from the disruption to services required to achieve the necessary changes. However reports to date where parents have secured alternative provision as a result of the proposed changes, by the day nursery managers' report smooth transitions. A tailored package of support for each family will continue to be offered, to mitigate against this risk. The Family Information Service will continue to ensure that information, advice and guidance is available and effective and that supportive brokerage continues to be made available.
- 3.2 Staff have been 'at risk' for an extended period of time and will be further impacted by any subsequent changes. Changes may involve; moving to term time only conditions, annualised hours, transfer implications or compulsory redundancy.
- 3.3 The staffing position has changed significantly since changes to the day nursery service were first debated (over 2 years ago) and the number of staff has reduced from (approximately) 90 full time equivalent posts to 45. Staff have left to take up other employment both internal and external to the Council. The staffing position continues to change and a reliance on agency staff to support the business is required. Further to this a number of staff have indicated that they would be willing

to take voluntary redundancy, this position cannot be confirmed for individuals until a decision regarding the future of the service is reached, however will support and mitigate against implications for council employees should it be required.

- 3.4 The report acknowledges a responsibility and a duty of care for the day nursery staff. Staff have been at risk of redundancy and continue to be so for an extended period of time, they are working under significant pressure (to maintain a quality provision), and it is becoming critical that resolution through a clear way forward is reached to ensure a position of employment stability.
- 3.5 There is a risk that plans for the schools or North Birkenhead Development Trust, who have all indicated a clear intention to take on the running of the provision for the 2, 3 and 4 year old Early Education Offer do not come to fruition. To mitigate against unmet childcare needs for families as a result of this happening or any wider sufficiency implications as a result, contingency plans to ensure places are available for all eligible 2, 3 and 4 year olds will be carefully managed through the early year's team.
- 3.6 The Council is open to challenge if it continues to directly deliver (or subsidise) childcare when other providers are willing and able to do so (Childcare Act 2006 and the Apprenticeships, Skill, Children and Learning Act 2009). There are currently full time, part time and sessional places to accommodate all children displaced as a result of any changes to the service, available across the Borough
- 3.7 The uncertainty of the future of the directly provided Council day nursery service over an extended period of time, to support the current period and the previous tendering exercise has seen staff numbers significantly reduce (from approximately 90, to 45 FTE). This has necessitated a requirement of managers to work together and move staff across the service to carefully balance the mix of skill and ability; this position has also seen an increased reliance on agency staff.
- 3.8 This position is likely to become more critical as time goes on and present increasing challenges for managers to deliver and or sustain a quality provision. Senior managers are carefully overseeing the position which is kept under constant review. Exposure from increased challenge to regulatory practice could risk bringing disrepute to the Councils reputation.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 The Local Authority continues to directly deliver the day nursery provision. Whilst this would ensure the continuation of locally valued service, it would not be able to demonstrate it could target those children and families most in need of the service (Children's Centre Guidance 2013) the cost implications would be significant to the Council (circa £700,000 per annum) and the budget savings already agreed and taken from the budget would not be achieved.
- 4.2 In addition the Council is open to challenge if it continues to directly deliver (or subsidise) childcare when other providers are willing and able to do so (Childcare Act 2006 and the Apprenticeships, Skill, Children and Learning Act 2009).The childcare sufficiency assessment does not currently indicate a need and vacancies across the borough are currently over and above the level of places being offered in the five day nursery settings.

- 4.3 The Local Authority re structures its services, ceasing to deliver the day nursery provision (for children 0-5 years for 50 weeks a year across a 10 hour day), to refocus delivery on the 2, 3 and 4 year old early education offer (based on a term time and sessional basis). This option has the potential to challenge the ability of schools to sustain their own 3 and 4 year old provision or develop the 2 year old offer. Since work began in 2012 to consider the Council's future arrangements for childcare, the Government's ambition for the 2 year old offer for disadvantaged children to be more closely aligned to schools has become more evident.
- 4.4 The Local Authority re structures its services ceasing to deliver the day nursery provision (for children 0-5 years for 50 weeks a year across a 10 hour day), to refocus delivery on the 2 year old early education offer only (based on a term time and sessional arrangement). This position may still likely require some financial support, albeit more in line with the Council's responsibility to deliver services to the most disadvantaged children in the Borough.

