

	<b>London Borough of Hammersmith &amp; Fulham</b>  <b>CABINET</b>  <b>11 FEBRUARY 2013</b>
<b>INTERIM PROVISION OF CHILDREN'S CENTRES AND SURE START SERVICES</b>	
<b>Report of the Cabinet Member for Children's Services – Councillor Helen Binmore</b>	
<b>Open Report</b>	
<b>Classification :</b> For decision <b>Key Decision:</b> Yes	
<b>Wards Affected: All</b>	
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## 1. EXECUTIVE SUMMARY

- 1.1 Contracts to operate H&F's 16 children's centres, which are statutory provision, were awarded by Cabinet in April 2011. These are due to expire 31 March 2013 and do not contain any provisions allowing for contract extensions. Given the financial value of these services, the Council's Standing Orders (CSOs) would normally require a competition to be run to determine the award of new contracts.
- 1.2 However, the Council does not currently have the level of certainty and clarity on future service delivery needed to run an efficient and effective procurement exercise. This is due to a combination of factors. These include an anticipated reduction of around 25% in central Government Early Intervention Grant and further year on year budget reductions, the introduction of the targeted 2 year old offer and a proposed new Ofsted inspection framework for Children's Centres. All of these will require an urgent reconfiguration of current children's centre arrangements.
- 1.3 In addition to these uncertainties, and once there is greater clarity on future requirements, tri-borough Children's Services want to explore the potential for future alignment and improved value for money across the three boroughs via a tri-borough joint procurement in 2014.

- 1.4 Children's centres provide a range of important front-line services and enable the Council to meet a number of statutory duties. Maintaining service continuity is essential.
- 1.5 The government will introduce targeted early education for 2 year olds from September 2013 with an increased level of funding for delivery of places. This significantly extends the Sure Start offer for vulnerable families, with Children's Centres instrumental in delivering this targeted integrated provision. In line with the Council's commitment to protect services for the most vulnerable children and families to ensure a cohesive early help offer, wherever possible, opportunities will be taken to off set the reduction of Early Intervention Grant funding with the new targeted 2 year old programme funding.
- 1.6 In these exceptional circumstances, approval is sought to waive the requirement contained in CSOs to seek competitive tenders, and for authority to be given in accordance with CSO 9.11 to enable the Council to negotiate new contracts with existing service providers as an interim measure. This is in the Council's interests and will:
  - a) ensure service continuity, and reduce potential disruption to service users, until such time that there is sufficient clarity and certainty about future funding, inspection regimes, and Government policy intentions, to facilitate a good competition;
  - b) help to navigate any immediate reconfiguration necessitated by changes to funding and inspection regimes, given that running a full procurement exercise for new contracts will take time.

## **2. RECOMMENDATIONS**

- 2.1. That the requirement contained in the Council's Contract Standing Orders to seek competitive tenders be waived, in accordance with CSO 3.1, and that approval is given to negotiate new contracts for children's centres and Sure Start services with existing providers, in accordance with CSO 9.11.
- 2.2. That these new interim contracts with existing providers are for no more than a period of two years, with provision for a break clause after one year.
- 2.3. That the interim contracts with existing providers are negotiated so that they meet new funding and inspection regimes, including formal registration, leadership and management of the 'hub and spoke' model, and clear links with the targeted 2 year old offer.
- 2.4. That funding to the hub centres is reduced by 5% in 2013/14, or that the 5% is achieved through equivalent savings, with either option reflecting the national reduction in Early Intervention Grant Funding and the impact of this at a local level, as set out in Appendix 2: Current and proposed children's centres funding allocations.
- 2.5. That the interim contracts with existing providers incorporate a revised performance management framework that clearly reflects national developments, the Council's priority outcomes for children and families, and the statutory duty of Best Value, taking in to account cost and quality.

- 2.6. That the Children's Centre spot purchasing fund (currently £133,000) be re-profiled to support the efficient delivery of these recommendations, service transition, and any other relevant interim measures, including the employment of one fixed-term FTE post at grade PO 3 (approximate cost £46k), and contribute to mitigating the proposed level of reduction in funding to the hub centres.
- 2.7. That authority to approve any further actions necessary to ensure that the Council meets its statutory duties for the provision of children's centres, and to give practical effect to these interim measures, be delegated to the Cabinet Member for Children's Services.

### **3. REASONS FOR DECISION**

- 3.1. The reasons for the above suite of recommendations are described in the Executive Summary at the beginning of the report. Namely:
- the forthcoming expiry of existing contracts;
  - the lack of provision to extend these;
  - the national expansion of the targeted early education offer for 2 year olds;
  - impending significant changes being made to the funding and Ofsted inspection regimes governing children's centres;
  - the ill-advisability of running a competition for new contracts until the outcomes required of these new regimes are known;
  - the need to approve interim arrangements to ensure service continuity and the meeting of statutory duties, and be able to reconfigure service delivery at the same time, until such that the conditions exist to run an efficient procurement for new contracts.
- 3.2 A fuller explanation as to why these recommendations are believed to be the right ones to make is given in section 6 of this report.

### **4. INTRODUCTION AND BACKGROUND**

#### **Preamble**

- 4.1 In the past two years, children's centres in Hammersmith & Fulham have undergone a number of changes. Some of these have been in response to local circumstance and priorities; some have been prompted by changes in Government policy. The following section summarises these changes to help contextualise the rationale for the recommendations being made

#### **Children's Centres and Sure Start services**

- 4.2 A Sure Start children's centre is a place, or a group of places:
- that is managed by or on behalf of the local authority, with the purpose of securing that early childhood services are available in an integrated manner;
  - through which early childhood services are made available;
  - at which activities for young children are provided.

