

NOTICE OF MEETING

Meeting **CHILDREN AND YOUNG PEOPLE SELECT COMMITTEE**

Date and Time **TUESDAY, 14 June 2011 AT 2PM**

Place **ASHBURTON HALL, ELIZABETH II COURT,
THE CASTLE, WINCHESTER**

Telephone enquires to **Martin Combs**
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Andrew Smith OBE MA DPA MBA
Chief Executive
The Castle, Winchester SO23 8UJ

PLEASE NOTE
CAREFULLY DATE, TIME
AND PLACE FOR THE
MEETING

AGENDA

1. **APOLOGIES FOR ABSENCE**

2. **DECLARATIONS OF INTEREST**

All Members who believe they have a personal or a personal prejudicial interest in any matter to be considered at the meeting must declare that personal interest and having regard to the circumstances described in paragraphs 9, 10, 11 and 12 of the County Council's Code of Conduct, consider whether to leave the meeting whilst the matter is discussed. The declaration should be made at the time of the relevant debate.

3. **CHAIRMAN'S ANNOUNCEMENTS**

To receive any announcements the Chairman may wish to make.

4. **DEPUTATIONS**

To receive any deputations

5. **CHILDREN'S SERVICES CHILDREN'S CENTRES**

To consider report of the Director of Children's Services on proposals to secure the future of Hampshire's children's centres (see Appendix 3:

Decision Report: Securing the Future of Hampshire's Children's Centres, Appendix 2: Executive Decision Record: Securing the Future of Hampshire's Children's Centres) as a result of a call-in from the required quorum of Members following the Decision of the Executive Lead Member for Children's Services on 27 May 2011. The grounds for the call-in can be found at Appendix 1 together with the signatures of the quorum of Members that has invoked it.

ABOUT THIS AGENDA:

This agenda is also available on the County Council's website www.hants.gov.uk/decisions and can be provided, on request telephone number/e-mail address quoted at the head of this agenda, in alternative versions (such as large print, Braille or audio) and in alternative languages.

ABOUT THIS MEETING:

The press and public are welcome to attend the public sessions of the meeting. If you have any particular requirements, for example if you require wheelchair access, please call the telephone number/use the e-mail address at the head of this agenda in advance of the meeting so that we can help.

MILEAGE

County Councillors attending as appointed members of this Committee or by virtue of Standing Order 17.5; or with the concurrence of the Chairman in connection with their duties as members of the Council or as a local County Councillor qualify for travelling expenses.

Appendix 1: Grounds for Call-in following the Decision of the Executive Lead Member for Children's Services on 27 May 2011 – Securing the Future of Hampshire's Children's Centres

Councillor Jackie Porter, The Down House, Itchen Abbas, Winchester SO21 1AX
Representing residents in the Itchen Valley Division at Hampshire County Council
Tel: 01962 791054 Email: Jackie.porter@hants.gov.uk
website: www.jackieporter.mycouncillor.org.uk

Dear Councillor Perry,

The Group of Councillors, Dash, Bailey, Tennent, Collin and Porter would like to call in the decision made by you on the 27th May 2011 regarding the future of Children's Centres. Our requests are attached.

We agree that efficiencies in this service *do have* to be made but remain concerned about the effects of such a large budget cut, and the mechanics of the change, and the effect it will have on Trustees of charitable organisations currently managing centres, school managed settings, and the delivery of non-core services.

In view of the success of integration into the community, we would like to seek a tendering arrangement by which successful centres could be sub commissioned by the cluster management.

It seems to us that there are a number of points on which we think there needs to be a solution.

- The inter-relationship of a Children's centre with the community centre in which it is based (eg Carroll, Porchester). Often building and staff use is inextricably linked. Porchester is due to move to a new community centre, partly funded by HCC. How do we ensure the assets of Trustees are protected?
- The merger of a Charity owned centre with a County owned centre: I believe these issues will be a problem for Trustees and may need consideration by the Charity Commission (eg: Carroll and Sparklers)
- The school *based* sites *do* reflect the community they serve and can be managed by the schools/LCP and so how does inclusion into a cluster improve delivery?
- What are the sums allocated to each community? (This should be clear to avoid confusion. A formula based funding system works for the free 15 hour offer for under 5's: this is a potential model for the Centres. No-one can give a clear formula or answer to date)
- The core offer should vary according to the community it serves (to reflect needs: eg language, young parents, dads, child minding community)
- Some centres are doing an excellent job with good staff. We don't want to lose that continuity. We want to make sure that there is a simple way for a cluster to 'sub commission' a local centre.

