

<b>10 February 2015</b>		<b>ITEM: 5</b>
<b>Children's Services Overview and Scrutiny Committee</b>		
<b>Commissioning of Local Authority Day Nurseries in Tilbury</b>		
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Key	
<b>Report of:</b> Ruth Brock		
<b>Accountable Director:</b> Carmel Littleton – Director of Children's Services		
<b>This report is</b> Public		
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### **Executive Summary**

This report sets out the recommendations for the commissioning out of the two local authority day nurseries in Tilbury. There is high demand for early education and childcare places in the local area however the nurseries are not sustainable in the long term with their current operating model. The Childcare Act 2006 places a duty on the local authority to secure sufficient early education and childcare and the recommendations included in this report aim to ensure this duty continues to be met. All other early education and childcare nurseries in Thurrock are operated through the private and voluntary sector and that sector operates sustainably. The recommendations to proceed to tender will be considered at Cabinet on 11 February 2015.

#### **1. Recommendation(s)**

**1.1 That the committee note the contents of the report, including the recommendations set out below to be agreed by Cabinet on 11 February 2015.**

- **That it be agreed to commission out the two local authority run day nurseries in Tilbury as one unit, subject to the service specification, in order to maintain the number of places and service quality.**
- **That a full range of early years and childcare services continues to be offered in Tilbury including provision for funded early education for two, three and four year olds.**
- **That it be agreed to proceed to tender, as outlined in the commissioning report included at appendix 1.**

- **That authority be delegated to the Director of Children’s Services in consultation with the relevant Portfolio Holder to proceed to tender and award the Contract to the successful provider.**

## **2. Introduction and Background**

- 2.1 The local authority has a statutory duty as a part of the Childcare Act 2006 to secure sufficient early education and childcare locally. This does not have to be operated by the local authority and the majority of early years and childcare in Thurrock is provided through the private and voluntary sector.
- 2.2 In Tilbury two day nurseries, Little Pirates and Neptune Nursery are operated by the local authority and, these are the only ones in Thurrock to be managed in this way. There is high demand for places at the nurseries and they are of high quality with Little Pirates rated as good by Ofsted and Neptune Nursery rated as outstanding.
- 2.3 Neptune Nursery in Tilbury Riverside and Thurrock Park ward is accommodated in Tilbury Children’s Centre as an integral part of the building; it is registered for a maximum of 37 early education and childcare places. Little Pirates is a stand-alone building based in Tilbury St Chads ward and is registered for a 52 early education and childcare places with additional provision for after school care.
- 2.4 The nurseries, whilst working towards becoming traded units, have been supported through shared management and also through the local authority funding backroom support functions and training. Recent changes in funding levels and the re-organisation of the children’s centres mean that this is no longer possible in the long term.
- 2.5 Officers have been working to identify a suitable method to secure the long term sustainability of the nurseries to ensure that the provision of high quality early years and childcare provision continues for parents and that the local authority continues to meet its duties under the Childcare Act 2006.
- 2.6 In the report to Cabinet on Shaping the Council and Budget Progress presented to Cabinet in August 2014 proposals to consult on the commissioning out of the local authority run nurseries in Tilbury were presented and agreed.
- 2.7 Consultation has now taken place with staff and parents and this is outlined in this report. The feedback has been used alongside officer recommendations based on the statutory duty and knowledge of the sector. Consideration has also been given at Children’s Overview and Scrutiny.

## **3. Issues, Options and Analysis of Options**

- 3.1 In undertaking consultation, all parents of children using the nursery were made aware of the opportunity to feedback on the proposals and a meeting

was held with staff to consider their feedback. In addition, as the majority of families with children under five years old are registered with the Children's Centre all families were notified of the consultation.

