WARDS AFFECTED:
All Wards

Leicester City Council

Overview and Scrutiny Management Board — **18 June 2008**
Cabinet — **14 July 2008**

REVIEW OF THE MANAGEMENT OF CHILDREN'S CENTRES

Report of the Interim Corporate Director of Children & Young People's Services

1. PURPOSE OF REPORT

1.1 The purpose of this report is:

- To inform Cabinet of the progress made in developing Children's Centres.
- To inform Cabinet of the approach that the Children and Young People's Services have adopted for the management of the Centres.
- To inform Cabinet of the procurement process in place to secure the external management of 9 out of the 23 Centres.

2. SUMMARY

2.1 Leicester City Children and Young People's Services Department have worked with a range of partners to develop 18 children centres since 2004. The programme is about to commence its final phase, resulting in the provision of 23 children centres across the whole city by 2011. This report informs members of the progress of this programme overall and particularly of the departments approach to the management of the Centres and the procurement process that supports this approach.

3. RECOMMENDATIONS

3.1 Cabinet is requested to:

- Note the progress made in developing Children's Centres.
- Note the approach that CYPS have adopted for the management of the Centres.
- Note the procurement process in place to secure the external management of 9 out of the 23 centres

4. REPORT

Background information

4.1 The Children's Centres programme is well established in Leicester. The Children's Centres Strategy was agreed at Cabinet on 16 August 2004, in a report which described the overall strategy and the plans for the first phase of the programme (i.e. the deployment of the first ten Centres and associated neighbourhoods).

4.2 The Government required the Council and its partners to reach, i.e. offer services to, 10,027 children under 5 who live in the most disadvantaged areas by 2006 (Phase 1), and a further 6,439 by 2008 (Phase 2), with all children receiving an integrated Children's Centre service by 2011 (Phase 3). The Children's Centre programme has now moved from being one targeted at our most disadvantaged children to one for all children aged from 0 - 5 years.

4.3 The Children's Centre Strategy makes a key contribution to achieving the vision set out in the Government's 'Every Child Matters' Change Programme and Leicester's Children and Young Peoples' Plan and the Transforming Leicester's Learning Plan, and has provided a real opportunity to improve outcomes for children. This has been achieved by working in partnership with a range of agencies and communities to ensure that services are accessible to all and locally responsive to need. There are significant opportunities for co-location and integration of service delivery, which in turn creates greater access to services that are efficiently provided.

4.4 The Government has set out in guidance what it expects each Children's Centre to provide as a minimum core offer. This offer varies dependent on the level of deprivation measured by the super output areas.

4.5 The Children's Centres that serve the 30% most disadvantaged areas as defined by the Super Output Areas (defined by National Statistics) will deliver the services defined by the government as follows:

- **Integrated care and education** (full day care registration in main centres as a minimum unless there is sufficient provision within 5/8 of a mile of the centre) with the support of a full time teacher (within 18 months of designation) who will lead on the development of learning.
- **Child and family health services**, including antenatal services.
- **Family support and parental outreach**
- **Support for children and parents with special needs**
- **Support for local childminders**
- **Effective links with Job Centre Plus to support parents/carers who wish to consider training or employment.**

4.6 The Government requires that each Children's Centre should identify and provide additional support for the following groups:

- Teenage parents
- Lone parents
- Families living in poverty
- Workless households
- Parents with mental health, drug or alcohol difficulties
- Families with a parent in prison
- Families from minority ethnic groups
- Families who are seeking asylum
- Parents with disabled children
- Parents who have a disability

4.7 The Children's Centres, which serve the 70% areas, are required to Provide the following:

- **Appropriate support and outreach services** to parents/carers and children who have been identified as in need of them.

- **Information and advice to parents/carers** on a range of subjects, including: local childcare, looking after babies and young children, local early years provision (childcare and early learning) education services for 3 & 4 years olds.

- **Support to childminders.**

- **Drop-in sessions** and other activities for children and carers at the Centre.

- **Links to Jobcentre Plus services**.