Because the change is so dramatic, *we are seeking a pilot in one area* of Hampshire to check how the roll out process works, sorting out glitches before covering the whole county. This is a tried and tested method at HCC, for example: self directed support, call centres etc.

I look forward to hearing what procedure will follow to examine /answer these matters.

Yours sincerely,

Cllr Jackie Porter



Hampshire
County Council

To: Debbie Vaughan

cc Cllr R Perry
Cllr S Reid
Martin Combs

In accordance with the Constitution Part III d 1.16, I wish to call in the decisions made by the Executive Member for Children's Services relating to Children's Centres at the meeting of 27 May 2011, and request an additional meeting of the Scrutiny Committee within the period specified in the Constitution.

BDDash

27th May 2011



Hampshire
County Council

To: Debbie Vaughan

cc Cllr R Perry
Cllr S Reid
Martin Combs

In accordance with the Constitution Part III d 1.16, I wish to call in the decisions made by the Executive Member for Children's Services relating to Children's Centres at the meeting of 27 May 2011, and request an additional meeting of the Scrutiny Committee within the period specified in the Constitution.

Charlotte A Bailey 7

To: Debbie Vaughan

cc Cllr R Perry
Cllr S Reid
Martin Combs

In accordance with the Constitution Part III 1.16, I wish to call in the decisions made by the Executive Member for Children's Services relating to Children's Centres at the meeting of 27 May 2011, and request an additional meeting of the Scrutiny Committee within the period specified in the Constitution.

B.R. Jervis

27 May 2011




Hampshire
County Council

To: Debbie Vaughan

cc Cllr R Perry
Cllr S Reid
Martin Combs

In accordance with the Constitution Part III d 1.16, I wish to call in the decisions made by the Executive Member for Children's Services relating to Children's Centres at the meeting of 27 May 2011, and request an additional meeting of the Scrutiny Committee within the period specified in the Constitution.





Hampshire
County Council

To: Debbie Vaughan

cc Cllr R Perry
Cllr S Reid
Martin Combs

In accordance with the Constitution Part III d 1.16, I wish to call in the decisions made by the Executive Member for Children's Services relating to Children's Centres at the meeting of 27 May 2011, and request an additional meeting of the Scrutiny Committee within the period specified in the Constitution.

Regards,

A handwritten signature in black ink, appearing to be 'J. Perry'.

31. 5. 2011

Appendix 2: Securing the Future of Hampshire's Children's Centres – Executive Decision Record for 27 May 2011

HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Executive Lead Member for Children's Services
Date:	27 May 2011
Title:	Securing the Future of Hampshire's Children's Centres
Reference:	2635
Report From:	Director of Children's Services

John Coughlan, Director of Children's Services

Contact name:

Tracey Sanders, Head of Services for Young Children

Tel: 01962 846400

Email: John.coughlan@hants.gov.uk

01962 813872

Tracey.sanders@hants.gov.uk

6. The decision:

That the Executive Lead Member for Children's Services:

takes note of the consultation responses and considers the implications when determining the future provision of children's centres in Hampshire;

notes and agrees the content of the Part B report (Securing the Future of Hampshire's Children's Centres);

notes the financial context for this decision as defined by the Children's Services budget strategy paper "Children's Services Department Revenue Budget 2011/2012" agreed by the Executive Lead Member 28 January 2011 including the framework of principles reaffirmed in that report as a basis for guiding strategic budgetary decisions for the department;

notes the decision of the Full Meeting of Hampshire County Council on 24 February 2011 which set the budget for the local authority as outlined in the budget statement "Tough Times require Tough Decisions";

acknowledges the petition that was presented to the County Council by SOCC which has been responded to separately and acknowledge the deputations made to the full council meetings on 24 February 2011 and 26 April 2011.

