



Cabinet

On 17 July 2007

Report Title: Children's Centres – Sustaining and Developing the Provision	
Forward Plan reference number (if applicable): N/A	
Report of: Director of the Children and Young People's Service	
Wards(s) affected: All	Report for: Key Decision
<p>1. Purpose</p> <p>1.1 To inform and advise the Cabinet on the progress of Phase 1 and 2 Children's Centres (CCs) in light of:</p> <ul style="list-style-type: none"> • Current capital and revenue spend; • The planning of a robust business and financial strategy in readiness for the funding allocation for 2008/9; and • The implementation of the Council's role as a strategic market facilitator for childcare. 	
<p>2. Introduction by Cabinet Member</p> <p>I ask cabinet members to support the direction the report sets out and particularly that (i) we continue with phase 2 of the children's centres notwithstanding that we do not yet know the amount the authority will be receiving in revenue funding and (ii) we begin a procurement exercise inviting other providers to run five of our existing children centres.</p>	
<p>3. Recommendations</p> <p>That the Cabinet:</p> <ol style="list-style-type: none"> 1. In respect of the building of phase 2 Children's Centres consider two options, firstly, to continue with the Phase 2 capital programme having considered the risk from the possible reductions in DfES General Sure Start Grant (GSSG) in 2008/9, or secondly to build those in phase 2 already committed and wait until we get the GSSG before completing the rest; 	

2. Considers the revenue funding position and the plans for a robust business and financial strategy for 2008/9 onwards to achieve greater efficiency having regard to the impact of any loss of GSSG funding, and requests an update as soon as the funding is known.
3. Agrees to the commencement of the procurement process to invite providers to operate the 5 CCs managed by the Children and Young People's Service (CYPS) inline with the expectation in the Childcare Act (2006) that the Council is a strategic 'market maker' of childcare and not provider.



Report Authorised by: **Sharon Shoemith**
Director
The Children and Young People's Service

Contact Officer: **Sharon Shoemith**
Tel 0208489 3206

4. Executive Summary

This reports provides:

- An assessment of the need to continue to build the Phase 2 centres given the lack of confirmed revenue funding for 2008/9 onwards;
- A breakdown of revenue funding for CCs in 2007/8 and outlines the need for improvements in the business and budget planning process providing greater transparency of funding for 2008/9 onwards, to be ratified by the Schools' Forum, including a direction of travel for supporting vulnerable children;
- Advice to Cabinet that the General Sure Start Grant (providing around 55% of funding for CC's) is not yet confirmed for 2008/9 and any reduction will have a significant impact on all centres especially the five run by the CYPS. Best, median and worst case financial scenarios have been modelled to assess the impact of a range of possible grant reductions;
- An overview of the process that would enable the procurement of other providers from the private, voluntary and independent sector (PVI) to provide CC's services in line with the Council's role under the requirements of the Childcare Act 2006 to act as market maker and strategic commissioner rather than provider of first choice.

5. Reasons for any change in policy or for new policy development (if applicable)

5.1 None

6. Local Government (Access to Information) Act 1985

6.1 Reports to Executive December 2006 and March 2007 'Meeting the challenge of the Childcare Act 2006' and 'Developing Sustainable Childcare' respectively. 2007/8 Children and Young People's revenue budget.

Introduction and Background

7.1 The development of CCs supports the government's policy to achieve the outcomes set out in the Children Act 2006. Many of the key objectives within 'Changing Lives' (Children and Young People's Plan 2006-09) will be supported by an effective Early Childhood Service incorporating children's centre services. It will also be a mechanism for delivering the key components of the Children's National Service Framework, reducing health inequalities and ensuring that children have good physical and mental health as a necessary foundation for learning and development.

7.2 In Haringey good progress has been made with 10 centres now designated and a further 8 are at the design and build stage. Sure Start local programmes have been successfully included in this programme. The Council's Executive received reports at different stages in this process, most recently in December 2006 and March 2007.

7.3 In December 2006 the Executive received a report 'Meeting the challenge of the Childcare Act 2006' and agreed the proposal therein to establish 8 new centres in Phase 2. Having received General Sure Start Grant (GSSG) capital funding for the Phase 2 centres, contracts are currently being let to complete the building works. The capital programme for Phase 2 (£3.4m) is significantly less than Phase 1 (£5.2m) as the second phase does not include any new build but extension and enhancement of existing provision within primary schools.

7.4 Overall, Phases 1 and 2 are designed to achieve two main targets: 505 childcare places in the 10 Phase 1 centres and a 'reach' target of 14,759 achieved by both phases (set by the DfES) by March 2008. The 'reach' target refers to the number of children who might potentially use health or family support services provided by the individual centre. The Government's long-term aspiration is that all children in the 20% most disadvantaged wards will be in 'reach' of Children's Centre services. The December 2006 report referred to a higher reach target of 16117 across all Haringey's wards which was produced from the work done by the CYPS and will be retained as services are developed.