5.0 CONSULTATION

- 5.1 Earlier public consultation took place through the Council's "What Really Matters" September 2012 budget consultations which included the role of Children's Centres.
- 5.2 A period of consultation (as advised in the report to Cabinet on the 7 July 2014) from 15 July 2014 to 22 October 2014 has taken place. Seeing: all children's centres provide clearly presented detail of the proposal to cease delivering the day nursery service, information available through all children's centres and other community buildings, an online questionnaire, a paper based copy of the on-line questionnaire available (with support for parents to complete if required) with sealed return post boxes in all children's centres, an individual appointment offered to all parents/carers as current users of the day nursery service, an individual appointment offered to potential parents/carers on the waiting lists at the day nurseries and those parents/carers who requested to go on a waiting list during the consultation period (and since).
- 5.3 In addition a supported brokerage service was made available to parents who required it, tailored to ensure their unique childcare needs were responded to. Staff have also supported any transition as a result of parents initiating a change to their childcare.
- 5.4 Managers also ensured that partners were aware of the proposal and could support parents and carers or sign post parents and carers to ensure an appropriate response to any queries or concerns.
- 5.5 In addition the private, voluntary and independent sector were invited to meet with managers to discuss the proposal and any likely impact at a business level or as a consequence for parents and children. An on-line questionnaire was made available to the private, voluntary and independent sector to ensure awareness of the proposal and better support any likely adjustments to their future business plans as a result.

- 5.6 Individual consultation meetings have taken place with those partners (schools and NBDT) who have expressed an interest in taking on the delivery of the 2, 3 and 4 year old early education offer. All five partners remain committed to progressing plans with the Council to deliver the 2, 3 and 4 year old early education offer and are keen that a decision is reached as soon as possible. All indicate that further investment of time to progress is futile until such time that a decision is taken that will advise a clear direction of travel and a return on any further commitment.
- 5.7 Heading into and during the consultation period The Head of Targeted Service and Senior Managers from Early Years facilitated a meeting with each team of Day Nursery Staff. This ensured clear communication in respect of the proposed changes and afforded the staff the opportunity to openly discuss the implications for the service and themselves. Positive feedback was received from the staff regarding the approach taken.
- 5.8 The results of the consultation see 456 responses from local parents and community members and 65 from early year's providers across the voluntary, private and independent sectors.
- 5.9 The responses from local parents and community members comprised of 32 on-line and paper based responses. All parents have been afforded support to use the on-line or paper based responses.
- 5.10 There were 426 responses submitted as part of a paper based petition from the parents and community linked to Miriam Place Day Nursery, based at the St James Centre (the nursery currently has 66 children on roll). The petition stated:
- "We, the undersigned, are concerned parents and supporters of Miriam Place Day Nursery and urge Julia Hassall the Director of Children's Services, Wirral Borough Council to keep Miriam Place Nursery open to our and future 0 – 5 children from the North Birkenhead Area".*
- 5.11 Analysis of the petition sheets highlight:
- 69% of petitioners live within a 1 mile of Miriam Day Nursery (this equates to 294 out of 426 petitions)
 - 29% of petitioners live outside of a 1 mile (but within Wirral) of Miriam Day Nursery (this equates to 125 out of 426 petitions)
 - 2% of petitioners live in Liverpool (this equates to 7 out of 426 petitions)
 - There were 16 incomplete postcodes within the 426 total.
- 5.12 It is noted that the petition asks for name, postcode and a comment and whilst it is assumed that many of the comments are from parents (current, past and potential) it does not make a direct correlation to local parents requiring childcare in support of either work or study.
- 5.13 The petition clearly demonstrates depth of feeling in respect of opposing proposed changes to the provision and is duly noted in terms of demonstrating strong support for the provision to continue to be delivered.

