

North Tyneside Council

Report to Cabinet

Date: 14 March 2016

ITEM 7(a)

Title: Review of Childcare

Portfolio(s): Children, Young People and Learning

Cabinet Member(s): Cllr Ian Grayson

Report from Service

Area: Children, Young People and Learning

Responsible Officer: Jacqui Old Head of Education, Care and Safeguarding Tel: (0191) 643 7317

Wards affected: All

PART 1

1.1 Executive Summary:

The report informs Cabinet of the latest phase of the Authority's Childcare Review and the associated public consultation exercise. The extraordinary meeting of the Council on 4 February 2016, referred a public petition opposing the Childcare Review to Cabinet for its consideration. The report makes a series of recommendations for Cabinet's consideration based on the outcomes of the Childcare Review and the subsequent consultation.

1.2 Recommendation(s):

It is recommended that Cabinet:

- (1) note the findings of the consultation process, including the public petition;
- (2) agree to implement the Childcare Review proposals set out in 1.5.10;
- (3) authorise the Head of Education, Care and Safeguarding to inform the relevant parties of Cabinet's decision in respect of the Childcare Review;
- (4) delegate authority to the Head of Education, Care and Safeguarding in consultation with the Head of Law and Governance and the Head of Human Resources and Organisational Development to take all necessary steps to implement the Childcare Review proposals as agreed;
- (5) authorises the Head of Education, Care and Safeguarding to develop, subject to Cabinet approval, alternative arrangements if the proposed transfer of the Authority's childcare provision to schools, as set out in this report, cannot be achieved;
- (6) authorises the Head of Education, Care and Safeguarding to review childcare provision in the North Shields area to ensure there is sufficient childcare before any decision is made regarding the future of childcare at Riverside and Oaktrees; and

(7) consider at a future meeting a report from the Head of Education, Care and Safeguarding detailing the outcome of the above discussions, the sufficiency of childcare in the North Shields and the options available to the Authority at that time in relation to the Riverside and Oaktrees nurseries.

1.3 Forward Plan:

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 12th February 2016.

1.4 Council Plan and Policy Framework

This report links to the Our North Tyneside Plan through the priority placed upon Our People

- Our People will “Be supported to achieve their full potential, especially our children and young people”
- We will be successful if “The gap in educational attainment across the borough has been reduced”

1.5 Information:

Childcare Review

- 1.5.1 The Authority has reviewed its childcare provision to make sure all children get the best possible start to life and that the Authority’s resources are focussed on the children in greatest need. The Authority has a legal duty to ensure there is sufficient childcare for working families who want or need it and to meet the Government’s funded childcare entitlements. Childcare includes all nursery, childminder, out of school and playgroup provision.
- 1.5.2 The Authority has worked with the childcare sector to build capacity and ensure provision is of a high quality. This has resulted in significant changes to North Tyneside’s childcare sector in recent years. The Borough now has a vibrant, diverse and high-quality childcare sector.
- 1.5.3 The Authority has actively supported the sector to ensure childcare in the Borough is high quality, through the work and expertise of the Early Years School Improvement Team. The quality of childcare is high with the majority of providers judged to be ‘good’ or ‘outstanding’ by Ofsted.
- 1.5.4 Primary and First schools are playing an increasing role in delivering early education, in accordance with national policy and the Authority’s 'Ready for School' agenda and entitlement. Over the past 2 years the Borough has seen nine schools directly delivering the 2 year old offer and a further nine provide 2 year old provision on site. Three schools are planning to offer 2 year old provision by in the next year and a further three schools will directly deliver nursery provision by September 2017.
- 1.5.5 The Authority must save almost £56m during the next three years, following Government cuts in funding announced in November 2015. The six council-owned childcare settings currently operate at a net cost to the Authority of £1.127m a year. This creates the

inequitable position where North Tyneside's tax payers are subsidising the childcare of families, some of whom do not live within the Borough. This is no longer sustainable in the current financial climate and the Authority's policy is to focus its reduced resources on the most vulnerable children and families, where it will have the greatest impact.