7.5 CCs must provide a core offer of:

- Early education integrated with full day care, including early identification of and provision for children with special educational needs and disabilities;
- Parental outreach;
- Family support, including support for parents with special needs;
- health services;
- A base for childminders, and a service hub within the community for parents and providers of childcare services;

- Effective links with Jobcentre Plus, local training providers and further and higher education institutions;
- Effective links with Children's Information Services, Neighbourhood Nurseries, out of school clubs and extended schools.

7.6 Annexe 1 lists the 18 CCs and sets out their:

- Network locations;
- Childcare places and current take-up;
- Reach targets.

7.7 The table in Annexe 1 shows the level of take up of the childcare places which in some cases is close to 100% . Our work within the local communities indicates they will all be taken up especially at Triangle and Woodside which both show the largest discrepancy. Each CC also has capacities at different age groups and it is achieving these capacities that is at the heart of their business planning. Current estimates show a less than 10% vacancy and again business planning will focus on closing this gap. The work to estimate the reach reported earlier of 16117 indicates the need is there.

7.8 The Phase 1 centres are in two groups of five:

1. School based: three have been in existence for several decades as nursery schools (Early Excellence Centres). These centres are locally managed with delegated budgets. Broadwater Farm is the only complete rebuild.
2. CYPS based: Triangle is the only complete rebuild with all being managed by a head of centre.

7.9 In Phase 2, all 8 centres are part of primary schools. The investment ranges from relatively minor works to extensions to create spaces for the core offer described above. Work is underway to scope the provision of 'wraparound' care places – 8-9am and 3.30-6pm and to engage with communities in assessing the services they require.

8. Childcare Sufficiency Assessment

8.1 Our initial work to analyse the childcare market took into account local needs and the data on the levels of disadvantage in the area and included good quality consultation with parents and other stakeholders in each area. The DfES has recently issued guidance on completing a childcare assessment which is due by March 2008. It will utilise a methodology used nationwide to measure the nature and extent of the need for, and supply of, childcare in consultation with parents, employers, childcare providers and the wider community.

8.2 In a similar way that the CYPS plans for school places, the current and future supply and demand of services 0-14 for childcare, including wraparound care will be assessed and reviewed annually to identify gaps in the market, to ensure that:

- Locations best meet local needs;
- Overprovision and underutilisation of places is avoided;
- Financial assistance to parents is maximised;

- Exclusion of disadvantaged groups is minimised;
- Income is maximised to maintain financial sustainability.

8.3 The DfES commissioned the charity '4Children' to undertake an initial survey nationwide and their report confirmed that the Haringey CYPS is well placed to prepare a comprehensive sufficiency assessment based on existing high quality childcare provision mapping.

9. Spending and Funding 2007/8

9.1 Executive on 20 March 2007 received a report 'Developing Sustainable Childcare' which described the need to:

- Develop an affordability and sustainability strategy for 2008/9 and beyond; and
- Improve the business planning in CCs.

This report updates the Cabinet on the development of the business and financial planning process for the Phase 1 and 2 CCs and sets out a strategy to assess their financial sustainability as part of the 2008/9 budget process. At the time of completing this report DfES plans for funding 2008/9 and beyond were still not known but indications are that it is likely to be announced later this summer. The risk of losing GSSG funding causes concern as the Council is in the process of building Phase 2 using DfES capital grant. DfES have indicated that providing the reach targets are met there would be no reduction in grant funding even if fewer CCs are required.

9.2 In managing and mitigating the above risk the following needs to be taken into account:

- Loss of GSSG funding is the most significant risk however it is manageable based on the considerations presented below. This is a national issue for local government and the delivery of government policy in this key area is dependent on local authorities receiving adequate GSSG revenue funding to support the GSSG capital investment;
- The Council will need the Phase 2 provision to achieve the 'reach' target and they have been planned to secure particular areas. The phase 2 centres are not required to provide childcare places: these will all be achieved through the Phase 1 centres;
- Running costs arising from the Phase 2 capital programme. The risk for a school governing body is that it would have additional capital works with no specific or additional revenue support to fund any running costs. This risk is considered low given the nature of the capital outlay. It is likely that the Dedicated School's Grant (DSG) formula would provide the basic running costs of any additional space arising from Phase 2;
- The CYPS is simultaneously reviewing the play service to bring together a more coherent strategy for childcare 0-14. This will include play services, extended schools, childcare and wraparound care in CCs with links to Youth Services. The outcome may be that services currently run from less suitable

accommodation could be transferred to the refurbished space within Phase 2 centres along with their revenue budgets.

9.3 The recommendation is that Phase 2 centres should be completed.

2007/8 Revenue Budget

9.4 For ease of analysis, Table 1 below presents a summary of the 2007/8 revenue budget for Phases 1 and 2, service development and central support. Annexe 2 provides a detailed analysis of the service budgets that make up the four sections summarised in the table below. In addition, a summary showing DfES grants and their allocation across the CC service is included.