- 5.14 In the event of any change for families and in addition to the plans for an extended period of time to phase the day nursery service out, brokerage and support will continue to be offered for all parents and on an individual basis. Work will be undertaken with other providers local to Miriam place to ensure they are geared up to receiving the children who may have to make any change - This approach has recently seen early years staff undertake active partnership with other childcare providers where parents have expressed a wish to move, children's key workers from the Council have worked alongside staff from other providers to ensure an extended settling in period for children and causing least disruption for parents work commitments.
- 5.15 In the event of any change and whilst it is not suggested that the Council continue to subsidise paid for childcare (which leaves it open to challenge), it is proposed that the Council work closely with NBDT to ensure relevant support for any plans it may have around establishing the delivery of the 2, 3 and 4 year old early education offer. This could be in the form of resource to ensure transition including officer support to help progress operational change. It is important to recognise from the outset that trust across the community, the organisation and the Council is vital if we are to collectively meet the needs of the most vulnerable children and families and must be maintained and further strengthened to support any period of adjustment.
- 5.16 Analysis of the on line consultation which ran from 15 July 2014 to 22 October 2014 shows that:
- 17% of responding parents use the service on a full time basis – the remainder use if as part time and/or to access early education places.
 - 7% use public transport to access their childcare places, the remainder walk or travel by car.
 - 8% have never used any other childcare provision
 - 78% are most concerned that their child would be disrupted if they changed to another provider.
 - 54% were most concerned about the disruption to the family and
 - 39% were concerned about disruption to their job.
- 5.17 Analysis of the on line consultation with local early year's providers which ran from 15 July 2014 to 22 October 2014 shows that:
- 91% of providers responding offer both full and part time places for children.
 - 66% reported that they felt that changes to the Councils day nursery provision would have a positive impact on their business
 - 86% felt that if needed they could increase their numbers or change their operating hours to support changes to demand for local services.

Summary reports from the consultation are attached as Appendix 1.

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

- 6.1 None.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 7.1 Childcare providers from the voluntary, community and faith groups have been afforded the opportunity to respond to the consultation along with private and independent businesses and have been invited to meet with early years managers to both understand the implications and or to seek advise regarding the implications for their business.
- 7.2 The service works closely with the local voluntary, community and faith sector organisations. Particularly in respect of delivering services and working with vulnerable local children, young people and families. Services offered going forward will focus on the needs of the most disadvantaged and be targeted to narrow the gap.
- 7.3 Voluntary, Community and Faith groups have a significant role in the delivery of childcare across the Borough, with a high number of pre-schools operating under a voluntary management committee and or as a charity. Future plans will ensure that partnership arrangements with the Voluntary, Community and Faith sector are maintained.

8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 8.1 The commissioning or restructuring of the six day care settings was anticipated to reduce overall costs by £772,000 per year and anticipated delivery dates were estimated to be from September 2013. The procurement process failed to attract the desired result.
- 8.2 For 2014/15 the full year saving target of £772,000 will not be achieved. The exact saving will be determined by the length of time required to reduce and progress to transfer provision. The shortfall is being met from within the Department's Budget.
- 8.3 Plans on a setting by setting basis will be put in place that will reduce services in line with children who are due to leave to go to school between January 2015 and July 2015, so as not to disrupt children and expect them to resettle in to alternative provision for one or two terms. This will require some full time daycare to continue albeit on a much reduced basis and be inclusive of holiday cover for Christmas and Easter as the main holidays (longer term the offer will be on a term time only basis). Plans will progress with other families requiring care for a longer period of time to support them to broker the right childcare and assist with the transfer for children.
- 8.4 All current staff (circa 45 individuals in post reducing from a full staffing establishment of 90) who are employed in the five settings will be affected, options and legalities surrounding this are currently being considered with the Councils Human Resource service.
- 8.5 School colleagues have agreed that any future recruitment to cover any changes to the school structures as a result of this work will be ring-fenced to those staff displaced, in the first instance.
- 8.6 Work to mitigate the impact on other staff in terms of establishing any posts in schools or at the North Birkenhead Development Trust will be considered.

9.0 LEGAL IMPLICATIONS

- 9.1 Staff employed in day nursery posts will be afforded equal opportunity to register an interest in any applicable TUPE or employment transfer.
- 9.2 Staff employed in day nursery posts will be afforded equal opportunity to register an interest in posts created as a result of any developments.

10.0 EQUALITIES IMPLICATIONS

- 10.1 An equality impact assessment has been detailed and can be found via the following link:

<https://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-april-2014/eias-families-wellbeing>

11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

- 11.1 Not applicable.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 12.1 Not applicable.