4.8 The Local Authority assumed accountability for all of the local Sure Start programmes and the Children's Centres on 1 April 2006.

4.9 In 2007 the government issued guidance to local authorities on the future management and governance arrangements. Whilst acknowledging that governance and management arrangements for Sure Start Children's Centres will vary, they stress that '**all local authorities need to create a clear and robust system of decision-making at every level**' and they strongly recommend this includes an Advisory Body at Children's Centre level.

4.10 [1]It is also clear in Every Child Matters; Change for Children, that in relation to procurement '***Local Authorities have to consider external providers for the management of children's centres, early learning and childcare provision and other specialist services'.*** [2]

Current Management approach for Leicester City Children's Centres

4.11 Leicester currently has a mixed model of management arrangements for its Children's Centres. This model has evolved from the original Sure Start local programmes where communities decided who would manage the provision.

4.12 The model that exists is one where the both the national voluntary sector and the Local Authority provide leadership and management of Children's Centres. Because of the way that this model has evolved the Centres managed in the voluntary sector have never been through a competitive procurement process as required by the authority's procurement procedures.

4.13 The Local Authority is responsible for managing:

- Beaumont Leys – Sure Start local Programme Children's Centre
- New Parks - Sure Start local Programme Children's Centre
- Belgrave & Rushey Mead – Phase 1 Children's Centre
- Eyres Monsell & Gilmorton – Phase 1 Children's Centre
- Northfields & West Humberstone - Phase 1 Children's Centre
- Thurnby Lodge - Phase 1 Children's Centre
- West End - Phase 1 Children's Centre

4.14 In addition the Local Authority is currently responsible for the development and management of all Phase 2 Children's Centres until the procurement process has been completed.

4.15 NCH is responsible for managing:

- Braunstone - Sure Start local Programme Children's Centre
- Highfields - Sure Start local Programme Children's Centre
- St Matthews - Sure Start local Programme Children's Centre

4.16 Barnardos is responsible for managing:

- Saffron - Sure Start local Programme Children's Centre

4.17 The current contract with the external providers will cease as of 30th September 08

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[1] Children's Centre Governance Guidance 2007
[2] Every Child Matters: Change for Children

The Model for the Future

4.18 The Children and Young People's Services Departmental Management Team (DMT) agreed on the 4th July 2007 to conduct an options appraisal with a range of stakeholders. The appraisal was to assess the best model for delivering this provision, in order to maximise the opportunities to improve outcomes for children. Five options for delivery were considered, ranging from a model where all Centres were managed by the City Council to one where all were managed externally. The following criteria were used to assess each option:

- Evidence of the ability to deliver improved outcomes for children
- Value for money
- Trusted to deliver
- Fits with national profile of models
- Fits with organisational structures
- Effective performance management
- Adds demonstrable value
- Flexibility
- Shares good practice
- Compliance with government guidance

4.19 DMT considered the Options on 3rd October 2007 and agreed that Leicester should adopt a mixed model of centre management, between the Local Authority, and external bodies procured through an open tendering process.

4.20 The model adopted puts 9 Children's Centres (including the current voluntary sector managed centres) out for tender in three blocks of three, with the remaining 14 centres managed by the Local Authority. (See Table 1).

4.21 **TABLE 1**

Local Authority	**Phase**	**Out to tender**	**Phase**	**Block Tender**
Belgrave & Rushey Mead	1	Braunstone	SSLP	**1**
Beaumont Leys	SSLP	St Matthews	SSLP	**1**
Braunstone Frith	2	Highfields	SSLP	**1**
Eyres Monsell & Gilmorton	1			
Mellor	2	Rowley Fields	2	**2**
New Parks	SSLP	Netherhall	2	**2**
Northfields	1	Saffron	SSLP	**2**
Rowlatts Hill	2			
Spinney Hill	2	Mowmacre	2	**3**
Thurnby Lodge	1	Phase 3 Centre	3	**3**
West End	1	Phase 3 Centre	3	**3**
Phase 3 Centre	3			
Phase 3 Centre	3			
Phase 3 Centre	3			

4.22 This option was assessed as the best on all counts. It enables us to comply with the government guidance, embeds a partnership approach that will add value by supporting and challenging the local authority provision. The approach groups together existing provision by provider so that any change of managing agency can be achieved smoothly. The approach allows for the 3 schools that have expressed an interest in piloting a different approach to be able to do so. It also enables those schools that have expressed a preference for Local Authority management to remain with the authority.

