

	London Borough of Hammersmith & Fulham CABINET 6 OCTOBER 2014
INTERIM PROPOSAL TO EXTEND CURRENT 16 HAMMERSMITH AND FULHAM CHILDREN'S CENTRE CONTRACTS FOR UP TO ONE YEAR	
Report of the Cabinet Member for Children and Education : Councillor Sue Macmillan	
Open Report – Yes	
Classification - For Decision	
Key Decision: Yes	
Wards Affected: All	
Accountable Executive Director: Andrew Christie, Executive Director for Children's Services	
Report Author: Mike Potter Head of Commissioning for Early Intervention, Children's Services	Contact Details: Tel: 020 7641 2165 E-mail: mpotter@westminster.gov.uk

1. EXECUTIVE SUMMARY

- 1.1 Contracts to operate Hammersmith and Fulham's 16 children's centre sites are due to expire on the 31 March 2015 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 Due to the recent change in administration, the future shape of the services, including any strategic role the new administration sees the service playing in the delivery of key objectives and priorities, is not yet fully defined. To undertake a full scale procurement exercise at this time would therefore not be sensible.

- 1.3 In these circumstances, it is important that the new administration has sufficient time to consider its options for the future service based on an informed, evidenced and costed options paper. These options could include a review of the use of existing sites, staffing structure and delivery models. The most pragmatic solution, both to supporting this process of policy development and maintaining continuity of a statutory service with minimum disruption to service users, is to further extend the existing arrangements for a period of up to 12 months, by which time future direction and priorities will be clear.
- 1.4 In addition during the last year, the Children's Services Commissioning Directorate has been working with Family Services on an Early Help Review to assess the current picture, identify local and national best practice, and make some recommendations about future delivery of services. Additional time is needed to incorporate the lessons from this exercise in order to produce a clear service specification to enable an efficient and effective procurement of children's centres and provision of services for under-fives.
- 1.5 Children's centres provide a range of front-line services for vulnerable families and enable the Council to meet a number of statutory duties. Maintaining service continuity is essential and as such an extension of current contracts by up to one year is requested.

2. RECOMMENDATIONS.

- 2.1. That the application of the Council's Standing Orders (CSO) be waived so that a new contract can be awarded to the existing service providers in the absence of competition.
- 2.2. That the current service providers continue to provide the service beyond the current expiry date of the contracts for up to one year i.e. contracts are extended from 1 April 2015 – 30 September 2015, with provision for further extension to 31 March 2016 if required.
- 2.3. That the service provision is on the same terms and conditions as the current contracts, including the option for the Council to terminate the service on a minimum of three months' notice.
- 2.4. That the level of funding for the duration of the extension remains the same as current contracts paid on a quarterly basis, as set out in Appendix 1 which details the total contract value for year.
- 2.5. 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 the interim measures that are proposed, be delegated to the Cabinet Member for Children and Education.

3. REASONS FOR DECISION

3.1. The reasons for the recommendations are:

- the expiry date of the current contracts is imminent;
- it will be prudent to allow time 'buy more time' to ensure that efficient and effective procurement of new contracts is based on clarity about future policy direction and stakeholder input.
- to achieve seamless service continuity and to ensure that compliance with statutory duties is not compromised.

3.2 Further details of the above are set out in section 6 below.

4. INTRODUCTION AND BACKGROUND

4.1 In recent years, children's centres in Hammersmith & Fulham have developed and adapted their delivery as required. Some of this has been in response to local circumstances and priorities, whilst some have been prompted by changes in government policy. The following section summarises the changes to delivery model 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 ensuring that early childhood services are available in an integrated manner;
- through which early childhood services are made available;
- at which activities for young people are provided.

4.3 They are designed for families with young children from conception to five years. The Department of Education's 'Sure Start Children's Centres Statutory Guidance' (April 2013) includes an expectation that children's centres 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.