- 4.3 They are designed for families with young children, from conception to five years. Guidance to Local Authorities includes an expectation that they will “*target children’s centres services at young children and families in the area who are at risk of poor outcomes*”.
- 4.4 Children’s centres can also offer ‘universal’ services open to all children, and their families. These services - for example, Stay and Play, and health sessions - provide a non-stigmatising front door to basic services for young children, through which families with additional needs can be identified and early action taken to help in a proactive manner.
- 4.5 As such, early help services are key to reducing the number of children requiring intervention from statutory services. They build capacity for vulnerable parents to support their families in achieving positive outcomes, and address child poverty and worklessness through better targeting of support. As one of the main delivery vehicles, children’s centres are central to this agenda.
- 4.6 The significance the Council place on Children’s Centre services is reflected in the proposed 5% savings recommendation, with the Council seeking to protect these services from the full impact of the anticipated 25% Early Years Grant funding reduction as far as possible in this next delivery phase.

**2011: previous Cabinet decision and model of service delivery**

- 4.7 In April 2011 Cabinet agreed funding for the commissioning of 16 children’s centres until March 2013, based on a new reconfigured model of service delivery comprising 6 “hub” and 10 “spoke” centres. This decision followed wide public consultation and took into account the views of local users. The new model was implemented in July 2011.
- 4.8 H&F’s Early Help services were also reconfigured at the same time to align them with the new operating model for children’s centres, with the following five main streams of early help activity identified:
- Localities teams;
  - Reshaping of Sure Start Children’s centres;
  - New front door/social care;
  - Community Champions Pilot;
  - Services and process improvement.
- 4.9 The redesign of children’s centre delivery and creation of the locally based multi-disciplinary Family Support Locality teams focused service delivery on improving outcomes for the most vulnerable children and families in the borough.
- 4.10 The reconfigured model spoke centres were created to deliver the universal offer, and also provide space for targeted work and courses/sessions delivered by “hubs” and other partners. They were also places where the Family Support Localities Teams could meet and work with families.

- 4.11 Hub centres, whilst also delivering a universal service, were reshaped to deliver preventative and early intervention services for vulnerable families. The work of “hub” centres provide a complementary and seamless service for families engaged with the localities team. There are two “hub” centres per locality areas of North, South and Central areas to support this seamless delivery. (See Appendix 1 Map of Hammersmith & Fulham Children’s Centres.)
- 4.12 It is important to note that this model is less than two years old. It is still being embedded and maturing, and requires a degree of stability and continuity in order to effectively demonstrate positive impact for these families. Unduly disturbing current arrangements risks being counter-productive, not least as the new ways of working to engage vulnerable families continue to be measured and evaluated. The co-design of an early help offer for borough children and families is being developed with work continuing on a ‘team around the Children’s Centre’ to ensure an integrated and co-ordinated offer from services for the most vulnerable.
- 4.13 In December 2011, the Department for Education reiterated its commitment to the delivery of the 2-year old offer, and advised that the initial intention to deliver to 20% of all 2yr olds (September 2013) had been increased to 40% of all 2yr olds (September 2014). With ambitious local targets for the delivery and creation of places, it provides the Local Authority the opportunity to work with current children’s centre providers to explore new ways of delivering early help services from centres, including offering 2 year old places.

#### **2011 Government re-definition of Children’s Centre’s core purpose**

- 4.14 Local authorities are under a duty to “*target children’s centres services at young children and families in the area who are at risk of poor outcomes*”.
- 4.15 In 2011, the Government re-defined the core purpose of children’s centres as being to improve outcomes for young children and their families, especially the most disadvantaged, in order to reduce inequalities in child development and school readiness, and to improve parenting skills and child and family health. The services cited by the Government to help to achieve this purpose include targeted family and parenting support, child and family health services, and links to JobCentre Plus to facilitate parents into employment.

#### **Changes in the Ofsted inspection regime**

- 4.16 2011 saw further changes when the Department for Education (DfE) produced guidance around new definitions for Children’s Centres, describing clusters and mergers of centres with the intention of aligning these with proposed plans for Ofsted to inspect centres on a new locality-based model.
- 4.17 As the inspection body for children’s centres, Ofsted is currently consulting on future inspection arrangements, with national pilots currently testing how children’s centres can be inspected more flexibly to:
- a) reflect increasingly diverse local management arrangements;
  - b) remove unnecessary inspection burdens.

- 4.18 This will include inspection of locality models in which previously 'independent' centres are grouped together for the purpose of inspection. Para 2.3 recommends that the Council, whilst maintaining all the current delivery sites, registers its provision to reflect these streamlined arrangements. This will also promote alignment with the Early Help offer from locality teams.