4.23 The development of two Phase 3 Centres by external organisations would also provide sufficient opportunity to ensure that a mixed-model approach was in place for each neighbourhood.

4.24 This approach ensures that in each neighbourhood will have at least one Local Authority managed Children's Centre which will be partnered with an alternative provider so as to ensure partnership working at a local level and will minimises the number of partners to a maximum of three so that performance management can be effective.

Progress to Date

4.25 ESPO have been commissioned to manage the tender process on behalf of CYPS. The tender advertisements have been placed and pre-qualification questionnaires have been distributed. Applications to tender have been received, and long listing work is completed on preparing the contract and specification and a select list of applicants have been invited to tender. This work is to be externally quality assured to ensure compliance with the procurement regulations and minimise any risk to the council.

4.26 The timeline for the process is very tight with little room left for slippage and still enable the legal processes around TUPE Transfer if required to be achieved.

4.27 **TABLE 2 - Timeline**

Activity	**Date to be achieved**
ITT issued to long listed organisations	13/6/08
Closing date for tender submission	28/7/08
Assessment of tenders	29/7/08
Presentation by short listed organisation	12/8/08
Contract award	25/8/08
Contract in place with appointed organisations	25/8/08-30/9/08
Providers in place	1/10/08

Selection and Appointment Process

4.28 It is proposed that a partnership approach is taken to the selection process with stakeholders from schools and the local authority. This would take the form of requiring the short listed organisations to make a presentation to the nominated representatives

Specification

4.29 The service specification is a detailed document which informs the potential contracted organisation of the requirements of the Local Authority. The specification addresses performance management and provides information on what the Local Authority will provide funding for. This is in line with what the government expects as a minimum per Centre:

- Children's Centre Leader post
- Administrative and Support staff
- Two Family Support Workers
- Three Play and Learning Workers
- A contribution towards management costs
- Infrastructure allowance, which includes building running costs and internal decoration and repair.

4.30 The contracted agency may also receive funding to host a range of other services but this will be agreed based on the needs of the neighbourhood.

4.31 The contracted agency will be expected to provide the accommodation for a range of co-located staff from a range of different agencies.

Revenue Strategy

4.32 The primary funding for the core Children's Centre service is provided to the Local Authority through the Sure Start Grant with detailed stipulations on what it can be spent on. An element of the grant is ringfenced for the Children's Centres that were previously Sure Start Local Programmes. This approach ensures that local authorities continue to target the largest share of the resource to those most disadvantaged communities.

4.33 The Sure Start Grant has been allocated for the years 2008-2011 which is in line with the contract period.

Capital Strategy Phase Three

4.34 Capital Strategy for Phase 3 provision will be agreed as part of the wider Integrated Services Capital Strategy, which will be the subject of a separate report.

4.35 To conclude:

The Children's Centre provision seeks to improve outcomes for children in their early years within the Every Child Matters Framework. The model adopted by the Department will ensure that we are able to achieve this improvement within a partnership model.

5. HEADLINE FINANCIAL AND LEGAL IMPLICATIONS

Financial Implications

5.1 The costs of managing the centres resulting from the tendering exercise will need to be contained within the available resources, which may require adjustments to services to bring costs and funding into line. The tendering process is being supported by ESPO and discussions are ongoing to ensure that the contractual arrangements are acceptable to SDCSF and the Council's auditors in respect of the General Sure Start Grant.

5.2 The allocations, by the DCSF in a letter dated 01/08/2007, are as follows:

	Children's Centres £	Local Sure Start Programmes £	Total £
2008/09	5,620,011	4,283,336	9,903,347
2009/10	7,037,229	3,785,474	10,822,703
2010/11	8,160,359	3,181,236	11,341,595

Colin Sharpe, Head of Finance and Efficiency, Ext. 29 7750.