- 4.4 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.
- 4.5 In Hammersmith & Fulham a hub and spoke model is used for service delivery. Hubs provide a universal offer but their main focus is on preventative and early intervention services for vulnerable families. Spoke centres deliver a universal offer, signpost to other relevant services and also provide space for targeted work and courses/sessions delivered by "hubs" and other partners. They are also places where the Family Support Localities Teams could meet and work with families.

Previous Cabinet decisions and model of service delivery

- 4.6 In February 2013 Cabinet approval was sought and approved to extend the existing children's centre contracts for two years until 31 March 2015.
- 4.7 The extension of the current contracts was primarily to ensure the local children's centre model of delivery could be adapted to take account of the anticipated reduction in government funding, changes to the Ofsted inspection regime and how this would necessitate service realignment and reconfiguration, and also to review how the targeted two year old programme would be embedded alongside children's centre delivery.
- 4.8 Hammersmith and Fulham has 16 children's centre sites; seven are hub children's centres and are categorised as stand-alone children's centres for the purpose of Ofsted inspection. As part of the work around the extension of contracts for 2013-2015 the relationship between hub and spoke centres was reviewed.
- 4.9 Hub centres now have clearly defined linked spoke centres, where applicable, which they work with under the conditions of an operating protocol which is part of their contracts. This arrangement includes Ofsted requirements during an inspection. As part of this work some of the reach boundaries were also adjusted to reflect the new arrangements.
- 4.10 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 2 year olds (September 2013) had been increased to 40% of all 2 year olds (September 2014).
- 4.11 With ambitious local targets for the delivery and creation of places, it provided 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. Bayonne Nursery and children's centre and Cathnor Park children's centre are delivering the offer and currently have capacity for 16 children. Masbro children's centre will also be offering 2 year old places from September 2014.

5. PROPOSAL AND ISSUES

- 5.1. The current contracts for Children's Centre services expire on 31 March 2015, and do not contain provisions to extend.
- 5.2. The proposal is to extend the contracts for one year to ensure continuity of front-line service delivery while a competitive procurement exercise is completed.

6. OPTIONS AND ANALYSIS OF OPTIONS

- 6.1. An extension of current contracts is believed necessary and the only feasible interim option as it is not in the Council's overall interest to run a procurement exercise at this time with the reasons highlighted in 1.2 to 1.4.
- 6.2. Ofsted currently has a national target to inspect all its children's centres by July 2015. The current children's centre providers are experienced in the delivery of the services to their local communities; therefore an extension of contracts will provide the continuity in delivery to assist with preparation for Ofsted inspection.
- 6.3. The Family Support Localities Team, which was also a new service in June 2011, continues to develop effective working practices with children's centres which need time to embed and outcomes continue to be measured. This includes the ongoing development of the multi-agency 'Team around the children's centre' meetings and the new operating arrangements of the Localities working to a North and South model since June 2014. Continuation of delivery with current providers will further strengthen the early help offer delivered through children's centres and the Family Support Localities Service to Hammersmith & Fulham families.

7. CONSULTATION

- 7.1. Local authorities have a duty under the Childcare Act 2006 to consult with the public 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 from 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's 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 significant changes to the services provided in the centres, no further consultation has been considered necessary at this time.

8. EQUALITY IMPLICATIONS

- 8.1. A completed Equality Impact Assessment, (EIA) is not required as the proposals do not involve any change to services.
- 8.2. Recommendation 2.5 requests a delegation of authority to the Cabinet Member for Children and Education 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 any proposals are put before the Cabinet Member. This may or may not include proposals that are informed by an EIA.
- 8.3. Implications verified/completed by: (David Bennett, Head of Change Delivery (Acting), 020 8753 1628.