13.0 RECOMMENDATION/S

- 13.1 That Cabinet approves the recommendation to stop delivering day nursery provision as soon as is practicable (arrangements for carefully managing transitions for families, staff and services have been considered in the report).
- 13.2 That work with families accessing day nursery provision begins in order to ensure a smooth transition of care, using a phased approach where necessary in order to minimise the disruption and need for multiple transfers and disruption to children and their parents and carers.
- 13.3 That negotiations with relevant partners and co-located primary schools from the five settings (for the continued delivery of the 2, 3 and 4 year old offer) are progressed. Due regard will be given to HR arrangements for staff that are fair, equitable and transparent.
- 13.4 That subject to appropriate agreements being secured facilities and resources are transferred to schools and partners to deliver the extended 2 year old offer.
- 13.5 In the event appropriate agreements are not reached, or are not reached within mutually agreeable timeframe to support children, parents and staff that a contingency plan is detailed in order to support transitions and secure sufficiency of the early education offer at the affected settings. The plan will consider:
- Direct delivery (by the Council), of the two, three and four year old early education offer on a term-time only basis and for a period of time until other

partners can be identified or other local providers can accommodate and meet need. This will need to ensure clarity of the government's intention with regard to extending the two year old offer longer term.

- How to best meet any transitional arrangements for the 2, 3 and 4 year old offer as changes to service delivery are implemented.
- Any HR implications as a consequence for staff.

13.6 That Cabinet agree that the Cabinet member for Children and Young People is given delegated responsibility to direct and monitor the progress against the recommendations.

14.0 REASON/S FOR RECOMMENDATION/S

14.1 The Council is open to challenge if it continues to directly deliver (or subsidise) childcare when other providers are willing and able to do so (Childcare Act 2006 and the Apprenticeships, Skill, Children and Learning Act 2009). The current subsidy is circa £700,000 per annum.

14.2 Childcare subsidies are directed by the government (currently through tax credits and tax relief childcare voucher schemes) to eligible families, this sees a number of parents doubly subsidised when using the Councils provision. This could likely include parents and children who would not be in the target groups (for delivery) as advised by government guidance

14.3 Whilst the day nursery provision is positioned in the most disadvantaged communities, it operates as a business in the open market place. The service is reliant on payments made by parents and carers as fees and charges and access and take up by parents and carers is not restricted to those most in need of the service (children's centre guidance 2013). The service is therefore subsidising all service users. This is not in the form of reduced payment but in respect of the cost to run the service – which can not compete with the private, voluntary or independent sectors, largely due to the cost associated with staffing.

14.4 There was previously a requirement for local authorities to ensure childcare was available to support parents and carers to take up training and/or employment. The position for local authorities has shifted and now requires them to act as a brokerage service to support families to find and secure the right type of childcare for them.

14.5. Since work began to consider the Councils future arrangements for childcare, the Government's ambition for the 2 year old offer to be more closely aligned to schools has become more evident. The proposals will support this position.

14.6 The uncertainty of the future of directly provided Council day nursery services and over an extended period of time to support the current period and the previous tendering exercise has seen some families who may have used the provision in the past use alternative provision. Whilst this has been carefully managed along with the expectations of families who continue to use the service the outcome has resulted in the day nursery provision not currently viable as a business model.

14.7 The uncertainty of the future of the directly provided Council day nursery service over an extended period of time, to support the current period and the previous

tendering exercise has seen staff numbers significantly reduce (from approximately 90, to 45 FTE). This has necessitated a requirement of managers to work together and move staff across the service to carefully balance skill and ability; this position has also seen an increased reliance on agency staff. This position is likely to become more critical as time goes on and will present increasing challenges for managers to deliver and or sustain a quality provision. Senior managers are carefully overseeing the position which is kept under constant review. This is progressively more difficult to manage and exposure from this increased challenge to quality and regulatory practice carries risk.

REPORT AUTHOR: Deborah Gornik
Head of Targeted Services
telephone (0151) 666 4331
email deborahgornik@wirral.gov.uk

APPENDICES

Appendix 1 - Summary Sheets

BACKGROUND PAPERS/REFERENCE MATERIAL

BRIEFING NOTES HISTORY

Briefing Note	Date

SUBJECT HISTORY (last 3 years)

Council Meeting	Date