Table 1: 2007/8 Revenue Budget for Children's Centres

	Phase 1 Centres £000	Phase 2 Centres £000	Grants for Service Development £000	Management and Central Support £000	Total £000
Expenditure					
Employees	3,343	116	0	1,881	5,341
Running Costs	636	51	2,193	425	3,304
Third Party Payments	1,134	428	396	367	2,325
Network Support	1,114	824	0	0	1,938
Total Spend	6,228	1,419	2,588	2,673	12,909
Income	6,228				
General Sure Start Grant	-2,926	-1,419	-375	-2,564	-7,285
Internal Recharges	-242	0	0	0	-242
Fees Lettings	-1,340	0	0	-38	-1,378
DSG Funding	-1,720	0	-1,875	-71	-3,666
RSG/Council Tax Funding	0	0	-338	0	-338
Total Funding	-6,228	-1,419	-2,588	-2,673	-12,909

9.5 The full revenue costs in 2007/8 for CCs is £12.9m with all but £338k for grants to voluntary organisations falling on core funding of the CYPS. The majority of CCs service costs are funded from GSSG, DSG (the non-Individual School's Budget (ISB) element) and fees and charges. The GSSG accounts for 55% of the funding. It is this funding that is not yet identified by the government for 2008/9 onwards and work has been undertaken to model the effects of possible grant reductions through three scenarios offering Cabinet best, median and worst cases.

9.6 Assumptions were made for each scenario covering a range of GSSG reductions as well as changes to other key sources of funding and costs. Table 2 summarises the outputs from the scenario modelling with Annexe 3 setting out in detail the assumptions used and income and expenditure outcomes for each scenario.

Table 2: Summary of Scenario Modelling

Funding Shortfall	£000
Best case	506
Median case	1,289
Worst case	2,042

9.7 In developing the scenarios the working assumption is that any full year's effect arising from Phase 2 CCs operating costs will be funded through savings elsewhere in the CYPS budget.

10 Business Planning

10.1 The aim in 2007/8, with the flat rate fee in place for September 2007, is to establish a coherent and transparent funding strategy. To achieve this, work is underway to develop a suitable business planning template for the start of the 2008/9 budget cycle. A template was 'road tested' as part of the 2007/8 budget development and this experience will inform the creation of the new template which would be generic across all centres having regard for the different funding and governance structures.

10.2 In particular the template will:

- Review current service performance and set objectives identifying service challenges for 2008/9 with financial implications;
- Set out a marketing plan to maximise use of the CC and increase income;
- Develop a budget model closely aligned with the CC's management accounting and budgeting systems.

10.3 The template will allow CC managers to build their service plan and marketing strategy within a clear cash limit and financial framework that tests whether the centre is financially and operationally viable.

11. Financial Strategy

11.1 Developing a financial strategy for the 2008/9 business planning process provides a financial context and framework within which to develop business plans. All CCs whether delegated or not will be expected to:

- Comply with budget monitoring arrangements;
- Set targets to maximise fees and charges;
- Manage the centre within cash limits.

11.2 School based CCs can obtain business and budget planning support and guidance through an SLA.

11.3 To target vulnerable children, a budget of around £250k will be held specifically to fund places in CCs for children with particular needs. The places will be allocated by the new Children Network (CN) based multi-disciplinary panels which receive child referrals and will allow urgent cases to be dealt with quickly. In addition, the DSG funds 500 full-time places in school nurseries for 3 and 4 years olds. This practice will be reviewed in each CN and the resource focused within CCs as appropriate. The Schools' Forum will be consulted on this proposed direction of travel.

11.4 The financial strategy for 2007/8 will include a review of the allocation of all streams of funding, especially the GSSG and DSG. This will ensure that grant funding

is used efficiently and effectively and fully meets the criteria laid down by the DfES and local needs.

11.5 The principles will be to direct the maximum amount of grant toward the provision of Children's Centre services with less being spent centrally on management and central support services than is currently the case. In achieving this objective the basis of future grant distribution, from the two main grant sources GSSG and DSG (non ISB) will be clearly set out to provide greater transparency. The Schools' Forum will receive a paper on this proposal during the autumn 2007.

12. Duty to Facilitate Childcare Provider Market

12.1 Under the provisions of the 2006 Childcare Act local authorities are not seen as prime providers of childcare places. The Act places a duty on councils to facilitate the provider market through schools and the Private, Voluntary and Independent (PVI) sector. In recent guidance, the DfES places increasing emphasis on the role of councils as market makers and stresses that direct provision of childcare places should be seen as a last resort.