#### **Changes in Government funding**

- 4.19 Delivery of children's centre services is currently funded through Early Intervention Grant (EIG) funding from the DfE. Communications from central government indicate a reduction by 25% of EIG funding for the financial year 2013/14, with further reductions expected in 2014/15. With the reduction in this funding stream, the Council must target resources at those families most in need and seek to create a sustainable service delivery model for the future. This in itself will require a further significant re-configuration before being able to undertake any procurement exercise for new contracts. The report's recommendations seek to support this agenda.
- 4.20 The government will introduce targeted early education for 2 year olds from 2013. This significantly extends the Sure Start offer for vulnerable families although funding will be included in the DSG. H&F has been allocated £2.8m for 2 year old offer in 2013/14, in parallel with the reduction in Early Intervention Grant.
- 4.21 The Council is committed to protecting services for the most vulnerable children and families to ensure a cohesive early help offer. Therefore, wherever possible, opportunities will be taken to off set the reduction of Early Intervention Grant funding with the new targeted 2 year old programme funding as the Council is developing the delivery of 2 year old places and support for the child and family as part of the Children's Centre offer for the most vulnerable.
- 4.22 Through the reconfiguration of the Children's Centre model, officers will also ensure that any natural opportunities that arise that could be used to mitigate against the reduction of the Early Intervention Grant funding are explored and considered.
- 4.23 The significance the Council place on Children's Centre services is reflected in the proposed 5% savings recommendation, with the Council seeking to protect these services from the full impact of the anticipated 25% Early Years Grant funding reduction as far as possible in this next delivery phase.

#### **Property issues**

- 4.24 The ability to provide children's centre activities within local communities depends on the availability and location of appropriate access sites. In the April 2011 Cabinet report, sites were identified to ensure effective "reach" to the children and those families most in need, as well as providing more universal services to the wider community.
- 4.25 However, a number of property issues have since arisen which will need to be resolved with reference to a longer term Children's Centre and Early Help Strategy. These property-related issues include requests for new commercial rents, development of sites to support the 2 year old offer and lease arrangements for school sites. Each of these could place additional financial burdens on a reducing budget.

### **Tri Borough Review**

- 4.26 The establishment of a Tri-borough Children's Commissioning directorate earlier this year provides an opportunity to develop, in line with local needs, a children's centre strategy and vision for a sustainable, long-term model of delivery which dovetails with the wider early help strategies in all three boroughs. This work will come on stream early in 2013, with a view to running a joint procurement sometime in 2014 which could:
- give greater opportunities to innovate with service design;
  - allow better alignment with other national initiatives, such as the expansion of 2-year old places, through delivery in children's centres;
  - deliver potential economies of scale;
  - could maximise areas of funding growth, to help off-set the reduction of EIG while still meeting the core needs of those families most in need.

## **5. PROPOSAL AND ISSUES**

- 5.1. The background information above describes the changing context children's centres are having to operate in, the forthcoming issues they face, and the importance of maintaining services provided by them to meeting a number of local and national policy objectives.
- 5.2. The current contracts for these services expire 31<sup>st</sup> March 2013, and do not contain provisions to be extended.
- 5.3. However, because of various the uncertainties currently facing children's centres, it would not be sensible to conduct a procurement exercise for new contracts until these uncertainties have been clarified and/or resolved.
- 5.4. The proposal is to therefore seek approval to negotiate new interim contracts with existing providers - to ensure continuity of front-line service delivery - and for these new interim contracts to run up to a period of two years, with a break clause after one year.
- 5.5. As part of the negotiations with existing providers, approval is also sought for the new interim contracts to properly reflect, and enable the Council to fully respond to, the forthcoming changes in funding and inspection regimes; and, furthermore, for the new contracts to contain an updated performance management framework that supports clearer reporting on progress made achieving national developments and outcomes for children and families.
- 5.6. The options appraisal underpinning these proposals, and the issues surrounding them, are discussed in the following section.

## **6. OPTIONS AND ANALYSIS OF OPTIONS**

### **Waive Contracts Standing Orders, negotiate new interim contracts, and embed the model**

- 6.1 The reconfiguration of children's centres is part of a wider new way of delivering

services to vulnerable children and families in the borough through the Family Support Programme for Early Help. To address issues of fragmentation of provision, and the need to reinforce the support through communities and front-line local professionals, the 2011 programme reengineered service delivery. A principal objective of this work was that children's centre and the family support locality teams work together to deliver a seamless early help offer to those most in need.

- 6.2 A waiver to the CSOs is believed necessary as there are currently exceptional circumstances, and it is not in the Council's overall interest to run a procurement exercise at this moment in time:
- a) Nationally, Ofsted are changing the way in which they plan to inspect Children's Centres in the future. The Council need to ensure that they have a model that will align with these new requirements and cannot effectively tender a model at this time that would not run the risk of requiring changes in the near future. Children's Centres target the most vulnerable families and continuity service delivery is essential.
  - b) Changes to the Early Intervention Grant that funds the provision of Children's Central is reducing. In 2013/14 this is by a predicted 25% reduction, with a further predicted 5% reduction in 2014/15. The funding stream is therefore not secure.
  - c) The current providers are experienced in the delivery of the services to the local communities. Within the current contract cycle only one children's centre in Hammersmith & Fulham has been subject to an Ofsted inspection which is a statutory requirement. This was in November 2012. In the main, contracting potentially new delivery partners at this time would be a reputational risk to the Local Authority given that as many as 6 sites are due for inspection.
  - d) In April 2012, Hammersmith & Fulham, Kensington and Chelsea and Westminster through Tri Borough working arrangements established the Tri-borough Children's Commissioning Directorate. Within the context of a reducing funding stream, changes to Ofsted inspections, emerging government initiatives to target the most vulnerable, and payment by results, 3B CHS will be conducting a tri-borough review of children's centre services starting in 2013. This work will underpin a competitive tendering exercise for future provision of children's centres services in 2014/15.
  - e) Importantly, the current model was only changed in late-2011 and is still maturing. The centres are less than two years old in their delivery cycle and it would be counter productive to disturb the current arrangements at this time as ways in which to measure effective outcomes are being embedded.
  - f) The Family Support Localities team, which were also a new service in June 2011, continue to develop effective working practices with children's centres which need time to embed and outcomes continue to be measured. Continuation of delivery with current providers, with changes to align the hub and spoke relationship, will further strengthen the early help offer delivered by children's centres and the Family Support localities to Hammersmith & Fulham families.
  - g) Children's centres are best placed, through their engagement with families, for early identification of needs and work with their localities teams to identify the most



vulnerable. A “team around the children’s centre” model is being implemented with each centre, to ensure a comprehensive package of support for families.