notes the range of consultation responses as evidenced in the previous report to this agenda and also note the extent of effort by officers and members at all levels to seek out and consider comments and views;

notes the content and implications of the formal resolution passed by Hampshire County Council on this issue at the Extraordinary Meeting on 26 April 2011

agrees the revised proposals as outlined in section 3 and appendix 2 of this report for the reorganisation of children's centres in Hampshire in order to secure the future of those centres and achieve the savings required, while protecting the capacity of the centres to continue serving the whole of the county and sustaining the provision of core services especially those which support the most vulnerable children and their families;

requires the Director of Children's Services to implement the necessary programme of change;

agrees that the change programme should include the development of a framework charging policy, which is aimed at discretionary services only and based on an ability to pay, on the understanding that any income generated should be retained for the future development of the centres;

emphasises that the programme of change should pay particular regard to the support of and communication with affected staff, partners and service users;

undertakes, assuming no significant changes to the County Council's forecast financial position and within the context of the Government's Comprehensive Spending Review, that the children's centres programme in Hampshire should be protected from further substantial savings requirements for the duration of this Administration.

further undertakes that in the event of any future funding opportunities through any future slippage and/or efficiencies that may be identified through these or other initiatives resulting in savings within the Children's Centres budget, then the officers should look to reinvest in the locally controlled budgets of Children's Centres to increase their discretionary spending capacity on services according to local need for the remaining period of the current Administration;

in response to comments from the Children and Families Select Committee about the risk attached to the change process, requires the Director of Children's Services to personally oversee the change management process.

7. Reason(s) for the decision:

7.1. The decision takes place following the completion of the children's centre programme in Hampshire and the need to review services after the removal of a prescriptive approach to their development. It also takes place following the Executive Lead Member for Children's Services agreement of a saving target of £6 million from Children's Centre Services on 28 January 2011 and the County Council meeting on 24 February 2011 and the Executive Lead Member for Children's Services decision to authorise a public consultation regarding the future of children's centres in Hampshire.

7.2. It links to the County Councils Budget Strategy "Tough Times require Tough Decisions" and the decision supports corporate strategy to:

Make Hampshire safer and more secure for all by ensuring early intervention services are offered to the most vulnerable families and safeguarding procedures in caring for young children, are followed:

Maximise well being by ensuring that families and young children continue to access a range of services which enhance well being

Enhance our quality of place by providing services within local communities

8. Other options considered and rejected:

8.1. To make no changes to the current children's centre service. This would not meet the required efficiency savings or include a review of the children's centres service following the completion of the final phase in the establishment of centres which is timely

8.2. To exclude school managed centres from the cluster model, this would require over £1 million additional funding to ensure all centres were sustainable.

9. Conflicts of interest:

9.1. Conflicts of interest declared by the decision-maker: **None**

9.2. Conflicts of interest declared by other Executive Members consulted: **None**

10. Dispensation granted by the Standards Committee: none.

11. Reason(s) for the matter being dealt with if urgent: not applicable.

12. Statement from the Decision Maker:

In reaching my decision, I have taken into account my democratic responsibilities and the County Council's duty to set a balanced budget.

The Hampshire County Council's budget, set in February 2011, confirmed the overall parameters within which the Department must operate. It is my duty to decide, in the light of advice given to me, how we discharge that budget.

As well as the professional advice of the Director of Children's Services I have paid close attention to the responses received in the consultation process (a process which was extended to give the public more time to respond), the views expressed in a petition and also the views of the Children and Young People's Select Committee which has twice considered issues related to the budget and children's centres.

I have taken account of the representations made in the deputations to the two Council meetings and at my decision meeting of 27 May 2011. Additionally, I have taken account of the resolution of the special Council meeting of 26 April 2011.

I have agreed the recommendations put to me as the most effective way of helping children's centres and using our resources wisely.

I have added two clauses to the decision regarding finance and supervision.

Approved by: ----- Executive Lead Member for Children's Services Councillor Roy Perry	Date: 27 May 2011
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Appendix 3: Securing the Future of Hampshire's Children's Centres – Decision Report 27 May 2011

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Lead Member, Children's Services
Date:	27 May 2011
Title:	A New Pattern of Children's Centre Provision for Hampshire Part B: Securing the Future of Hampshire's Children's Centres
Decision Reference:	2635
Report From:	Director of Children's Services

Contact name: John Coughlan, Director of Children's Services

Tel: 01962 846400

Email: John.coughlan@hants.gov.uk

13. Executive Summary

13.1. The purpose of this paper is to agree the reorganisation of Hampshire's children's centres in order to secure the provision for the future and to achieve required savings.