12.2 Some soft market testing has been undertaken and the DfES and others have been working to improve capacity in the market generally. Strong providers are available. Some further soft market testing will be undertaken through the largest and the smallest of the CCs in Phase 2. It is therefore proposed that other providers from the PVI sector are invited through a formal procurement process to run these centres. The funding of the centres would be subject to the proposals set out earlier and once led by the PVI sector would be subject to our monitoring and evaluation of the quality of provision.

12.3 The procurement steps are summarised in Table 3 below with more detailed descriptions of each step provided in Annexes 4 and 5.

Table 3: Summary of Procurement Steps

Step	Description	Timescale (months)
1	Undertake Soft Market Test	1
2	Issue PQQ and prepare contract documents	2 - 3
3	Issue contract pack to short listed bidders	3 - 5
4	Evaluate and select preferred bidder	6 - 7
5	Contract negotiations	8 - 10
6	Transfer service and commence contract	10

12.4 Annexe 4 shows that an elapsed time of around eight to ten months would be a realistic timescale to complete the procurement. A project manager (supported by a project team together with a budget) would oversee rigorous adherence to the project plan and seek approvals from the Cabinet at key milestones in the process. The Council's established procurement processes would be overseen by the Corporate Procurement Unit with a robust contract management framework in place for the operational phase.

13. Consultation

13.1 Considerable consultation has taken place with a wide range of stakeholders. Further consultation will take place as part of the procurement process.

14 Summary and Conclusions

14.1 Haringey has progressed well with the Children's Centre programme having 10 designated and 8 more in the design process. Our success is recognised by the Sure Start Unit. However, robust business planning is needed to create a more transparent funding strategy and to ensure that all centres are financially viable.

14.2 The building of the Phase 2 centres is taking place in the absence of any guarantee from the DfES for revenue funding for April 2008/9 onwards and leads to a degree of risk. This risk is mitigated to some degree by the fact that the capital spend in Phase 2 is relatively small and the provision could have alternative use given that the CYPS is working to bring together a 0-14 strategy that will draw the play service into a more coherent service delivery plan with the potential to merge budgets.

14.3 A further risk is the running costs arising from the Phase 2 capital programme. The risk for a school governing body is that it would have additional capital works with no specific or additional revenue support to fund any running costs. This risk is considered low given the nature of the capital outlay. It is likely that the DSG formula would provide the basic running costs of any additional space arising from Phase 2.

14.4 The opportunity to facilitate the provider market, as required by the Childcare Act 2006, is explored and in relation to the five Phase 1 centres run by the CYPS a soft market test is commenced, as part of the procurement process, to gauge market interest in operating the Council run centres.

14.5 The robust business planning and financial strategy proposed will enable cash limits to be set for Council run CCs for 2008/9 and provide a financial framework with expectations of good budget management. Greater account will be taken of the needs of vulnerable children and more funding will be targeted at frontline services. The procurement of other providers from the PVI sector will be cost effective.

14.6 Cabinet will note the absence of any guarantee of funding from the DfES for 2008/9; this is expected in summer 2007. All scenarios modelled for 2008-9 (best, median and worst) present the Council with additional funding gaps.

14.7 In meeting the challenges created by potential grant reductions next year the CYPS will have regard to:

- The Council's discretion to use the DSG (Non ISB element) to fund elements of the CC service. Any reduction in GSSG grant could be matched by increased reliance on DSG however this would inevitably affect the other beneficiaries of this grant;
- Reviewing opportunities for reducing costs and maximising income. This would include the scope to create efficiencies through rationalising staffing structures and business processes wherever possible;

- Establishing principles to ensure maximum DfES funding is used for CC service delivery;
- Achieving the reach targets agreed by Executive in December 2006. The sufficiency assessment to be completed by March 2008 will review the proposed locations and suggest any revisions as appropriate. DfES have indicated that providing the reach targets are met there would be no reduction in grant funding if fewer CCs are required.

15. Recommendations

That the Cabinet:

- in respect of the building of phase 2 Children's Centres consider two options, firstly, to continue with the Phase 2 capital programme having considered the risk from the possible reductions in DfES General Sure Start Grant (GSSG) in 2008/9, or secondly to build those in phase 2 already committed and wait until we get the GSSG before completing the rest;
- Considers the revenue funding position and the plans for a robust business and financial strategy for 2008 onwards having regard to the impact of any loss of GSSG funding and requests an update as soon as the funding is known;
- Agrees to the procurement process for the 5 CCs managed by the CYPS in inline with the expectation in the Childcare Act (2006) that the Council is 'market maker' of childcare and not provider.

16. Financial Implication

16.1 The approach to business planning and the financial strategy are both sustainable and should deliver a more robust service. However, the absence of revenue funding for 2008 onwards presents risk. The report gives a number of ways in which the risk regarding the absence of any GSSG funding guarantees could be mitigated. The work to model a range of scenarios reflecting possible grant levels in 2008/9 shows a funding gap of £522K at 10% reduction, £1,334K at a 17.5% reduction and £2.115K at 25% reduction in the GSSG, as presented in Annexe 3. Even if DfES maintains funding at the current level (Base position) there is a funding gap projected for 2008/9 and work on this is already underway to minimise its impact.