- h) Children’s centre provision of activity within local communities is tied up with the availability and location of appropriate access sites. In the previous Cabinet paper sites were identified to ensure reach to the children and those families most in need, as well as providing more universal services to the wider community. Since then, a number of property issues have arisen which will need to be resolved with reference to a longer term Children’s Centre and Early Help Strategy vision of delivery. Issues include requests for commercial rent levels on a children’s centre site as well as lease rental arrangements for school sites. These ongoing property issues are placing additional financial burdens on a reducing budget. Interim contracts with the existing providers will allow for a comprehensive property review and an assessment of sustainability of all access sites to be completed in the context of a borough wide Early Help offer.
- i) In 2013 there will be a tri-borough review to assess current and future needs for children centre services. Understanding of delivery of services and needs of families across all three boroughs give greater opportunities to innovative with service design. There is potential to better align other national initiatives like the expansion of 2 year old places through delivery in children’s centres. This could maximise areas of funding growth, to off-set reduction of Early Intervention Grant while still meeting the core needs of those families most in need.
- j) In December 2011, the DfE reiterated its commitment to the delivery of the 2 year old offer and advised that the initial intention to deliver to 20% of all 2yr olds (September 2013) has been increased to 40% of all 2yr olds (September 2014). This will entitle eligible 2 year olds to 570 hours of free early education over the course of a year. The figure for Hammersmith & Fulham is 585 places for 2 year olds by September 2013, with a further increase in September 2014, although the DfE anticipate that not all children will seek places.

These are ambitious targets for the local early years and childcare market in the borough. With current children’s centres located in each community and in the most disadvantaged areas, they are best placed to not only signpost to the 2 year old offer but in some instances deliver the 2 year old places. By working with the current cohort of providers and buildings there is scope to offer a early help offer in children’s centres which encompasses delivery of the core purpose of children’s centres and a comprehensive early help offer to borough children and families. This will form part of the thinking for the transformational review.

### **Negotiate interim contracts to reflect new Ofsted inspection requirements**

- 6.3 The law requires Ofsted to inspect Sure Start children’s centres at intervals decided by the Secretary of State. Inspections must cover how centres help families with young children, and those expecting children, to access the services they need to help children have a good start life. In particular inspections must consider how centres encourage those families those families who are most in need of intervention and support to use those services.

- 6.4 Ofsted are currently consulting on plans to revise their current inspection arrangements to better reflect the change in the Government's 'vision' of children's centres to deliver more targeted work, and in recognition of the way in which Local Authorities have chosen to commissioning and deliver services from children's centres have changed; i.e. cluster, 'hub and spoke' models', or locality models.
- 6.5 Ofsted propose that where a local authority has moved to a group model that shares leadership and management, they will inspect the group of centres together, and produce one report for the local authority that brings out the strengths and areas for improvement of the group as a whole. Where there are centres with no shared management, but collaborative working, it is proposed these centres will be inspected simultaneously but with a separate report produced for each centre. Ofsted propose that this will come into effect from April 2013.
- 6.6 H&F has a mixed model of delivery, with some centres delivered by the same organisation already running a 'shared leadership' model, while other centres have no line of shared management responsibility between centres in the same locality area. (See Appendix 3: Current Structure of Children's Centres)
- 6.7 Under the current configuration, children's centre 'spokes', which are not formally linked to a hub are at unfair risk of adverse inspection judgements, simply because their range of services, however excellent or well-used, does not meet the current national requirement of a registered children's centre. Spokes formally linked to hubs would be inspected as part of the locality inspection.
- 6.8 It is therefore proposed, as part of the negotiations with existing providers on new interim contracts, that agreements be put in place between identified hub and spoke centres to further improve shared management and leadership for the elements of children's centre delivery. This would build on the existing successful locality model already in place, meet Ofsted requirements and ensure that services across an area are coordinated according to need and that duplication is avoided. Children and families would still be able to access services at the current sites and there is no intention to change the established local branding of 'children's centres'. (See Appendix 4: Proposed future alignment of Children's Centres).
- 6.9 Such an agreement would ensure centres have in place :
- Single vision and purpose.
  - Single governance (one advisory board).
  - Single planning (SEF and action plan).
  - Performance management arrangements.
  - Structure of accountability to the Local Authority and the lead centre.
- 6.10 The centres work well and collaboratively. Having such an agreement would formalise the current arrangement, clarify lines of accountability in delivering this statutory duty, and help with any evidence base required for future Ofsted inspections.
- 6.11 For the purpose of Ofsted inspection, and with current Ofsted proposals in mind, this would mean that the three geographical localities (North, South and Central) would be inspected, with two 'reports' per locality, each covering provision in both the hubs and

(where relevant) spokes. This will streamline and simplify communication with local professionals and partners, while ensuring that children's centres remain locally accessible into all communities.