13.2. This decision takes place in the context of the Government's Comprehensive Spending Review and Local Government Settlement which, building on recent and current Department for Education grant reductions, require the Children's Services Department to achieve savings of approximately £18 million by the start of the financial year 2012/13. In the light of an established framework of principles for dealing with these significant financial changes, brought about by the Government's deficit reduction programme, the majority of these departmental savings are to be identified from within a retained block of non-protected spend of £60 million, which includes the funding for children's centres.

13.3. In previous budget decisions taken by the Executive Lead Member for Children's Services, later affirmed by the full County Council's budget strategy, "Tough Decisions for Tough Times", and reviewed by the Children's Services Select Committee, a savings target of £6 million was agreed, to be identified from within the county's children's centre programme. This was a saving commensurate with the overall budget challenge explained in 1.2 above. It also reflected a general awareness that such was the pace of the rapid expansion of the children's centre programme in recent years and in view of the highly prescriptive approach to grant funding from the previous government, there would be genuine opportunities to realise significant savings. Further, these savings can be achieved while retaining access to children's centres for all communities across the county, without closing any centre and ensuring that the centres can focus on their core business of helping more vulnerable families.

13.4. The original proposals have been subject to intense scrutiny and public debate. The proposals have been closely reviewed in preparation for this decision in the light of that debate and further to the outcomes of a extensive and detailed consultation exercise. The proposals have been modified but retain their overall shape. They include:

- a number of managerial mergers which avoid centre and buildings closures but reduce cost, these have been adapted following the consultation feedback;
- the retention of the three maintained nursery schools as discreet children's centres not put out to tender;
- clustering groups of centres, again to reduce managerial costs, however the number of these clusters would be substantially increased based on consultation feedback;
- a substantial reduction in central administration costs amounting to 50% of the overall savings;
- some reduction in administrative and building support staffing for the centres but a full protection of the core family support staff to ensure delivery of core business;
- a tendering process to transfer the management of centres to the independent sectors
- a commitment that, given the nature of these changes and that they put children's centres on a strong footing for the future, there should be no further substantial strategic or financial changes to this model for the lifetime of the current Administration.

13.5. It is recommended that the Executive Lead Member for Children's Services should:

13.6. Note and agree the content of this report;

13.7. Note the financial context for this decision as defined by the Children's Services budget strategy paper "Children's Services Department Revenue Budget 2011/2012" agreed by the Executive Lead Member 28 January 2011 including the framework of principles reaffirmed in that report as a basis for guiding strategic budgetary decisions for the department;

13.8. Note the decision of the Full Meeting of Hampshire County Council on 24 February 2011 which set the budget for the local authority as outlined in the budget statement "Tough Times require Tough Decisions";

13.9. Acknowledge the petition that was presented to the County Council by Save Our Children's Centres (SOCC) which has been responded to separately and acknowledge the deputations made to the full council meetings on 24 February 2011 and 26 April 2011.

13.10. Note the range of consultation responses as evidenced in the previous report to this agenda and also note the extent of effort by officers and members at all levels to seek out and consider comments and views;

13.11. Note the content and implications of the formal resolution passed by Hampshire County Council on this issue at the Extraordinary Meeting on 26 April 2011;

- 13.12. Agree the revised proposals as outlined in paragraph 3 of this report for the reorganisation of children's centres in Hampshire in order to secure the future of those centres and achieve the savings required, while protecting the capacity of the centres to continue serving the whole of the county and sustaining the provision of core services especially those which support the most vulnerable children and their families;
- 13.13. Require the Director of Children's Services to implement the necessary programme of change;
- 13.14. Agree that the change programme should include the development of a framework charging policy, which is aimed at discretionary services only and based on an ability to pay, and on the understanding that any income generated should be retained for the future development of the centres;
- 13.15. Emphasise that the programme of change should pay particular regard to the support of and communication with affected staff, partners and service users;
- 13.16. Undertake, assuming no significant changes to the County Council's forecast financial position and within the context of the Government's Comprehensive Spending Review, that the children's centres programme in Hampshire should be protected from further substantial savings requirements for the duration of this Administration.