- 1.5.6 The childcare operates at a net cost to the Authority because of the high staffing costs faced by our settings, compared to private, voluntary and independent sector providers. The Authority have explored the potential for securing the financial sustainability of the childcare settings, through costs reductions and increases in fees and charges, however this has not proved feasible, for reasons set out later in this report.
- 1.5.7 Building on the work already done by some of the Borough's Head Teachers, the Authority's Children, Young People and Learning Service began reviewing its childcare arrangements in February 2015. This resulted in the transfer of Wideopen childcare to Greenfields Primary School and Killingworth childcare to Bailey Green in September 2015. The latest phase of the review has considered the six remaining childcare settings and made a series of recommendations, which are set out in 1.5.10.
- 1.5.8 The proposals form part of the Authority's 3 year programme aimed at focussing the reduced resource on those children in greatest need and ensuring they are 'ready for school'. The proposals are also consistent with the relevant legislation and national policy agenda. Nationally many authorities do not directly deliver childcare but ensure there are sufficient childcare places delivered by private, voluntary and independent childcare providers. However, the Authority recognises that childcare is an important and sensitive issue for families and communities, therefore a public consultation exercise was implemented between 8th December 2015 and 22nd January 2016.
- 1.5.9 The Childcare Review proposals were included in draft budget proposals that were agreed for submission to Full Council at Cabinet's meeting on the 27th January 2016. The draft proposals were presented to Full Council on the 4th February 2016 and agreed by Full Council on the 18th February 2016.

Childcare Review Proposals

- 1.5.10 The first phase of the Childcare Review resulted in the successful transfer of Wideopen childcare to Greenfields Primary School and Killingworth childcare to Bailey Green Primary School. The proposals for the next phase of the Childcare Review were amended following the consultation process and are now that:
 - The management of childcare at Battle Hill will move to Battle Hill Primary School, subject to the agreement of the school's Governing Body.
 - The management of Denbigh childcare will move to Denbigh Community Primary School, subject to the agreement of the school's Governing Body.
 - In Wallsend and Shiremoor the childcare in Authority nursery settings will close. Parents and carers will be supported to find alternative childcare to suit their needs.
 - Childcare provision in the North Shields area will be reviewed over the next year to ensure that there is adequate alternative provision before any decision is made regarding the future of childcare at Riverside and Oaktrees.

1.5.11 Analysis shows that North Tyneside's strong and growing network of school nurseries, daycare nurseries, childminders, out of school clubs and playgroups will ensure the Authority continues to meet its duty to ensure there are sufficient childcare places available now and in the future.

Public Consultation on Proposed Model

1.5.12 The Authority understands that childcare is of the utmost importance to families with young children, therefore the views of parents and carers affected by the Childcare Review have been sought.

1.5.13 The Authority carried out a comprehensive public consultation in the summer of 2015, regarding the first phase of the Childcare Review and the transfer of childcare at Wideopen and Killingworth to schools.

1.5.14 A consultation exercise on the current Childcare Review proposals was launched on 8 December 2015 and concluded on the 22 January 2016. The consultation comprised:

- 'Drop in' sessions in a range of community based settings.
- A survey for parents and carers.
- An email address for comments and questions.
- Regular Frequently Asked Questions document.
- A meeting for Ward Members.
- The Authority carried out a comprehensive public consultation in the summer of 2015, regarding the first phase of the Childcare Review and the transfer of childcare at Wideopen and Killingworth to schools.

1.5.15 A total of 155 people completed the Childcare Review questionnaire. 15 emails were submitted through the dedicated email address. A further 9 people submitted correspondence to the elected Mayor and received a written response. Over 100 people attended the 19 consultation sessions that were held at community venues across the borough. A Frequently Asked Questions document was published on the Authority's website at regular intervals during the consultation process.