### **Negotiate interim contracts to reflect the new funding regime**

- 6.12 As mentioned earlier in the report, indications are that EIG funding will reduce by 25% for 2013/14, with further reductions expected in 2014/15. In light of this national picture, it is recommended that the spot purchase allocation of £133k is re-profiled to support the embedding of the merged hub and spoke model and the hub centres funding is reduced by 5% (an approximate £15k reduction in their current funding level) for the future contract, or that the 5% is achieved through equivalent savings. (See Appendix 2: Current and proposed children's centres funding allocations)
- 6.13 From 2013-14, funding for the two year olds will be in the Dedicated Schools Grant (DSG) and will continue to increase. The rest of the Early Intervention Grant will transfer to general local government grant, but will remain visible in 2013-14.
- 6.14 The change in the funding streams will be considered as part of the forthcoming Commissioning Transformational Review, reviewing how future services for vulnerable families can be delivered in a targeted way to H&F residents.
- 6.15 Interim contracts will be negotiated with updated performance management frameworks that:
- support clearer reporting on progress made against key national outcomes for children and families;
  - incentivise performance;
  - support the delivery and demonstration of Best Value.
- 6.16 The Government wants to introduce payments by results for children's centre so that providers are rewarded for the results they achieve. This would be a mechanism to reward progress against the main aim of Sure Start: to reduce inequalities in child development, school readiness, health and life chances, and to improve parenting aspiration and skills.
- 6.17 In light of such initiatives, and with changes to the Ofsted inspection framework focusing on centres demonstrating how they are narrowing the gap for the most vulnerable, H&F need to implement a revised performance framework which demonstrates effective outcomes for children and families, as well as the statutory duty of Best Value.
- 6.18 If the proposed realignment of children's centre management between hubs and spokes is approved, an enhanced model of recording and usage of data to measure impact, and inform service delivery, would become easier. Using the resources of hub centres, usage of spoke centres and access for vulnerable families could be more appropriately monitored, with service delivery flexed and better targeted according to local needs.
- 6.19 It is also important to note that the capacity of a children's centre to demonstrate sustained and continuous improvement, and the effectiveness of a centre in meeting the needs of and improving outcomes for families, is a key Ofsted inspection criterion in the

demonstration of Best Value. An ability to demonstrate this through data analysis and qualitative methods has become a core part of the current contracted providers work.

6.20 Some of the key national outcomes for improvement in targeted support for vulnerable families, through closer alignment of children’s centres with the objectives of the Early Help and Targeted Services Strategy, includes.

- reducing the number of children requiring intervention from statutory services;
- building the capacity of vulnerable families to support their children effectively in achieving positive outcomes;
- addressing child poverty and worklessness through better targeting;
- targeting Council resources at those most in need of extra help with a consequent shift away from funding universal activity and from subsidising those who can afford to pay;
- making services more financially sustainable and considering alternative forms of delivery such as outsourcing.

6.21 Confidence in the ability of existing providers to deliver the Local Authority’s statutory responsibility for children’s centre can be seen in the extended engagement since the contracts were agreed. The following figures are based on the re-configured reach areas as per the April 2011 Cabinet paper.

**Number of registered children per reach area**

Children’s centre reach area	Children’s Centre reach area (Baseline figure)	Number of registered children at any centre	Children living in Deprived LSOA Registered 0-30%	
Flora	2264	2052	1258	61%
Fulham Central	4067	1631	827	51%
Masbro	1708	1356	724	53%
Melcombe	1655	1302	713	55%
Old Oak	690	442	442	100%
Randolph Beresford	1338	655	655	100%

\*Fulham Central moved into their new delivery site at the Tudor Rose building in approximately October 2011. Figures correct as of November 2012. To note Reach areas include the spoke centres.

6.22 In the data for the registration of children we can see that in each instance over 50% of those registrations are children living in 0-30% area in the borough. Work continues to develop with the Family Support Localities services and the Local Authority data teams to better enable identification of the children and families most in need.

6.23 The number of sessions offered across the borough through the children’s centres has increased since the new contracts from 777 in the period of July–September 2011 to 1713 in the same period in 2012. The number of times children and carers attending the centre have also increased in volume from 10,296 in 2011 to 19,755 by September 2012.

- 6.24 The 6 hubs made an application to bid for support with E-Start, the IT solution through which centres record their registrations and children's centre activity data. They were successful in their bid, and have been working with an organisation in the last year to up-skill their staff teams for entering and quality checking data, and for formatting reports for use in measuring their outcomes success and to inform service planning.
- 6.25 With enhanced usage of data by centres and staff, the vulnerable groups that centres are required to target, are becoming more visible in the reporting. Since 2011, engagement from those in the target groups have creased by 115 for fathers, 318 for the unemployed, 331 for Black and Minority Ethnic groups and 49 for children with a disability or special educational need.

**Re-profile the children's centre spot purchasing fund to finance the post of 1 x FTE post to support the delivery of the new interim arrangements, service transition, and any other interim measures.**

- 6.26 The spot purchase fund was originally created to fund additional services to support the new configuration of children's centres across the borough. However, in the context of reducing grant funding arrangements for EIG it is recommended that this funding stream use is re-profiled to protect greater reductions in the funding of the hubs and spokes.
- 6.27 From discussion with centres about the proposed realignment of unified management, it is felt that interim fixed term support will be required to embed the proposed model. Support would take the form of a shared resource across the localities to work with the relevant centres to embed governance arrangements, assist with the embedding of advisory groups to challenge and support delivery, ensure quality assurance and support performance and delivery of outcomes.
- 6.28 The Council is committed to ensuring that front line services for the most vulnerable are protected wherever possible, and officers will seek to mitigate the level of funding reductions to the hub centres through the use of the spot purchase funding and other natural opportunities that arise from the re-configuration of hub and spoke model while still achieving 5% of savings.