Contextual information

13.17. The Background of Children's Centres

Children's centres, also known as Surestart Children's Centres, were first introduced by government in England in the late 1990s. They were based on the American Headstart model and designed to deliver and coordinate a broad range of family support services for pre-school children and their families. Though universally accessible, children's centres are intended to place a particular emphasis on support for more deprived or otherwise vulnerable children. The centres should ensure that a range of health and other support services will improve outcomes for those children in greater need and also help them to be better prepared for their formal schooling. Children's centres are **not** nurseries, although in some cases they may be linked to nurseries or other forms of day care provision. There has always been an emphasis on close community involvement with the running of the centres. While, as will be seen, the implementation models for children's centres were closely prescribed by the previous government, even that government was clear that it is the role of parents not the state to bring up children (DCSF Children's Plan, 2008).

13.18. Because early Surestart centres were focussed on areas of highest need, usually within inner city areas, Hampshire's programme of centres started relatively slowly, with there being only 7 of centres across the county by 2005. The previous government committed to a significant expansion of the programme nationally with a view to ensuring the "reach" of centres should make them reasonably accessible to all parts of the community. Through a three-phased approach the total number of designated centres operating in Hampshire subsequently grew to 81. The number of centres and size of their reach areas (or catchments) were designed to meet the requirements of quite prescriptive government guidance. As well as being burdensome in its implementation, this guidance brought with it some significant incongruities. In particular, some notional catchment areas are much smaller than would otherwise have been designed through local determination. Six current centres have a reach that is smaller than 500 children under five, compared with 34 children's centres with a reach in excess of 1,000. All children's centres are subject to commissioning and oversight by the local authority. Currently, 44 centres are managed by the County Council directly, 13 are managed by schools (3 of these are maintained nursery schools) and 24 are managed by third parties on behalf of the local authority.

13.19. Capital and revenue funding to support the programme was made available through ring fenced grant funding. A key feature of that ringfencing model was that if the local authority failed to use the money in the precise ways expected by the government and its agents, then that money was likely to be clawed back. "Use it or lose it" was a feature of the strategy which undoubtedly has led to a model of provision across the county which would not have been the department's first choice, irrespective of any subsequent funding challenges. By the financial year 2010/11 the county's Surestart Early Year's Childcare Grant (SSEYCG) totalled £16.9 million.

13.20. **The Financial Context and Decisions**

All

parts of the public sector are facing challenging times in the light of the government's determination to reduce the national deficit as outlined in the Comprehensive Spending Review published in November 2010. However, for children's services departments nationally there are two particular dimensions to the deficit reduction programme which have been particularly challenging. Firstly, children's services were the only council service to be hit significantly in revenue terms by the emergency budget of June 2010. The detail of some of those changes is addressed further below but the effect of those changes has been to accelerate the need for children's services to redesign all aspects of their spending subsequently. Secondly, and linked to that first dimension, it is arguable that the combined factors of the relative financial protection that has been afforded to schools and the historical complexity of the various grant funding mechanisms for other children's services that grew incrementally in the past decade, have together served to create a more severe set of budget challenges in this area. This summary analysis of the particular pressure on children's services appears to be shared across the country, although there will of course be local variations of circumstances and responses.

13.21. In July 2010 the Executive Lead Member for Children's Services agreed a package of urgent in-year savings to respond to the requirements of the government's Emergency Budget. Those savings included the withdrawal of £6m from the department's revenue budgets and included the loss of over 25% of all senior management posts as part of a reduction of some 185 whole time equivalent posts. Children's Centres were largely unaffected by that round of savings.

13.22. Crucially, a framework set of principles was also then agreed as a basis for that and subsequent strategic budget decisions. These principles remain key and valid and are therefore set out below:

- Maintaining a safe social care system that continues to balance risks between the protection of children and providing support to families in need;
- Retaining sufficient management capacity to lead and improve the school system across the county;
- Reducing management posts where possible and acceptance of greater breadth of responsibilities and wider management spans of control;
- Tightly targeting the more limited resources according to need - whether that be support to schools or support to vulnerable children and families;
- Reductions to direct service delivery have been minimised, and where these have occurred they have been in the few remaining local authority services that are supporting 'universal' provision.;
- Maintaining the overall structural integrity of the department and its capacity to deliver the essential central support functions, without which the staff who deliver services directly would be unable to do their jobs.

