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To: CYPE Cabinet Committee, 22nd November 2017
CYPE Cabinet Committee, 5th December 2017

Subject: **COMMISSIONED CHILDREN'S CENTRES and FUTURE ARRANGEMENTS**

Classification:

Summary:

- This paper was initially drafted to outline the business and financial case for reviewing the disparity in cost, the effectiveness and the value for money delivered by the six commissioned children's centres across the county when compared to the other KCC directly delivered children's centres as part of the Early Help offer. As part of this review consideration was given to the added social value offered across some community hubs.
- Developments as a result of the increasingly difficult financial situation across children's services have led to a wider focus which now includes a stronger emphasis on the wider implications for the children's centre network throughout Kent.
- There are 85 Children's Centres across Kent. Of the 85, six are commissioned Children's Centres, provided by 6 different organisations. The remaining 79 Centres are provided directly by KCC. Of the 6 commissioned Centres, 5 are subject to a contract and 1 is managed via a Service Level Agreement (SLA).
- Each of the contracts and the SLA are subject to a 3-month notice period for either a change in contract or for termination.
- There are a number of standard key performance indicators which can help evidence comparisons against county performance. Two of these relate to the numbers of families that a centre has registered, and how effective they are in reaching them.
- The commissioned centres demonstrate a mixed level of performance when compared to the performance of the other centres against the Kent baseline.
- Since the start of the commissioning arrangements in 2012, the commissioned Children's Centres have seen a 5% reduction in their funding. Over the same period the in-house Children's Centres have seen a 47% reduction in their funding. This has led to a significant and increasing gap in the levels of funding available.
- The budget savings to the in-house provision have not however led to a reduction in service delivery for the in-house centres because they are embedded in Early Help.
- It does not appear that funding for the commissioned centres has been matched by an improvement in relation to performance or outcomes.
- Of the 6 centres only 2 (Millmead and Seashells) are able to demonstrate how they have developed projects and funding to their core offer which increase added social value.
- The variation in efficiency and effectiveness of the centres suggests that there should be a locally appropriate solution for each of the centres.
- At the same time as this review has been taking place work has been ongoing to

consider how the Health Visitor workforce can be better integrated into the work and reach of children's centres.

- This stream of work has also been included in some of the scope of the Asset Utilisation programme.

Recommendation

The recommendation is to bring four of the six currently commissioned Childrens centres, Riverside, Folkestone Early Years, Hythe Bay and The Village into internal provision. This would be more cost effective and would help to improve outcomes.

The recommendation presented to CYPE Cab Committee on 22nd November 2017 proposed to reduce the current funding levels of the two remaining commissioned centres (Millmead and Seashells) by 30% and to re-provision the existing EHPS offer to allow for the reduction in commissioned services

Following the CYPE Cabinet Committee discussion on 5th December 2017, this was amended to reduce the current funding levels of the two remaining centres (Millmead and Seashells) with the view to re-procure the service in twelve months' time. The detail of the funding reduction has yet to be agreed, but options will be discussed by representatives in Early Help and Preventative Service and both providers.

1. Introduction

1.1 There are 85 Children's Centres across Kent. Of the 85, six are commissioned Children's Centres, provided by six different organisations. The remaining 79 Centres are provided directly by KCC. Of the six commissioned Centres, five are subject to a contract and one is managed via a Service Level Agreement (SLA).

1.2 In order to develop proposals for future options for the commissioned centres, commissioning officers have undertaken a review of each of the centres comparing unit costs, quality of provision, performance against key performance indicators (KPIs) and added social value. As part of this review consideration has also been given to how the Local Authority will ensure residents and the wider community continue to receive robust services at the right time from the right place. The commissioning team have therefore taken into account the available financial envelope and developments to the existing internal provision.

1.3 Each of the contracts and the SLA are subject to a 3-month notice period for either their termination or reduction in funding. Any variation therefore needs to be built into the planning of timelines moving forward. Any changes to the contractual arrangements which would result in bringing the provision in-house would need to include an equality impact assessment (EqIA) and are likely to be subject to TUPE. TUPE costs have not been built into the review.

1.4 Since the start of the commissioning arrangements in 2012, the commissioned Children's Centres have seen a 5% reduction in their funding. Over the same period the in-house Children's Centres have seen a 47% reduction in their funding. This has led to a significant and increasing gap in the levels of funding available.

1.5 In recent years there have also been changes to both the Ofsted framework and the way in which Childrens Centres are embedded into the local Early Help offer, where children

centre staff are expected to take on additional support caseloads, domestic abuse notifications, targeted parenting work and cases stepped-down from Specialist Children's Services in order to reduce the impact and caseloads within SCS. With the exception of Millmead and Seashells (both of which include an element of targeted domestic abuse work) the model of targeted provision is not replicated in the commissioned centres. The commissioned centres are, therefore, not contributing fully to the Early Help model.