## **7. CONSULTATION**

- 7.1 Local authorities have duties under the Childcare Act 2006 to consult before opening, closing or significantly changing the services provided through children's centres, and so far as is reasonably practical to secure sufficient provision of children's centres to meet local need. In discharging their duties the Council must have regard to any guidance given form time to time by the Secretary of State. Engagement would be with residents, service users and professional agencies that have an interest in the remit of children's centre delivery.
- 7.2 Prior to the reconfiguration of the borough Children's Centres into a hub and spoke model in 2011 a comprehensive public consultation was completed and feedback considered when making the final recommendations.

- 7.3 As the recommendations in this report do not propose to close any of the hub or spoke centres, or make any changes to the services provided in the centres but realign current centres for purposes of shared management reporting lines, no further consultation has been considered necessary at this time with services users.
- 7.4 Children's centres have been engaged with to discuss the proposals, and their input sought for the development of the shared management agreement to enable embedding of effective working practices and realignment of centres shared management.

## **8. EQUALITY IMPLICATIONS**

- 8.1. Recommendation 2.1 will require some realignment of governance for hubs and spokes. It does not change the services or delivery sites for children's centres provision. Recommendations 2.2, 2.3, and 2.5 underpin 2.1 and will not change the service provided at present to service users. As such, an Equality Impact Analysis ('EIA') is not required as there is no significant change or discernable impact. However, due consideration has been given to any potential equality implications and further action which may be required.
- 8.2. Recommendation 2.4 proposes a 5% reduction to the funding for the hub centres. It is recognised that during the negotiation with hub centres, there may be a need for an EIA to be completed if service delivery will change. This would be the subject of a further Key Decision report. The way in which the funding reduction for each hub will impact on their service delivery will vary. It may be necessary to carry out an EIA across the hubs to ascertain the impact across the borough and locality areas, and to use this to inform further proposals.
- 8.3. Children's Centres are required to target their services at the most vulnerable including; lone parents, Black and Minority Ethnic communities, fathers, children with disabilities or children of parents with disabilities, children in workless households and young parents. This underpins recommendation 2.5, which proposes to incorporate a more robust management framework that reflects outcomes for children and families, and if used to inform service delivery decisions, this will be an indirect positive impact for these protected groups.
- 8.4. Recommendation 2.6 deals with recruitment and the Council's HR policies, including the Equal Opportunities policy.
- 8.5. Recommendation 2.7 provides for delegation of authority to the Cabinet Member for Children's Services for further, related decisions that may be necessary. Should this be the case and should the PSED (public sector equality duty) be relevant, due regard will be given as and when those proposals are put before the Cabinet Member. This may or may not include proposals that are informed by an EIA.
- 8.6. Implications verified by Carly Fry, Opportunities Manager, 020 8753 3430.

## **9. LEGAL IMPLICATIONS**

- 9.1 The provision of the Children Centre services described in this report are considered to be Part B services pursuant to the Public Procurement Regulations 2006 (the "Regulations").
- 9.2 Part B services are not subject to the full regime of the Regulations, however the Council must still comply with general EU principles of fairness, transparency and non-discrimination. This will generally require the Council to undertake an open competition. Where the Council does not comply with principles of the public procurement rules there is a risk of challenge from organisations who would have wished to express an interest in the provision of the service
- 9.3 The provision of Children Centres is met in part by 3<sup>rd</sup> sector organisations and in part by community schools within the borough. It is arguable that the provision of the services by community schools is akin to the provision of the services by an in-house department, and is therefore outside the scope of the Regulations.
- 9.4 The main body of the report sets out the challenges and future changes facing children's centres over the next few years. For the reasons set out in the report, it is considered inadvisable to undertake a process which may result in the change of service provider at this time.
- 9.5 Implications completed by: Catherine Irvine, Contracts Lawyer, 020 8753 2774.

## **10. FINANCIAL AND RESOURCES IMPLICATIONS**

- 10.1. This paper sets out the interim position with regard to the delivery of children's centres. It is expected that 5% savings can be obtained through negotiation with the existing providers, although it is acknowledged that should this require a change in provision there may be a need for an EIA to be completed if service delivery will change, which would be the subject of a further Key Decision report.
- 10.2. The reconfiguration of spot purchasing will also deliver savings which are included in the department's MTFs savings assumptions.
- 10.3. As the strategy develops consideration will need to be given to its implications for the Department's property strategy.

## **11. RISK MANAGEMENT**

- 11.1. The paper proposes an interim solution as identified in the body of the report and contributes positively to the management of risk number 7 (Managing Statutory Duty) and 2 (The Customers needs and expectations). An options and risk assessment

undertaken by the report's authors fairly reflect the risks associated with the proposal to extend the contract and their benefits.