17. Comments of the Director of Finance

17.1 The report demonstrates the dependency that Children's Centres have on General Sure Start Grant funding. The absence of any information from the DfES regarding 2008/9 allocations presents a potentially serious funding problem, between £0.5m and £2m per annum, demonstrated in the three financial scenarios modelled in the report. The impact of any reduction when known will be presented to Cabinet at the earliest opportunity with the financial risk being reassessed and considered as part of the 2008/9 PBPR process.

17.2 In the event that Cabinet resolve to continue with Phase 2, having understood the risks involved, any revenue funding shortfall would need to be the first call on the

Children and Young People's Service budget in 2008/09.

17.3 It is important for the future that the Authority considers the option of funding actual Children's Centre pupil numbers as opposed to the place number allocation model currently in place. This would ensure that unfilled places are not funded.

17.4 Developing a robust and transparent business and budget planning process will support the operational and financial viability of the CCs improving financial management and maximising take up and income generation.

18. Comments of the Head of Legal Service

The Head of Legal Services has been consulted on the content of this report. The content of the report and its recommendations comply with the relevant sections in Part 1 of the Childcare Act 2006 regarding the powers and duties of local authorities in relation to the assessment and provision of early year's child care services.

19. Equalities Implication

Children's Centre services are universal, but with targeted services for vulnerable children and families. All services are inclusive and aimed at serving the whole community.

20. Use of Appendices

- Annexe 1: List of Children's Centres
- Annexe 2: Detailed breakdown of individual service budgets
- Annexe 3: Modelling impact of potential GSSG reductions
- Annexe 3: Diagram of Procurement Steps
- Annexe 4: Description of Procurement Steps

Annexe 1: Phase 1 and Phase 2 Children's Centres

Children's Centre	CYPS or School	Phase	Ofsted Maximum Childcare Places	Childcare Occupancy June 07	Reach Targets
South Network					8370
Triangle	CYPS	1	55	38	
Pembury House	School	1	70	58	
Woodlands Park	School	1	80	78	
Broadwater Farm	School	1	100	85	
South Haringey	School	2	No childcare places targeted		
Seven Sisters	School	2	No childcare places targeted		
Wellbourne	School	2	No childcare places targeted		
Earlesmead	School	2	No childcare places targeted		
Downhills	School	2	No childcare places targeted		
North Network					5288
Park Lane	CYPS	1	60	58	
Woodside	CYPS	1	73	44	
Rowland Hill	School	1	85	70	
Noel Park	CYPS	1	43	34	
Bounds Green	School	2	No childcare places targeted		
West Network					2459
Stonecroft	CYPS	1	55	55	
Stroud Green	School	1	20	Not open	
Campsbourne	School	2	No childcare places targeted		
Highgate	School	2	No childcare places targeted		

Annexe 2: Summary of Children's Centres Expenditure and Income

Service Summary	Employees	Running Costs	Third Party Payments	Network Support	Total Spend	General Sure Start Grant	Internal Recharges	Fees Lettings	DSG Funding	RSG/Council tax	Total Funding
Phase 1	3,343,182	636,294	1,134,350	1,113,945	6,227,771	-2,926,097	-242,334	-1,339,751	-1,719,590	0	-6,227,772
Phase 2	116,382	50,552	428,000	824,445	1,419,379	-1,419,382	0	0	0	0	-1,419,382
Grants for Service Development	0	2,192,500	395,862	0	2,588,362	-375,000	0	0	-1,875,362	-338,000	-2,588,362
Management and Central Support	1,881,070	425,037	366,958	0	2,673,065	-2,564,295	0	-38,170	-70,600	0	-2,673,065
Total	5,340,634	3,304,383	2,325,170	1,938,390	12,908,577	-7,284,774	-242,334	-1,377,921	-3,665,552	-338,000	12,908,581

Receipt and Allocation of DfES Funding

DfES Grants 2007/8 £000	Allocation £000					
	Phase 1	Phase 2	Grants for Service Dev	M/ment and Central Support	To be allocated/r ingfenced	Total
General Sure Start Grant Funding Blocks						
Main Revenue	2,926	1,419	375	2,564		7,285
Transformation Fund	0	0	0	0	559	559
Extended Schools Grant	0	0	0	0	516	516
* Sure Start Local Programmes	0	0	0	0		0
Two year old NE Pilot	0	0	0	0	113	113
Three and four year old pathfinders	0	0	0	0	1,578	1,578
Total	2,926	1,419	375	2,564	2,766	10,051
Dedicated Schools Grant (Non ISB)						
Haringey's share allocated to CC service as LEA core funding	1,720	0	1,875	71	0	3,666
DfES funding total	4,646	1,419	2,250	2,635	2,766	13,716