- 3.2 Feedback from staff indicated that the main concern was to maintain high quality nursery provision and for future job security. This would be protected under TUPE rights and the service specification. Managers of the two nurseries also put forward a proposal to manage the nurseries differently however analysis of the proposal indicated that they would not achieve sustainability within the timeframe required.
- 3.3 Feedback from parents highlights the main concerns were in ensuring the provision remains in place and with maintaining the high quality of provision. If the decision to commission out the nurseries is agreed, the nurseries would be more sustainable in the long term thus protecting the places and the quality criteria will be written into any service specification. It should be noted that response numbers from parents were low and therefore officers arranged meetings with parents alongside the web based consultation.
- 3.4 Considerable work has been undertaken with regard to the financial sustainability of the nurseries over recent years with the aim of developing an operating surplus to cover the costs currently subsidised by the local authority. From this work officers have determined that the long term sustainability of the nurseries is not secure and that in order to protect services for parents they would be best provided through commissioning them out to the private or voluntary sector as this sector has a proven track record of managing early years and childcare services on a sustainable basis.
- 3.5 An estimate of the projected income and expenditure for 2015/16 based on the current year has been produced to provide an outline of the financial position for both nurseries as funding for support functions reduced, this is as follows:

Nursery	Expenditure (£)	Income (£)	Projected shortfall (£)
Neptune	379,578	317,323	62,255
Little Pirates	361,798	299,665	62,133

Income is received from parental fees, early education funding for two, three and four year olds and for places funded as a part of a support package, for example, where the child is subject to a child protection plan.

- 3.6 Savings from management and backroom support have already been included in changes to children's centres and locality services however as highlighted in the report to Cabinet in August a saving of £82,000 is anticipated through lease income which would be assessed on a commercial basis in line with other nurseries operating out of local authority premises.

- 3.7 If agreed, when commissioning the nurseries out the opportunity will be to operate them on a traded basis and therefore the local authority will not provide funding to do this over and above the income that all early years and childcare providers in the borough receive for example through the funding for early education for two, three and four year olds.

#### **4. Reasons for Recommendation**

- 4.1 There is a proven demand for high quality early years and childcare provision in the Tilbury area. Securing sustainable provision supports parents to work or access training and provides access to funded early education for 2, 3 and 4 year olds. The long term sustainability of this provision is not secure and by commissioning out the two nurseries they can become more viable. This will also ensure that the local authority's duties under the Childcare Act can continue to be met.

#### **5. Consultation (including Overview and Scrutiny, if applicable)**

- 5.1 Consultation has been held with staff at the nurseries, parents currently using the nurseries and all parents registered with Tilbury Children's Centre.

#### **6. Impact on corporate policies, priorities, performance and community impact**

- 6.1 This report relates to the following council priorities:

- Create a great place for learning and opportunity
- Encourage and create job promotion and economic prosperity

#### **7. Implications**

##### **7.1 Financial**

Implications verified by: **Kay Goodacre**  
**Finance Manager – Children's Services**

Considerable work has been undertaken over recent years to improve the financial sustainability of Neptune Nursery and Little Pirates Nursery, whilst this has improved the financial position it has not resolved it. Changes to funding levels mean that the nurseries cannot continue to operate in their current form without financial risk to the Council. By commissioning at no cost the nurseries provision, this risk is mitigated.

## 7.2 Legal

Implications verified by: **Lucinda Bell**  
**Education Lawyer**

The local authority has a duty to secure sufficient childcare for working parents under s6 of the Childcare Act 2006. By implementing measures to improve the sustainability of the childcare currently in place this duty should continue to be met. Delegated authority to proceed to tender is requested in the recommendations. S7 of the same Act imposes a duty to secure early years provision free of charge for some children, from the age of 2. If the recommendation is accepted employment advice on the TUPE arrangements for staff must be obtained.

## 7.3 Diversity and Equality

Implications verified by: **Teresa Evans**  
**Equalities and Cohesion Officer**

Access to good quality early education and childcare is proven to improve attainment levels and development in all children. This is particularly enhanced in areas with high levels of financial hardship. Given the levels of need in the Tilbury area, these proposals will support increasing attainment and a narrowing of the gap in educational outcomes. In addition the area has high levels of child poverty and economic disadvantage and the nursery provides childcare provision to enable parents to access work and training.

The referred commissioning exercise will be completed with due regard to the principles outlined in the council's recently approved social values framework and Commissioning, Procurement and Grant Funding Strategy with the Voluntary, Community and Faith Sector with particular reference to working positively with providers to maximise community benefit attained through the provision of day nurseries in Tilbury.

## 7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

None

## 8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Report to Cabinet August 2014: Shaping the Council and Budget Progress

## **9. Appendices to the report**

- Appendix 1 - Commissioning Report

### **Report Author:**

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