13.23. On 28 January 2011 the Executive Lead Member for Children's Services formally decided his budget for the financial year 2011/12. This had proved to be the most challenging budget setting exercise for reasons referred to in paragraph 2.4 above. Whereas the department had anticipated a severe settlement prior to the local government settlement announced in December, the scale of actual savings required exceeded the "worst case" plans that the department had in place. This was in part because, alongside the reductions in core grant from the Department for Communities and Local Government, the Department for Education took steps to reduce a number of pre-existing grants and consolidate them into the single Early Intervention Grant. The continued significant pressures on services for children in care and child protection, together with the implications of the framework of principles (see paragraph 2.6) which reduce the opportunities for savings in other parts of the department, mean that savings had to be identified of approximately £18 million from the remaining departmental budgets of approximately £60 million. That included the funding for children's centres and led to a proposal that £6 million should be saved from the total children's centre spend of £16.9 million. In view of the particular circumstances of the department after the Emergency Budget, these savings need to be fully realised by the beginning of the financial year 2012/13, with a forecast initial saving of £750,000 to be realised in the year 2011/12 after paying for the cost of change.

13.24. In view of the scale of the additional £8.7 million savings related directly to Children's Services grant reductions notified in the December 2010 settlement, a contingency of £8.7 million was agreed to allow for the lead-in time required to implement change and the likely restructuring costs required upfront. The approach is similar to that adopted to the in-year grant reductions with a target full year implementation by March 2012. A general contingency of £8.6 million was also agreed to support financial stability during this period of unprecedented financial reductions. This recognised the potential for delay in achieving savings and/or the potential for increased costs of change.

13.25. The Executive Lead Member's budget decision was considered and debated twice and in some detail at the Select Committee for Children's Services 27 January 2011 and 6 April 2011. Neither of these full debates produced either a formal call-in of the budget decision or any detailed alternative budget proposal.

13.26. The County Council debated and agreed the overall budget for the local authority at the Full Council meeting on 24 February 2011. The Leader of the Council's budget strategy was

outlined in a paper, "Tough Times require Tough Decisions", which formed a basis for and included the children's services budget strategy and was agreed by the Full Council.

13.27. The Original Proposals - Definitions

The original proposals reflect a need to take a comprehensive review of children's centres. It is important to stress that such a review would have been essential in any event in the light of the particular and elaborate way in which the provision had grown in recent years as a result of the highly prescriptive approach to finance and service design taken by the previous government. The existing model is not sustainable managerially or financially. Before summarising the proposals some definitions will assist as there has been undoubted confusion in some quarters about the proposals.

Children's Centres are individual service entities designated to deliver the services outlined in paragraph 2.1 (above). Each children's centre operates out of a main **site** as its core base location. But many centres, especially those serving rural communities, also operate out of a wide number of satellite locations at different times. These are usually school or other community buildings, used by the centre to increase reach and accessibility. There are currently 81 separately managed children's centres in Hampshire, operating from 81 main locations, but there are many additional locations used according to local circumstances and need.

A merged centre refers to when two existing designated entities are joined under single local management. This does not mean that the main sites of those centres will close. They will not. It means that local management is shared to save costs. It is similar to the merging of hospitals. Each new merged centre becomes a single designated entity but the physical presence and local identity of the known centres need not change.

Clusters refers to the grouping together of individual and merged centres into more strategic groups for senior management purposes and administrative support functions. This is again a device to ensure better management efficiency, and for the sake of these proposals, to define the groups of centres to be offered for tender. On a day to day basis, clusters should have no impact on a family's routine use and experience of a children's centre.

Tendering is the competitive process whereby services are offered out to other providers of services than the local authority. These providers will be part of the private, voluntary or independent sectors, in this case that may include schools.