Legal Implications

5.3 The Children's Centres programme is a result of the Government's new agenda for Change for Children as reflected in the Children Act 2004 and supporting regulations and guidance which arose from the Government paper 'Every Child Matters'. This legislation requires local authorities to co-operate with other agencies specified in the Act with a view to improving the well-being of children in its area. The need to comply with the authority's procurement procedures and TUPE transfers is identified in the report
Cathy Healy, Legal Services – Community Services, Ext 29 6712

6. OTHER IMPLICATIONS

OTHER IMPLICATIONS	YES/NO	Paragraph References within Supporting Information
Equal Opportunities		
Policy	Yes	Procurement/Children and Young Peoples' Plan
Sustainable and Environmental		
Crime and Disorder		
Human Rights Act		
Elderly/People on Low Income	Yes	Services to our most disadvantaged

7. RISK ASSESSMENT MATRIX

7.1 Please see attached Risk Assessment - **APPENDIX 1**

8. Report Author/Officer to contact:

Mel Meggs
Head of Service - Early Prevention
Ext 39 4371

Penny Hajek
Service Director
Access, Inclusion & Participation
Ext 29 7704

APPENDIX 1

RISK MANAGEMENT SERVICES - RISK ASSESSMENT FORM

INSTRUCTIONS FOR COMPLETION:
Business Objective: The overall description of what is to be achieved
Risk Factor: Insert details of any issues that are likely to adversely effect what you are trying to achieve
Assessment of Risk: Decide on whether the impact and the probability of the each risk is high, medium or low in accordance with the table below
Risk Control Measures: What needs to be done to bring the risk to an acceptable level
Assessment of Residual Risk: Decide on whether the impact and the probability of the each risk is high, medium or low in accordance with the table below the control measures you have suggested should have reduced the impact of the probability rating – or both!)
Cost: Any cost associated with the implementation of the risk control measure
Risk Owner: **The person responsible for the safe delivery of each control measure**

U.I	Risk Factor	Assessment of Risk			Risk Control Measures. (What are you doing to minimise the risk)	Assessment of Residual Risk (with control measures implemented)			Cost	Risk Owner	Target Date
		Impact (A)	Probability (B)	Risk Rating (A x B)		Revised Impact (C)	Revised Probability (D)	Revised Risk Score (C x D)			
	[Risk Detail]	[1,2,3]	[1,2,3]	[1-9]	[Action(s) to be taken]	[1,2,3]	[1,2,3]	[1-9]			

		IMPACT	Examples
H	3	**Catastrophic**	Death or serious injury of employees or those in the care of LCC Serious breach of Statutory Duty Financial loss in excess of £1M Adversely affect CPA Rating or Government Funding Significant political impact
M	2	***Significant***	Legal Action against LCC or an Officer Financial loss in excess of £100K (yet under £1m) Adversely affect Departmental Performance Targets Jeopardise Delivery of Service, or Business-Critical Activity Render a Project completion significantly beyond its Deadline or Budget Commitment
L	1	**Low**	No significant effect on Business-Critical Activities Financial implications of less than £100K
		PROBABILITY	***Description***
H	3	***Inevitable***	Where it is reasonable to anticipate that the event **WILL occur** in the fullness of time
M	2	***Probable***	Where an event is more than likely to occur
L	1	***Unlikely***	Where there is little likelihood of the event

IMPACT

H	*3*	*6*	*9*
M	*2*	*4*	*6*
L	*1*	*2*	*3*
	L	**M**	**H**

PROBABILITY

Overall Rating	Risk Score	Action
High	6/9	Immediate ACTION
Medium	3/4	Plan for CHANGE
Low	1/2	Manage

RISK MANAGEMENT SERVICES - RISK ASSESSMENT FORM

Department/Section/Project Name: **C.Y.P.S.**/Early Prevention/Children Centre Commissioning/Procurement of Provision**]**
Business Objective: **To deliver 23 Children Centres by 2010**
Completed by: Mel Meggs **Date completed: 20/05/08**