- 11.2. Implications completed by: Michael Sloniowski, Principal Consultant Risk Management, 020 8753 2587)

## **12. PROCUREMENT IMPLICATIONS**

- 12.1. The current contracts for the delivery of Children's Services expire March 2013, with no provision having been made at the time of contract award for extension of these should this be deemed beneficial.
- 12.2. However, for reasons made clear in the report, the level of certainty and clarity about future requirements needed to run an efficient procurement for new contracts does not currently exist, and it would not be in the Council's or services users' interests to do so at the moment, for reasons also explained in the report.
- 12.3. Section 3.1 of the Council's CSOs allows waivers to the normal competition requirements where there are exceptional circumstances and/or it is not in the Council's interests to run a competitive exercise at any given moment in time. As the services are defined as being "Part B" rather than "Part A" under the Public Contracts Regulations 2006 (as amended), they are not regulated in terms of the statutory competition requirements.
- 12.4 Paragraph 9.11 of the Council's CSOs specifically requires Member authority before officers enter into any negotiation of contractual terms with commercial or voluntary sector organisations.
- 12.5 The report recommends a pragmatic interim solution that seeks to ensure continuity of important high profile services for vulnerable children and families, whilst at the same time seeking both to protect the service from imminent budget reductions and prepare it for new inspection requirements. The recommended approach is supported by the Tri-Borough Commissioning and Contracts Board for Children's Services and by the Director for Procurement and IT Strategy in H&F.
- 12.4. These Procurement implications have been completed by:  
John Francis, Principal Consultant, H&F Corporate Procurement, 020 8753 2582.



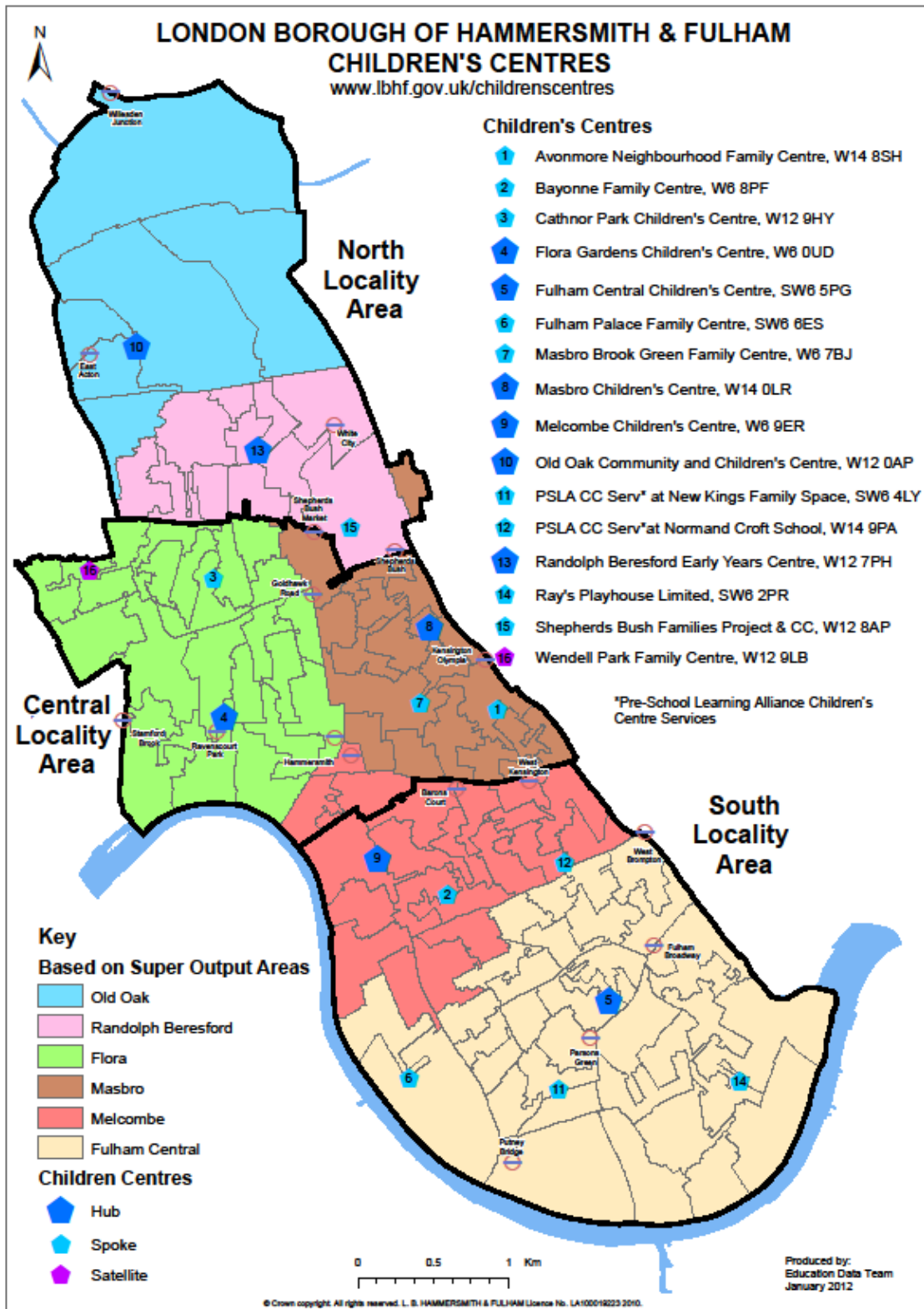
**LOCAL GOVERNMENT ACT 2000**  
**LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
.	None		

**LIST OF APPENDICES:**

- Appendix 1: Map of children's centres by locality**
- Appendix 2: Current and proposed children's centres funding allocations**
- Appendix 3: Current Structure of children's centres**
- Appendix 4: Proposed future alignment of children's centres**