The Childcare Review Petition

1.5.16 A petition opposing the proposed changes to the Authority's childcare was received on the 19 January 2016. The petition comprised 3,149 signatures and was therefore presented to Council on the 4 February 2016, in accordance with the Authority's Constitution.

1.5.17 The petition's stated purpose was to 'capture parent and public concern regarding North Tyneside Council's proposals to cease direct delivery of childcare at Wallsend, Shiremoor, Riverside and Oaktrees childcare settings by September 2017'. It also sought to address 'concerns raised should North Tyneside Council fail to transfer Battle Hill and Denbigh childcare to the proposed schools'.

1.5.18 The petition's covering letter stated:

- the petitioners 'dispute the Council's current argument that there is sufficient childcare within the Borough';
- 'there is a significant disparity between the quality of care and education offered by childminders and structured nursery based provision'; and

- ‘there must be an efficient way of operating provision without Council subsidy’.

1.5.19 The petition was presented to Full Council on 4 February 2016, which included a statement from the petitioners. The statement concluded;

- there is not sufficient nursery childcare at the right time to meet the specific needs of families;
- the family’s trust in the Authority had broken down;
- the petitioners do not consider childminders to be an adequate replacement for nursery childcare.

1.5.20 The Council debated the petition and raised a number of issues:

- The proposals were the result of central Government reductions in funding;
- Whether there was potential for the proposals to be delayed to make sure sufficient childcare was available;
- The Authority’s Corporate Parenting responsibilities should be considered when Cabinet makes the final decision on the Childcare review; and
- Consideration should be given to the fact that 3,149 residents had signed the petition in opposition to the Childcare Review proposals.

1.5.21 The Council recommended that the petition and issues identified during the debate should be considered by Cabinet, as part of the decision making on the future of the Authority’s childcare.

Main Messages from the Childcare Review Consultation

1.5.22 The Childcare Review consultation identified the following key issues:

- Concern about the sufficiency of childcare placements now and in the future.
- A perception that the Authority’s provision is of a higher quality than alternative childcare providers.
- A perception that the Authority’s higher staffing costs reflect the greater experience and qualifications of staff.
- The proposals will make childcare less affordable for families.
- The impact upon children in the Authority’s childcare.
- The impact on vulnerable families and children.
- The importance of directing resources towards working families.
- The Authority should make savings elsewhere in their budget to protect childcare.
- The Authority’s childcare should be made financially sustainable through increased charges and cost reductions
- The importance of out of school provision for working parents / carers.

1.5.23 The Authority has sought to address the concerns raised during the consultation and will continue to do so as in the future.

1.5.24 **Sufficiency of childcare places**

North Tyneside has a vibrant childcare sector, which comprises approximately 260 providers. This includes school nurseries, daycare nurseries, out of school clubs, childminders and playgroups. There is currently sufficient childcare in North Tyneside: the 2015/16 Childcare Sufficiency Statement reported a sustainable vacancy rate of 24%. Childcare providers have a degree of flexibility in how they use their existing capacity to respond to market demand, subject to statutory requirements. There is sufficient high quality childcare available, as the majority of provision is judged to be 'good' or 'outstanding' by Ofsted.

1.5.25 There is also significant potential for the childcare sector to grow in the future and provide additional capacity. The Authority's engagement with the sector has identified a number of providers who are planning to open new childcare or expand their existing offer. Five schools are proposing to deliver the 2 year old offer and a further three are looking to open school nursery provision. The Authority is aware of proposals to open three daycare nurseries, including a significant new provision in the South West of the Borough. The Authority is also aware of two existing daycare nurseries that are planning to expand their numbers. This represents a significant growth in childcare capacity by September 2016, which, combined with existing capacity, will ensure the Authority continues to fulfil its duties around childcare sufficiency.

1.5.26 The Authority has also been contacted by a number of individuals expressing an interest in taking over the Authority's childcare since the start of the Childcare Review consultation. This suggests the market will respond to an increased demand for childcare.