* Note: Sure Start Local Programme element combined with Main Revenue for allocation purposes

Annexe 2: Phase 1 Children's Centres Expenditure and Income

Phase 1	Network	Employees	Running Costs	Third Party Payments	Network Support (Inc PCT)	Total Spend	General Sure Start Grant	Internal Recharges	Fees Lettings	DSG Funding	RSG/Council tax	Total Funding
Council run CCs												
Triangle	S	687,800	57,600		157,337	902,737	-309,587	-55,300	-284,690	-253,160		-902,737
Triangle House	S			50,000		50,000	-50,000					-50,000
Park Lane	N	952,935	253,354	0	119,576	1,325,865	-487,815	-54,967	-328,143	-454,940		-1,325,865
Stonecroft	W	709,700	58,550		100,696	868,946	-229,696	-43,667	-340,523	-255,060		-868,946
Woodside	N	698,100	104,630	0	119,576	922,306	-257,576	-88,400	-314,000	-262,330		-922,306
Noel Park	N	294,647	162,160		0	456,807	-384,412		-72,395	0		-456,807
School's based CCs						0						0
Pembury House (Historic)	S			97,000		97,000				-97,000		-97,000
Pembury House (Reach >1100)	S			111,250	157,337	268,587	-268,587					-268,587
Rowland Hill (Historic)	N			94,600		94,600				-94,600		-94,600
Rowland Hill (Reach 900 - 1100)	N			97,000	119,576	216,576	-216,576					-216,576
Roundway (Satellite)	N			50,000		50,000	-50,000					-50,000
Woodlands Park (Historic)	S			302,500		302,500				-302,500		-302,500
Woodlands Park (Reach 900 - 1100)	S			97,000	119,576	216,576	-216,576					-216,576
Broadwater Farm	S			97,000	119,576	216,576	-216,576					-216,576
Stroud Green	W			88,000	100,696	188,696	-188,696					-188,696
Lubavitch (LB Hackney)				50,000	0	50,000	-50,000					-50,000
Total		3,343,182	636,294	1,134,350	1,113,945	6,227,771	-2,926,097	-242,334	-1,339,751	-1,719,590	0	-6,227,772

Annexe 2: Phase 2 Proposed Children's Centres Expenditure and Income

Phase 2	Employees	Running Costs	Third Party Payments	Network Support (Inc PCT)	Total Spend	General Sure Start Grant	Internal Recharges	Fees Lettings	DSG Funding	RSG/Council tax	Total Funding
School's based CCs											
Campsbourne	W		44,000	100,696	144,696	-144,696					-144,696
Highgate	W		44,000	100,696	144,696	-144,696					-144,696
Rokesly (satellite)	W			0	0						0
South Haringey	S		48,000	119,576	167,576	-167,576					-167,576
Seven Sisters	S		66,000	100,696	166,696	-166,696					-166,696
Wellbourne	S		66,000	100,696	166,696	-166,696					-166,696
Earlesmead	S		66,000	100,696	166,696	-166,696					-166,696
Bounds Green	N		44,000	100,696	144,696	-144,696					-144,696
Nightingale (satellite)	N		50,000	0	50,000	-50,000					-50,000
Downhills		50,552		100,696	267,630	-267,630					-267,630
Total		50,552	428,000	824,445	1,419,379	-1,419,382	0	0	0	0	-1,419,382

Grants for Service Development

Grants for Service Development	Employees	Running Costs	Third Party Payments	Network Support	Total Spend	General Sure Start Grant	Internal Recharges	Fees Lettings	DSG Funding	RSG/Council tax	Total Funding
Childcare subsidy for new places			300,000		300,000	-300,000					-300,000
Childcare subsidy for parents			50,000		50,000	-50,000					-50,000
Central grant			25,000		25,000	-25,000					-25,000
Grants To Vol Organisations		338,000			338,000					-338,000	-338,000
Nursery Education Grant 3yrs Old	0	1,504,500	20,862		1,525,362				-1,525,362		-1,525,362
Nursery Education Grant 4yrs		350,000			350,000				-350,000		-350,000
Total	0	2,192,500	395,862		2,588,362	-375,000	0	0	-1,875,362	-338,000	-2,588,362

Annexe 2: Management and Central Support Expenditure and Income

Management and Central Support Services	Employees	Running Costs	Third Party Payments	Network Support	Total Spend	General Sure Start Grant	Internal Recharges	Fees Lettings	DSG Funding	RSG/Council tax	Total Funding
Early Years Team	60,600	10,000	366,958		437,558	-366,958	0	0	-70,600		-437,558
Central finance and administration	398,770	80,000			478,770	-440,600		-38,170	0		-478,770
Workforce Development	551,000	152,046			703,046	-703,046			0		-703,046
Childcare Information Service	287,900	43,100			331,000	-331,000			0		-331,000
Quality & Inclusion	582,800	139,891			722,691	-722,691			0		-722,691
Total	1,881,070	425,037	366,958		2,673,065	-2,564,295	0	-38,170	-70,600	0	-2,673,065