U.I	Risk Factor	Assessment of Risk			Risk Control Measures. (What are you doing to minimise the risk)	Assessment of Residual Risk (with control measures implemented)			Cost	Risk Owner	Target Date
		Impact (A)	Probability (B)	Risk Rating (A x B)		Revised Impact (C)	Revised Probability (D)	Revised Risk (CxD)			
	The involvement of seconded officer from a potential tender organisation in the decision to commission out the management of children centres.	3	1	3	Ensure that all officers work is overseen by HoS and signed off by DMT as evidenced Consent to complete an option appraisal given by DMT on 4th July 2007 Option appraisal process overseen by the HoS including agreeing the process and its parameters ,editing the report and ensuring that appraisal considers national guidance on the matter.	1	1	1		M Meggs	
					Report on the outcome of option appraisal overseen by HoS and jointly presented to DMT on 3/10/07 o.k. made the decision on which option to proceed with.						
	The involvement of seconded officer from a potential tender organisation in the preparation of the specification /contract which may lead to that organisation having an unfair advantage over and above their current position that is of managing 4 existing centres.	3	1	3	To Ensure that the specification has no bias to the seconded officers organization evidenced as follows The specification has been through a robust drafting process using the national guidance as the starting point .	2	1	2		M Meggs	
					The writing of the specification has involved a range of parties from finance to head teachers co-ordinated by the						

					children center monitoring officer and overseen by the HoS. An early draft has been provided to DMT on 30/4/08 for comment thus ensuring that any potential bias could have been identified						
					The contract information ,including property leasing has been completed by legal services.						
	The involvement of seconded officer from a potential tender organisation in the appointment process which may lead to that organisation having an unfair advantage over and above their current position that is of managing 4 existing centres.	3	1	3	The seconded officer will have no part in the appointment process evidenced as follows The tender process has been managed by Espo to ensure compliance with corporate procurement rules. Liaison with Espo has been conducted by the seconded officer and the children centre monitoring officer. All correspondence has been to both parties.	1	1	1		M Meggs	
					The shortlisting at pqq stage has been completed by Espo with 2 technical questions being answered by the HoS.						
					DMT agreed the appointment process including timescales and who should be on the recruitment panel .this excluded the seconded officer. .						
					Head of procurement has been kept informed by Espo.						
					The appointment panel will only apply the evaluation criteria						
	The involvement of seconded officer from a potential tender organisation in the preparation of the budget which may lead to that organisation having an unfair advantage over and above their current position that is of managing 4 existing centres.	1	1	1	The children center service is funded by way of a grant to local authorities. The local authorities allocation is in the public domain and available on the DCSF website. The local authority has worked with all children center managers in both the public and voluntary sector to develop the revenue strategy	1	1	1		M Meggs	

					The local authority currently contracts two voluntary sector organizations to manage 5 existing children centers so they will have prior knowledge of the cost of service delivery						
					The local authority has structured the budget in such a way that contract price will have little or no impact on the decision to appoint.						
	The involvement of seconded officer from a potential tender organisation in the decision pertaining to what services will be delivered by the appointed organisation/s which may lead to that organisation having an unfair advantage over and above their current position that is of managing 4 existing centres.	2	1	2	The services to be delivered are in line with government guidance.	1	1	1		M Meggs	
	Not proceeding with the process at this stage.				This would be detrimental to the organization being able to deliver to the government targets We would not be able to comply with designation Their would be a financial impact					M Meggs	
	The involvement of the seconded officer in negotiating property related matters directly with existing and potential providers may: (a) have the appearance of distorting competition and (b) not be transparent as information has not been circulated to all tenderers on and equal basis and (c) may lead to renegotiations as she does not have delegated power	2 (but may be 3 if funding withdrawn)	1	2	The removal of the seconded officer from further property related negotiations and ensuring that any further negotiations are carried out by Property Services. Property Services can now instruct Legal Services to enter into the necessary leases in accordance with the provisions of Part 3 of the Council's Constitution. Project Assurance review against "open market standard. Regularise information release to bidder.	1	1	1		M Meggs	

	under the Constitution to settle terms of leases.										