1.5.27 The Authority has a track record of working with the sector to grow childcare provision, around the Government's 15 hours of funded early education entitlement for eligible 2 year olds. North Tyneside has successfully delivered the 2 year old offer, with over 80% of eligible children taking up their entitlement, which places the Borough amongst the top quartile nationally. The role of schools in delivering the 2 year old offer has grown, with 9 schools delivering provision directly and a further 9 delivering on site. The Authority remains confident that it can work with the childcare sector to ensure that there is sufficient childcare provision in the Borough and meet its statutory duty in the future.

1.5.28 **Quality of care**

All registered childcare providers are subject to Ofsted inspection of the childcare they offer. All early years childcare providers are required by the Government to deliver the Early Years Foundation Stage Framework, which sets standards for the learning, development and care of children from birth to 5 years. Staff in all settings are trained to create a safe and stimulating environment for children in their care, including First Aid training. Staff in all childcare settings are also subject to Disclosure and Barring Service checks.

1.5.29 The majority of providers across every childcare category (i.e. school nursery, daycare nurseries, playgroups, out of school clubs and childminders) are currently delivering childcare that is rated 'good' or 'outstanding' by Ofsted. Families will be able to access a comparable or improved level of childcare at other settings in the Borough.

1.5.30 The needs of each child and family are different, which is why it is vital that the Borough offers a diverse childcare offer to families. The Authority know that some of the main issues families consider when selecting childcare are accessibility, affordability, quality, flexibility of provision and compatibility with the childcare arrangements of siblings. The Borough has a sustainable mix of childcare types and providers, which ensures families have a range of high quality childcare options. It is a familial decision regarding which childcare type and setting best meets their needs and circumstances.

1.5.31 Staffing quality / cost

The Authority faces significantly higher staffing costs than alternative providers. This is because all Authority employees are paid in accordance with the Authority's job evaluation methodology, which measure the relative size of each job across the whole of the Authority's workforce and grades them accordingly. Nationally agreed pay scales are then applied to the grades for each job to determine the amount of pay the Authority's staff receive, based on the type of job they perform. Other childcare providers are not subject to such arrangements and pay significantly lower wages for staff with comparable qualifications and experience.

1.5.32 Affordability

The Authority's childcare fees are currently around the North Tyneside average for nursery daycare provision. Other childcare types can provide childcare at a lower cost (i.e. childminders, playgroups). Families will continue to receive Government support with childcare costs through the 15 hour funded early education entitlement. Working parents will also be eligible for 30 hours of funded childcare/early education from September 2017. The childcare sector in North Tyneside is already diverse and competitive. The Authority is also aware that new providers are intending to open additional provision over the course of this year, which will help to ensure childcare remains affordable for families in the future.

1.5.33 Impact on Children

The Authority will support families to make the transition to new childcare. The Authority's childcare website will provide details of all providers within the borough and a telephone helpline will be available for anyone who needs further childcare advice or information. An experienced team will also provide additional support to vulnerable families. The Authority's childcare settings will also liaise with other settings as appropriate, to ensure children make a successful transition to their new childcare provider.

1.5.34 Vulnerable Families

A team with significant experience of working with vulnerable families on childcare issues will support families requiring additional assistance. This may include the use of commissioned childcare places within the private, voluntary and independent childcare sector.

1.5.35 Focus on Working Families

The Authority will continue to work with childcare providers to ensure the Authority delivers its statutory duty to ensure there are sufficient childcare places for working families. In the current context of significant reductions in Government funding, the Authority's policy is to focus its resources on the most vulnerable children.

1.5.36 Make Alternative Savings

The Authority has to make savings of £56 million over three years. The Childcare Review proposals are part of the Authority's 2016/17 budget, which includes almost £16 million of savings. If the childcare review proposals are not implemented the Authority would have to make commensurate savings across its services, which would impact on other critical services. The Childcare Review proposals strike the appropriate balance between maintaining outcomes for children, focussing the Authority's reduced resources on the most vulnerable and securing maximum value for money for taxpayers.