2. Review Findings

2.1 Throughout the review the commissioning team took into account a number of key factors; performance, unit cost and value for money as well as property and buildings.

Performance of Centres

2.2 There are a number of standard key performance indicators that can be compared against the county performance. Two of these relate to the numbers of families that a centre has registered, and how effective they are in reaching to support them. There is a particular focus on, how effective a centre is at reaching the 0-2 age group of children as this best represents 'new families' coming into the centres rather than relying on maintenance of the same client group. Access to good early years education is a key indicator for school readiness.

2.3 The data at Fig. 1 below shows mixed performance of the commissioned centres when compared to the performance of the KCC directly delivered centres against the Kent baseline. Hythe Bay and The Village perform significantly lower than the KCC centres' offer. The Riverside and Folkestone Early Years Centres demonstrate only average performance despite their enhanced budget position. Only Millmead and Seashells appear to perform well on this measure.

Fig. 1

Centre	Target Group	Children's Centre					District				
		Reach Area Baseline	Registration	Reach	Reg/BL	Reach/BL	District Baseline	Registration	Reach	Reg/BL	Reach/BL
Folkestone EY	All Children 0-5	1,285	1,024	672	79.7	52.3	5,777	4,491	3,108	77.7	53.8
	All Children 0-2	517	335	245	64.8	47.4	2,171	1,541	1,186	71	54.6
Seashells	All Children 0-5	1,206	1,118	787	92.7	65.3	9,085	7,131	4,896	78.5	53.9
	All Children 0-2	483	402	298	83.2	61.7	3,476	2,663	2,050	76.6	59.0
Millmead	All Children 0-5	847	749	555	88.4	65.5	8,435	6,562	3,956	77.8	46.9
	All Children 0-2	312	259	204	83.0	65.4	3,239	2,209	1,628	68.2	50.3
Riverside	All Children 0-5	1,494	1,236	817	82.7	54.7	7,613	5,771	3,882	75.8	51.0
	All Children 0-2	573	441	331	77.0	57.8	2,876	1,999	1,573	69.5	54.7
Hythe Bay	All Children 0-5	611	483	302	79.1	49.4	5,777	4,491	3,108	77.7	53.8
	All Children 0-2	198	163	119	82.3	60.1	2,171	1,541	1,186	71.0	54.6
The Village	All Children 0-5	895	589	395	65.8	44.1	5,777	4,491	3,108	77.7	53.8
	All Children 0-2	335	198	145	59.1	43.3	2,171	1,541	1,186	71.0	54.6
65% and better											
50-65%											
Less than 50%											

Cost comparison

- 2.4 In order to properly compare activity cost and value for money the commissioning team undertook a unit cost exercise. In all cases corporate landlord costings were included but figures which counted attendance at any onsite nurseries were removed.
- 2.5 The budget savings to the in-house provision outlined in 1.4 above have not led to a reduction in service delivery for the in-house centres. Furthermore it does not appear that the relative increase in funding for the commissioned centres has been matched by an improvement in relation to performance or outcomes. The structure and support of the in-house centres along with the integration with the wider Early Help offer has meant that residents and the wider community continue to receive a robust offer from the local authority.
- 2.6 The review process also asked for each of the commissioned centres to consider the impact of a reduction in their financial envelope. The considered response from the commissioned children's centres was significantly lower than what is needed, with offered reductions ranging from 5% to 7%.

Social Value

- 2.7 Whilst not forming part of the contract and therefore not monitored against KPIs, social value is an important element of any community based service. Of the six centres only two (Millmead and Seashells) are able to demonstrate how they have added projects and funding to their core offer which increase their added social value. These are demonstrated in the full reports below.
- 2.8 The standing in the community, the current performance rates and the added social value of the Millmead and Seashells Children's Centres would make it difficult to replicate the existing offer in-house whilst maintaining parity in cost with the rest of the in-house provision.
- 2.9 However this is not the case for the remaining four centres, where it is anticipated that service users would be unlikely to notice any change in provision should services be moved from external to being part of the wider internal Early Help offer.