Annexe 3: Modelling Impact of Potential CSSG Reduction Assumptions used

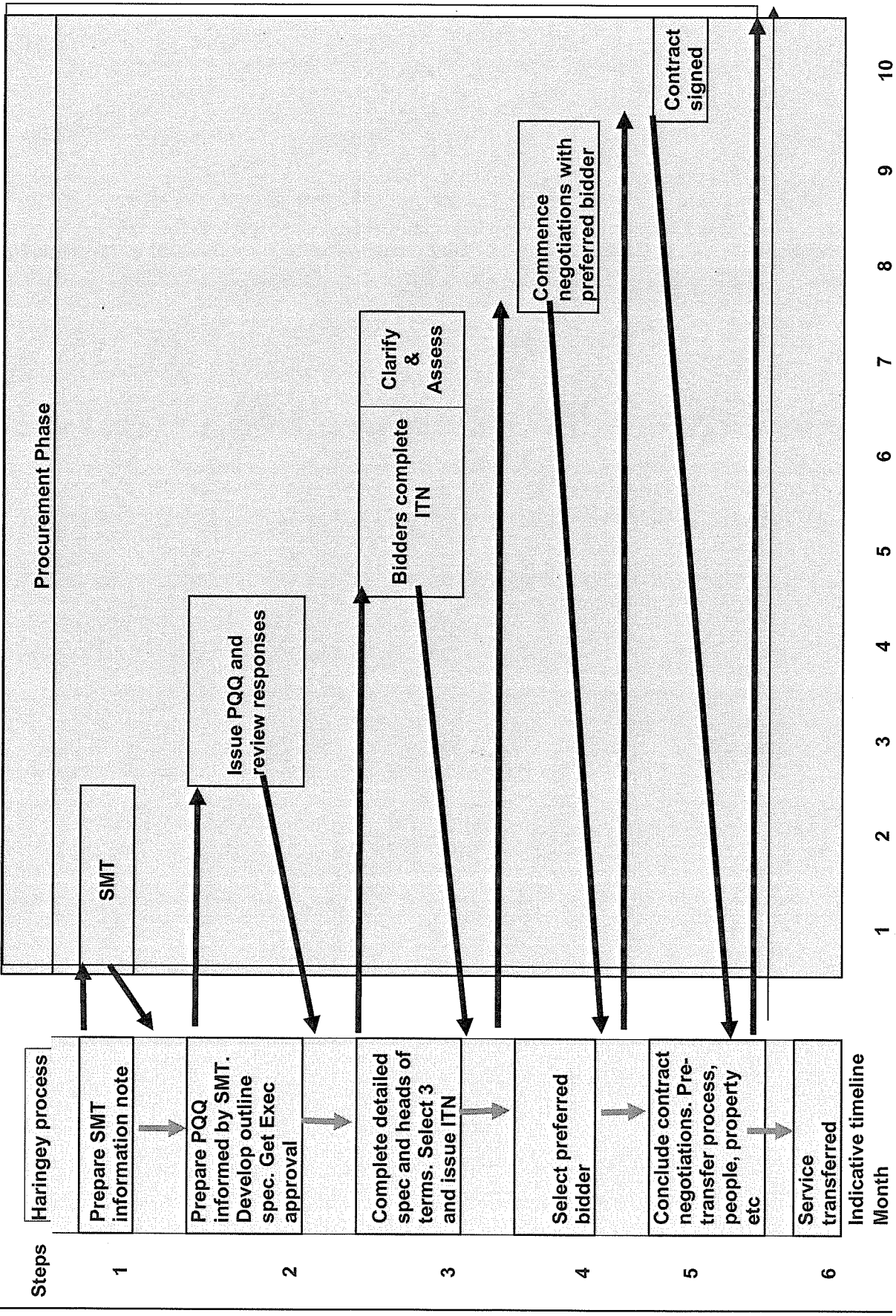
Element	Best Scenario	Median Scenario	Worst Scenario
CC operating costs	Reduced by 2.5%	Reduced by 1%	At 2007/8 level
Management and central support costs	Reduced by 5%	Reduced by 3.5%	Reduced by 2%
Network support costs	Reduced by 5%	Reduced by 3.5%	Reduced by 2%
Fees and charges	Increased by 5%	At 2007/8 level	Reduced by 5%
General Sure Start Grant	Reduced by 10%	Reduced by 17.5%	Reduced by 25%
Dedicated Schools Grant (non ISB)	Increased by 2%	Increased by 1%	At 2007/8 level