RISK MANAGEMENT SERVICES - RISK ASSESSMENT FORM

Department/Section/Project Name: Children & Young People's Service – Early Prevention
Tender for the management of 9 Sure Start Children's Centres

Business Objective: Delivering on Every Child Matters Outcomes and Children and Young Peoples' Plan

Completed by: Mel Meggs **Date completed: 22nd May 2008**

U.I	Risk Factor	Assessment of Risk			Risk Control Measures. (What are you doing to minimise the risk)	Assessment of Residual Risk (with control measures implemented)			Cost	Risk Owner	Target Date
		Impact (A)	Probability (B)	Risk Rating (A x B)		Revised Impact (C)	Revised Probability (D)	Revised Risk (CxD)			
1.	Provider fails to deliver services to the required standard. • Risk of losing designation as a Children's Centres • Loss of funding if not designated • Breach of statutory duty if service not delivered	2	1	3	Invitations to bid are being invited only from those organisations with a successful track record of delivering services at the level required. Service contract and SLA in place Performance management strategy in place – quarterly monitoring with option to bring forward if provider failing. Action Plan and support to raise performance Termination of service immediate to 3	1	1	2		Mel Meggs	

					months in the event that provider still failing. If contract was terminated, staff would be subject to TUPE in order to continue service delivery. There would be capacity for the LA to provide interim management from within the Children's Centre management team until a new provider was identified.						
2.	Possible claims against the Local Authority.	3	1	4	Lease/licence/transfer of control agreements will be in place to clarify accountability Service contract requires the provider to have in place cover for the following: • Contents cover – furniture/equipment/specialist IT equipment • Public Liability • Professional Indemnity cover • Provider will also be liable for any excess/deductibles in respect of LCC policies. • Provider will be responsible for all claims related to vandalism Provider will be required to have in place H & S policies and to undertake risk assessments for all activities which comply with LCC standards and procedures. This will be monitored via the performance management strategy. Partner agencies will be responsible for the practice of their staff working in CC	1	1	2		Mel Meggs	

					through SLA or management agreements. Partner agencies will be responsible for their own equipment located, or used in Children's Centres venues.						
3.	Death or serious injury of an employee or child, parent/carer.	3	1	4	Providers have a duty of care and are required to have in place the following: • H & S policies and procedures • Safeguarding Procedures • All staff to have an enhance CRB check which is updated on a 3 yearly basis An accident/incident reporting system to the LA. All services/activities are required to have a risk assessment. CC will monitor and update this on a quarterly basis. All children's centres will be required to submit an annual risk assessment to the CC management team This will be monitored via Performance Management system.	1	1	2		Mel Meggs	
4	The tender process includes 2 Phase 3 centres yet to be built.. Bidders may tender a price which they say then say they are unable to deliver on at the point of service and may seek additional funding.	2	1	3	11.4 of the Specification details the staffing bidders will receive funding for in order to deliver the service. Bidders should be able to tender a realistic price for these staff costs from April 2009 based on current costs and their own anticipated inflationary increase. This section also includes an	1	1	2		Mel Meggs	

					infrastructure allowance for the building running costs. 11.5 Alerts bidders to the fact that these centres will be on a smaller scale and that this allowance will reflect that. 11.6 Gives an outline of the Project Brief for the new buildings which provides a base from which to estimate costs. Bidders have been informed that the LA will estimate the costs of running these centres based on the current existing centres and the reduced size of the new buildings. Bidders will have to tender for the existing centres with the same level of information being provided in the specification for the Phase 3 centres. It is therefore expected that the successful bidder will be able to deliver on the costs submitted. In the event that the successful bidder withdrew due to cost. The Local Authority would manage the service within the current children's centre capacity using existing staff, or newly recruited staff, who would be subject to TUPE when a new provider was appointed. Bidders are also referred to the Sure Start Phase 3 Guidance which explains the model for Phase 3 centres and also						

					provides details of provisional costs.						