Buildings and Property

- 2.10 Folkestone Early Years Centre is owned by Shepway District Council with a covenant attached which stipulates that it must be used for Early Years provision. Whilst there are no impediments in transferring this to a KCC provision, (as KCC is the leaseholder), the majority of the centre is used to house a fee paying nursery. There is a (fee paying) KCC Early Help Unit based within the centre so space in this centre is limited.
- 2.11 The Riverside Centre in Canterbury is owned by Canterbury City Council. The provision is then sublet to the directorate within Canterbury City Council who are responsible for the provision of the service. The Children's Centre then sublets approximately 80% of the physical space to a private nursery. Officers have suggested that if KCC would want to take over the Childrens Centre space at the centre the decision would have to go through formal governance at the City Council.
- 2.12 Having previously discussed potential changes at Riverside with the providers it is reasonable to suggest that the building may not be available. However as the majority

of their work is delivered through outreach in community buildings there would be little if any impact on the community's ability to access services from an in-house provider. The EHPS District Manager responsible for Canterbury has suggested that outreach provision would be achievable, utilising community buildings in the area (e.g. community halls, faith properties etc). It would also be possible to use KCC building in the centre of Canterbury to act as a 'hub' with community based outreach being provided across the district.

2.13 Both the buildings for Millmead and Seashells Children's Centres are owned by their associated community interest companies. It would therefore be unlikely that we would be able to use the buildings for any KCC provision. However the Early Help District Managers across both Districts are confident of being able to provide the full range of services from in house venues and settings.

3. Conclusion

- 1.1. Given the variation in efficiency and effectiveness of the centres this suggests that there should be a locally appropriate solution for each of the six centres.
- 1.2. By bringing four of the six centres (Riverside, Folkestone Early Years, Hythe Bay and The Village) into the wider Early Help model for Childrens Centres and reducing the overall budget of each of the four centres by 63% and using the remaining 37% to fund an alternative in house option the savings would equate to £450k per annum, as set out in Fig. 4, below.

Fig. 4

Commissioned Centre	Current Budget	New Budget	Saving
Riverside	£ 277,695	-63% £102,000	£175,695
FEYC	£ 240,452	-63% £88,000	£152,452
Hythe Bay	£ 108,073	-63% £39,474	£68,599
The Village	£ 86,000	-63% £31,820	£54,180
Totals	£ 712,220	£261,294	£450,926

- 1.3. Where there is good service provision and a high added social value (Millmead and Seashells) the proposal would be for these two centres to remain external, but to reduce the financial envelop for these two centres (to be negotiated) for 1 year, whilst a re-procurement exercise is undertaken. Fig. 5 below show potential funding reduction options.

Fig. 5

Commissioned Centre	Current Budget	10% Reduction	15% Reduction	20% Reduction	30% Reduction
Seashells	£ 238,002.55	£ 23,800.26	£ 35,700.38	£ 47,600.51	£ 71,400.77
Millmead	£ 259,608.40	£ 25,960.84	£ 38,941.26	£ 51,921.68	£ 77,882.52
Total EH Budget Savings		£ 49,761.10	£ 74,641.64	£ 99,522.19	£ 149,283.29

- 1.4. If the decision is made to brig four of the six centres into KCC directly delivered provision and reduce the funding envelope for the remaining two centres, we will need to

renegotiate their contracts which may have an impact on the current levels of provision.

1.5. Advantages:

- Cost savings associated with the end of contracts with a transfer to internal provision would equate to a £450k saving p.a.
- EHPS staff and managers are confident that by moving to an internal provision delivery model service delivery and flexibility would be improved
- The proposal would maintain the added social value delivered by the two remaining commissioned centres.

Risk	Associated Mitigations
Reputational and political	
Managing local concern regarding a perceived cut to services or reduction in provision	<p>Engaging with local members as soon as a decision is reached regarding future arrangements.</p> <p>Staff will engage with communities to retain confidence in an offer that is robust and accessible.</p>
Reputational and political	
<p>None of the buildings under consideration for being brought into an internal provision are within the Council's property portfolio.</p> <p>All four are owned by other agencies who may not allow EHPS to use the venue to deliver interventions</p>	<p>EHPS would continue to work with Property and Education colleagues to develop asset utilisation opportunities.</p> <p>FEYC is under a lease paid for by KCC.</p> <p>The Riverside building is owned by Canterbury City Council negotiations for a change to the lease could be entered into if this was deemed a suitable local solution</p>

1. Recommendation

- 1.1. To bring four of the six currently commissioned Children's Centres (Riverside, Folkestone Early Years, Hythe Bay and The Village) into KCC directly delivered provision fully within the Early Help model and re-provision the existing Early Help offer to allow for the reduction in commissioned services.
- 1.2. To reduce the current funding levels of the two remaining centres (Millmead and Seashells) with the view to re-procure the service in twelve months' time. The detail of the funding reduction has yet to be agreed, but options will be discussed by representatives in Early Help and Preventative Service and both providers.