Best Scenario	Phase 1 Centres £000	Phase 2 Centres £000	Grants for Service Development £000	Management and Central Support £000	Total £000
Expenditure					
Employees	3,260	113	0	1,787	5,160
Running Costs	620	49	2,193	404	3,266
Third Party Payments	1,143	690	396	349	2,577
Network Support	1,058	783	0	0	1,841
Total Spend	6,081	1,636	2,588	2,539	12,844
Income					
General Sure Start Grant	-2,633	-1,277	-338	-2,308	-6,556
Internal Recharges	-242	0	0	0	-242
Fees Lettings	-1,407	0	0	-40	-1,447
DSG Funding	-1,754	0	-1,913	-72	-3,739
RSG/Council Tax Funding	0	0	-338	0	-338
Total Funding	-6,037	-1,277	-2,588	-2,420	-12,322
Funding shortfall					522

Median Scenario	Phase 1 Centres £000	Phase 2 Centres £000	Grants for Service Development £000	Management and Central Support £000	Total £000
Expenditure					
Employees	3,310	115	0	1,815	5,240
Running Costs	630	50	2,193	410	3,283
Third Party Payments	1,160	700	396	354	2,611
Network Support	1,075	796	0	0	1,871
Total Spend	6,175	1,661	2,588	2,580	13,004
Income					
General Sure Start Grant	-2,414	-1,171	-309	-2,116	-6,010
Internal Recharges	-242	0	0	0	-242
Fees Lettings	-1,340	0	0	-38	-1,378
DSG Funding	-1,737	0	-1,894	-71	-3,702
RSG/Council Tax Funding	0	0	-338	0	-338
Total Funding	-5,733	-1,171	-2,541	-2,225	-11,670
Funding Shortfall					1,334

Worst Scenario	Phase 1 Centres £000	Phase 2 Centres £000	Grants for Service Development £000	Management and Central Support £000	Total £000
Expenditure					
Employees	3,343	116	0	1,843	5,303
Running Costs	636	51	2,193	417	3,296
Third Party Payments	1,172	708	396	360	2,635
Network Support	1,092	808	0	0	1,900
Total Spend	6,243	1,682	2,588	2,620	13,133
Income			0		
General Sure Start Grant	-2,195	-1,065	-281	-1,923	-5,464
Internal Recharges	-242	0	0	0	-242
Fees Lettings	-1,273	0	0	-36	-1,309
DSG Funding	-1,720	0	-1,875	-71	-3,666
RSG/Council Tax Funding	0	0	-338	0	-338
Total Funding	-5,429	-1,065	-2,495	-2,030	-11,018
Funding Shortfall					2,115

Annexe 4: Diagram of Procurement Steps



Annexe 5: Description of Procurement Steps

Step 1: Soft Market Test (SMT)

This is an important first step that informally engages the market to assess their interest and appetite in bidding for a contract. There is no commitment offered on either side at this stage but the benefits from having some dialogue can help shape the package being prepared so as to attract maximum interest. Having selected around four to six providers (including schools if there was a geographical synergy) a short information sheet would be provided containing:

- Some background on the CCs including reach targets, spaces and summary financial information
- The sort of partnership the Council is looking for
- Length of contract
- No more than six questions covering the market's interests in bidding for the service

The use of a bidders open day could be considered where the market would have an opportunity to visit a CC and informally discuss the proposal.

A small 'shadow' project team would be created to develop the information sheet and manage the SMT comprising of representatives from CYPS, finance and legal/procurement. Following a favourable response to the SMT approval would be sought to commence the procurement process and formalise the project team.

Step 2: Prepare Pre-Qualification Questionnaire (PQQ) and Outline Specification

Head of legal services has advised that the outsourcing process would follow European Union rules for public sector procurement therefore an advert inviting expressions of interest would be placed in the Official Journal of the European Union (OJEU). The PQQ stage ensures that organisations short-listed have the requisite experience, financial sustainability and equal opportunities policies to enter into a contract with the Council.

Step 3: Select Short List from PQQ process

Using pre-agreed evaluation criteria, a shortlist of three or four bidders would be selected. The contract specification and draft contract would have commenced development at Stage 2 so they formed part of the Invitation to Negotiate (ITN) pack issued to the short listed firms. Bidders would be given an opportunity to seek clarifications on the ITN pack. By this stage all TUPE issues would have been reviewed and clarified and the Council's consultation procedures with Trades Unions complied with.

Step 4: Select Preferred Bidder

As for Step 3, the Council could seek clarifications from the bidders before commencing evaluation of their bids. The outcome of the evaluation process would be presented to Cabinet to ratify selection of a preferred bidder and a reserve should the quality of the bids warrant such a decision. Contract negotiations would commence.

Step 5: Contractual Close

Contracts would be formally signed and exchanged. Financial close would follow (if relevant) should the preferred bidder be using third party funding to support their bid. Contractual close signifies the start of the formal transfer of the service to the new provider.

Step 6: Service Transferred and Contract Commences

Contractor would work to the agreed specification, most likely output based, with payments being linked to a combination of measurable outcomes in addition to qualitative elements around standards etc.