## Appendix 1: Map of Children's Centres by Locality



**Appendix 2: Current and proposed children's centres funding allocations**

<b>Children's centre and address</b>  Hub= (H) Spoke= (S) Satellite = (St)	<b>Year 1</b> <b>July 2011-</b> <b>March 2012</b> <b>(Same level of</b> <b>funding for year</b> <b>1 and 2 (Year 1</b> <b>value less as</b> <b>adjusted due to</b> <b>contract start</b> <b>date in Qtr 2)</b>	<b>Year 2</b> <b>April 2012 -</b> <b>March 2013</b>  <b>Same level</b> <b>of funding</b> <b>as Year 1)</b>	<b>Funding amount per</b> <b>annum with proposed</b> <b>5% reduction calculated</b> <b>at current level of</b> <b>funding in hub</b> <b>children's centres only.</b>
Old Oak Community and Children's Centre, 76 Braybrook Street, W12 0AP (H)	£225,000	£300,000	£285,000
Randolph Beresford Early Years Centre, Australia Road, White City, W12 7PH(H)	£252,000	£336,000	£319,200
Masbro Children's Centre,87 Masbro Road, W14 0LR (H)	£225,000	£300,000	£285,000
Flora Gardens Children's Centre, Dalling Road, W6 0UD(H)	£225,000	£300,000	£285,000
Melcombe Children's Centre, Fulham Palace Road, W6 9ER(H)	£225,000	£300,000	£285,000
Fulham Central Children's Centre, Shottendane Road, London SW6 5TJ(H)	£225,000	£300,000	£285,000
Shepherd's Bush Families Project and Children's Centre, 58a Bulwer Street, W12 8AP(S)	£15,000	£20,000	-
Wendell Park Family Centre, Cobbold Road, (entrance on Kinnear Road), W12 9LB(St)	£18,750	£25,000	-
Cathnor Park Children's Centre, 1 Melina Road W12 7HY(S)	£18,750	£25,000	-
PSLA The Hut Stay and Play sessions at Cathnor Park Children's Centre	£3000	£3000	-
Masbro Brook Green Family Centre, 49 Brook Green, Hammersmith, W6 7BJ(S)	£14,250	£19,000	-
Avonmore Neighbourhood Family Centre, North End Crescent, W14 8TG(S)	£14, 250	£19,000	-
Bayonne Family Centre, 50 Paynes Walk, W6 8PF(S)	£14, 250	£19,000	-
PSLA at Normand Croft Family Space, Bramber Road, W14 9LB(S)	£14, 250	£19,000	-
PSLA at New Kings Family Space, New Kings Road, SW6 4LY(S)	£18,750	£25,000	-
Fulham Palace Children's Centre, Playground, Bishops Avenue, SW6 6ES	£14,250	£19000	-
Ray's Playhouse Limited, 247 Stephendale Road, SW6 2PR	£14,250	£19000	-
			<b>5% savings total =</b> <b>£91,800</b>

### Appendix 3: Current Structure of Children's Centres

Hub Children's Centre	Spoke in hub children centre geographical reach area	Is the spoke in the hub children's centre reach area managed by the hub	Locality in which the Hub centres are based – North/Central/South	Comments
<b>Old Oak Community and Children's Centre</b>	None	N/A	North	
<b>Randolph Beresford Early Years Centre</b>	Shepherds Bush Families Project and Children's Centre	No	North	
<b>Masbro Children's Centre</b>	Avonmore Neighbourhood Family Centre	Yes	Central	Compiles with shared management model.
	Masbro Brook Green	Yes		
<b>Flora Gardens Children's Centre</b>	Cathnor Park Children's Centre	No	Central	Ofsted Inspection of Wendell Park Family Centre will be covered under the main schools extended services
	Wendell Park Family Centre*	N/A		
<b>Melcombe Children's Centre</b>	Bayonne Children's Centre	No	South	Bayonne and Normand Croft centres are managed by the Pre School Learning Alliance.
	Pre-school Learning Alliance Children's Centre Services at Normand Croft Community School Family Space	No		
<b>Fulham Central Children's Centre</b>	Fulham Palace Children's Centre	Yes	South	
	Pre-school Learning Alliance Children's Centre Services at New Kings.	Yes		
	Rays Playhouse Ltd	No		

#### **Appendix 4: Proposed re- alignment of children's centres**

<b>Hub Centre</b>	<b>Hub Locality</b>	<b>Spoke to merge to hub centre</b>	<b>Is the spoke based the hub centres reach locality</b>	<b>Is the spoke centre in the same Locality in as the hub</b>	<b>Comments</b>
<b>Old Oak Community and Children's Centre</b>	North	None	N/A	N/A	This is the only hub with no spokes within its reach area.
<b>Randolph Beresford Early Years Centre</b>	North	Cathnor Park Children's Centre	No	No	Cathnor Park is currently situated in the Central Locality. If the recommendations are approved there will be the need to redefine existing reach and locality boundaries.
<b>Masbro Children's Centre</b>	Central	Shepherds Bush Families Project and children's centre	No - Shepherds Bush is in Randolph Beresford Reach	No - Shepherds Bush is located in the North Locality.	Shepherds Bush is currently situated in the North Locality. If the recommendations are approved existing reach and locality boundaries would be redefined.
<b>Flora Gardens Children's Centre</b>	Central	None	N/A	N/A	Flora Gardens currently has two spokes in its reach area – Cathnor Park (proposed to merge with Randolph Beresford) and Wendell Park Family Centre which is a satellite site and is inspected via the schools extended services. If the recommendations are approved Flora's reach would be redefined.
<b>Melcombe Children's Centre</b>	South	None	N/A	N/A	Melcombe Children's Centre currently has two spokes in its reach area; Bayonne and Normand Croft. These two centres are managed by PSLA. If recommendations are approved Melcombe's reach area would be redefined.
<b>Fulham Central Children's Centre</b>	South	Rays Playhouse Ltd.	No	South	As above