9. LEGAL IMPLICATIONS

- 9.1. The provision of children centre services is a Part B service 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 when procuring the service. This will generally require the Council to undertake an open competition. Where the Council does not comply with the 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 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 sensible to wait before undertaking a full scale procurement process and as an interim alternative, to in effect extend the current contracts by varying the current term, in order to secure the service over the requisite additional period. Although there is a risk of challenge, that risk will be mitigated if the proposed period of extension is kept to a reasonable minimum and plans for an open competition are made and implemented at the earliest opportunity.
- 9.4. Implications completed by: Dian West, Contracts Lawyer, 020 8753 2335

10. FINANCIAL AND RESOURCES IMPLICATIONS

- 10.1. This paper sets out the interim position with regard to the delivery of children's centres. No savings are expected as this is a proposal to extend current contracts for up to one year under the existing terms and conditions.
- 10.2. Appendix 1 provides a breakdown of the cost of the extension of current contracts, which would include the option of giving providers a minimum of three months' notice of termination. The total expenditure, including the notice period of 3 months, will be **£2,045,000**
- 10.3. Implications completed by: Andrew Tagg, Head of Resources, 020 7361 2258.

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 5 (Managing Statutory Duty).
- 11.2. Implications completed by: Michael Sloniowski, Principal Consultant Risk Management, 020 8753 2587.

12. PROCUREMENT AND IT STRATEGY IMPLICATIONS

- 12.1. The current contracts for the delivery of children's centres expires on 31 March 2015, with no provision having been made at the time of contract award for any further extensions beyond those previously agreed.
- 12.2. Further extensions without competition to help evidence quality and value for money is not ideal. However, the Council does not currently have the clarity and certainty about its future policy priorities and direction of travel for this high profile service essential to the running of a good competition; that is, a competition likely to deliver the (yet to be articulated) desired outcomes. As such, the report recommends a pragmatic interim solution that will ensure continuity of statutory services for vulnerable children and families while a longer term vision and strategy is agreed.
- 12.3. As the service is defined as "Part B" rather than a "Part A" service under the EU procurement rules, the Council has a degree of flexibility in determining contract extensions not originally provided for.
- 12.4. A risk of possible challenge from another provider to a further extension without competition exists, but this risk is believed to be slight and could be mitigated by Children's Services considering whether to place some kind of prior information notice (ahead of a formal contract advertisement)

signalling the Council's intention to run a forthcoming procurement in 2014-2015 once the future direction of travel for the service is known.

- 12.5. The H&F Director of Procurement & IT Strategy supports the report's recommendations, and concurs with the Head of Legal Services that the risk of possible challenge will be mitigated if plans for future a competition are openly communicated.
- 12.6. Implications completed by John Francis, Principal Consultant H&F Corporate Procurement, FCS, 020 8753 2582.

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

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	None	-	-

APPENDIX:

Appendix 1: Current contract value 2014/15 and proposed contract values for 2015/2016

Children's Centre	Current Value - 2014/2015	12 month extension value - April 2015- March 2016
Old Oak Children's Centre and Community Centre (Hub)	£285,000	£285,000
Randolph Beresford Early Years Centre (Hub)	£286,000	£286,000
Wendell Park Family Centre	£25,000	£25,000
Cathnor Park Children's Centre (Hub)	£150,000	£150,000
Masbro Children's Centre (Hub)	£285,000	£285,000
Masbro Brook Green Family Centre	£19,000	£19,000
Avonmore Neighbourhood Family Centre	£19,000	£19,000
Flora Gardens Children's Centre (Hub)	£285,000	£285,000
Melcombe Children's Centre (Hub)	£285,000	£285,000
Bayonne Children's Centre	£19,000	£19,000
Fulham Central Children's Centre (Hub)	£285,000	£285,000
Fulham Palace children's centre	£19,000	£19,000
Pre- School Learning Alliance children's centre services at Normand Croft Community school	£19,000	£19,000
Pre-School Learning Alliance children's centre services at New Kings school	£25,000	£25,000
Rays Playhouse Ltd.	£19,000	£19,000
Shepherds Bush Families Project and Children's Centre	£20,000	£20,000
Total of all contracts	£2,045,000	£2,045,000