1.5.37 Financial Sustainability

Staffing is the single biggest cost for childcare providers and the Authority faces significantly higher staffing costs than other childcare providers, for reasons outlined in 1.5.31. The Authority is not able or willing to reduce the terms and conditions of childcare staff in order to keep the childcare financially sustainable, as this would create inequality and issues with the job evaluation methodology which is applied to all Authority posts. It is not possible to make the Authority's childcare financially sustainable, without a significant reduction in staff terms and conditions. Fees and charges would have to rise significantly to a level that would be uncompetitive and unaffordable for many families, even if accompanied by severe cost cutting in other areas.

1.5.38 Out of school provision

The Authority recognises the critical role that out of school childcare plays in the lives of working families. Denbigh's out of school club will transfer to Denbigh Primary School under the proposals, subject to the approval of the governing body. In the Riverside locality the Authority will work with local schools and childcare providers to ensure there is sufficient out of school childcare, before a decision is taken about the future of Riverside and Oaktrees childcare. Many schools already run successful out of school provision and the Authority will see if new or existing providers would be prepared to open in the Riverside area. Detailed discussions can be pursued with providers if Cabinet's approve the proposals set out in this report.

Actions Arising From Consultation

1.5.39 The original proposal was that Riverside and Oaktrees childcare would close in September 2017. The revised proposal is that a review of childcare will be undertaken during the forthcoming year, with a particular emphasis on out of school childcare provision. The outcomes of this review will be considered by Cabinet, who will consider whether sufficient alternative childcare is available and the options that are available to the Authority at that time in relation to Oaktrees and Riverside childcare.

1.5.40 Support will be made available to all families affected by the proposals, in order to minimise disruption to children and families, this will include web based information and a dedicated phone line. Additional support from a specialist team will be provided to vulnerable families.

Final Recommendation Following Consultation

1.5.41 The Authority has a duty to ensure there are sufficient childcare places for working families and to meet statutory entitlements. As a result of effective partnership working between the Authority and childcare providers, the Borough has developed a vibrant, diverse and high quality childcare offer. There are sufficient places and a sustainable mix of childcare, which means families can select from a variety of childcare options.

1.5.42 The Childcare Review consultation has demonstrated that families value the childcare provided by the Authority's six remaining childcare settings. Unfortunately in the current financial climate it is inequitable and unsustainable for the Authority to continue subsidising its six childcare settings at a cost of £1.127 million. The Authority's success in growing and diversifying the Borough's childcare sector, combined with the acute financial pressures facing local government, means that the Authority should implement a phased withdrawal from direct childcare provision, where sufficient alternative provision exists.

1.5.43 Transferring Denbigh childcare and Battle Hill childcare to schools will support the Authority's 'Ready for School' agenda, using the expertise of schools to improve outcomes for children, particularly the most vulnerable. The location of these childcare settings within school settings should facilitate this transfer. However the Authority realise that the needs of families are diverse and that it is important that the Borough has a sustainable mix of childcare provision. The Authority will continue to work with providers to ensure there is a diversity of childcare options available to families in the Borough. The Authority is aware of plans for additional childcare capacity over the forthcoming year. The existing and new capacity will ensure North Tyneside has sufficient childcare places in the future, even if the Authority withdraws from direct delivery of childcare at Shiremoor and Wallsend. The Authority will carry out further analysis in North Shields before a decision on the future of Riverside childcare and Oaktrees childcare is taken.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Agree to implement the Childcare Review recommendations as set out in the recommendations at paragraph 1.2.

Option 2

Not approve the recommended model and ask Officers to undertake further work.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

1.7.1 Option 1 is recommended for the following reasons:

- All children will have access to high quality childcare as part of the Authority's commitment to ensuring they are ready for school.
- The Authority's resources will be focussed on the most vulnerable children.
- Maximum value for money will be achieved for taxpayers.
- The Authority will continue to meet its sufficiency duty.

1.8 Appendices:

Appendix 1: Ready for School Entitlement

1.9 Contact officers:

Jacqui Old, Head of Health, Education, Care and Safeguarding, tel. (0191) 643 7317

Jill Baker, Senior Manager Early Help and Vulnerable Families, tel. (0191) 643 6462

Mark Taylor, Strategic Commissioning Manager, tel. (0191) 643 8755

Alison Campbell, Strategic Business Partner, tel. (0191) 643 7038

Dave Brown, Democratic Services Manager tel. (0191) 643 5358

1.10 Background information:

The following report was used in the compilation of this report:

- Childcare Review Petition Council Report 4 February 2016
- Childcare Sufficiency Report 2015

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

2.1.1 The Childcare Review proposals form part of the Authority's budget for 2016/17. The current proposals would generate savings of £0.335 million in 2016/17 if delivered according to the proposed timescales. If the proposals did not go ahead the Authority would be required to make savings of a commensurate amount across its services.

2.2 Legal

2.2.1 Section 6 of the Childcare Act 2006 places a duty on the Authority to secure sufficient childcare for working parents.

- 2.2.2 Appropriate consultation has taken place with Trades Unions and employees with respect to the proposals. Where appropriate the provisions of TUPE (Transfer of Undertakings (Protection of Employment) Regulations 2006) will be complied with. The Authority will minimise the need for any compulsory redundancies through the maximisation of redeployment and voluntary redundancy options.
- 2.2.3 In accordance with the Local Government Act 2000 and the regulations made under that Act in relation to responsibility for functions and responsibilities, Cabinet is responsible for determining this matter.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

The Authority's childcare team have been consulted on the Childcare Review Proposals. Briefings have been provided to Cabinet Members, Ward Members and the Senior Leadership Team. The Authority's staff were engaged in an appropriate consultation process.

2.3.2 External Consultation/Engagement

The Authority carried out a comprehensive public consultation in the summer of 2015, regarding the first phase of the Childcare Review and the transfer of childcare at Wideopen and Killingworth to schools.

A consultation exercise was launched on 8th December 2015 and concluded on the 22nd January 2016. The consultation comprised:

- 'Drop in' sessions at community based venues
- An online questionnaire
- An email address for comments and feedback.
- A Frequently Asked Questions document.

Families of children attending the Authority's childcare, who were due to start at a setting in January 2016 or who were on a waiting list received a letter informing them of the proposals and the consultation programme.

Schools, private, voluntary and community sector daycare nursery providers were also informed of the consultation exercise.

A petition opposing the proposed changes to the Authority's childcare was received on the 19th January 2016. The petition comprised 3,149 signatures and was therefore presented to Council on the 4th February 2016, in accordance with the Authority's constitution.

The main issues arising from the consultation are set out in 1.5.22:

2.3.3 Actions Arising From Consultation

- Childcare provision at Riverside in North Shields and Oaktrees in North Shields will be reviewed over the next year to ensure that there is adequate alternative provision before any changes to childcare arrangements are implemented.

- A range of support will be made available to families if the proposals are approved, to minimise disruption to children and families. Additional support from a specialist team will be provided to vulnerable families.

2.4 Human rights

There are no direct human rights implications arising directly from this report.

2.5 Equalities and diversity

An Equality Impact Assessment, which is available upon request, has been carried out on the proposals and appropriate actions identified.

2.6 Risk management

Risks have been mitigated through detailed project planning and effective partnership working. The Authority has a track record of successfully delivering changes to the Authority's childcare offer and has supported families through this process.

2.7 Crime and disorder

There are no crime and disorder implications arising from the report.

2.8 Environment and sustainability

There are no environment and sustainability implications arising directly from this report.

PART 3 - SIGN OFF

- Deputy Chief Executive
- Head(s) of Service
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Head of Corporate Strategy