13.28. The Original Proposals in Summary

The original proposals involve a series of interdependent steps to reconfigure the strategic and local management of the centres. There were a number of principles specific to the proposals (alongside the general framework). These included: to avoid if possible any centre closures; to retain a general reach of access to centres across the whole of the county; to ensure that the core family support services should remain available to the most vulnerable children and families. This was to be done by:

- Identifying £3m of the savings through reduced central management costs including by unifying early years and children's centre senior roles, substantially reducing senior management functions which are a legacy of the former prescriptive approach and avoiding more intensive support costs related to local authority management;
- Merging a number of individual centres with others at a local level to reduce local management costs. This would reduce the number of separate entities from the existing 81 to 53 but with no closures to any of the main locations;

- Bringing together the individual centres in clusters across the county to support the reduction of senior management and some administrative costs;
- Offering all of the centres out to tender for provision by the independent sectors in their new clusters;
- Making some reductions in support service staffing such as administration and caretaking;
- Retaining the full complement of 120 Family Support officers across the county to ensure targeted services for the most vulnerable children would be protected.

13.29. The department entered into a full formal consultation process after the Executive Lead Member decision on 28 January 2011 in accordance with the DfE guidance on children's centres and the requirement to consult if consideration is given to closing a centre, which did not apply, or to substantially altering a centre, which may apply. There was some criticism about the original consultation materials. Some of that criticism was to do with the complexity of the language used, although it is also fair to say that the material was complicated because the proposals, designed to avoid significant service disruption by way of managerial and strategic changes, are unavoidably complex. Nevertheless, the materials were re-drafted and the consultation period extended by a further 6 weeks. There is a separate report to the Executive Lead Member which provides further analysis of the consultation responses.

13.30. A petition was also received by Hampshire County Council which was organised by the campaign group, SOCC. That petition, which requested that the local authority should retract from the budget decision and service proposals, was signed by 17,561 people.

13.31. There has been a threat of legal challenge which remains outstanding. Without rehearsing the legal argument in any detail, or prejudicing any possible future case, it currently remains the view of officers that the local authority has a responsibility to set a balanced budget and to organise services accordingly. The proposals have been carefully constructed in the face of unprecedented financial challenge and change. The consultation process has been carried out thoroughly and in good faith, and indeed has led to some proposed modifications of some detailed aspects of the decisions now being requested.

13.32. On 26 April 2011 an Extraordinary Meeting of the Full County Council was held in response to a request from a group of elected members and in accordance with the council's constitution. The meeting considered a motion which was amended and passed and is now binding on the local authority. A full copy of that resolution is attached at Appendix 1. It includes the following statements, that the Council:

"Declares its intention to maintain a comprehensive set of children's centres whilst seeking economies where possible in costs of management and other bureaucracy.

“Welcomes the internal review of staffing levels now being undertaken by the Director of Children’s Services in a quest to identify economies that will not adversely impact on front line service provision that will be enlightened by taking account of the responses from the current consultation on the Council’s proposals.

“To continue to integrate the services in Sure Start Children’s Centres with health and formal schooling and bring in further local partnerships with wider services aimed at supporting families with young children.”

13.33. A Response to Some of the Key Criticisms

Before describing the revised proposals a summary response to the main criticisms identified during the consultation period is offered here.

13.34. There has been general agreement about the level of savings that can be identified from central costs.

13.35. There is general concern that merging of centres is the same as closure and that this will represent a reduction in service and a loss of identity for some centres. We would argue this is about achieving managerial efficiencies from a system which is currently managerially top heavy. Affected centres would merge managerially only and to all other intents and purposes would retain their local, individual physical identity particularly from the point of view of the service user. The question of risk to services is dealt with in paragraph 2.20. The review to catchment area distribution of services and access to children’s centres will not impact on families current access of services. Any family may attend any centre as catchment areas are notional.

13.36. There has been a related concern that the original cluster proposals create groups of centres which are too unwieldy in managerial and geographical terms. It is also felt that if the clusters represent the only option for voluntary and independent partners to tender for the provision then this will exclude some partners, including smaller voluntary organisations and hosting primary schools, who are only interested in managing individual centres. The departmental view remains that, while this is an understandable concern, critical economies of scale can only be achieved through clustering arrangements. If these economies of scale achieved by clustering are lost, then that will impose a need for more savings within the centres themselves and that will impact on service delivery. However, the point about the size and geographical relevance of the previous model of clusters has been accepted and a new model is presented in this paper which substantially increases the number of clusters from 8 to 15. This model retains the economies but offers better local focus and more manageable numbers of centres within each cluster. Opportunities can also be explored to support schools and other organisations to consider a collaborative approach to tendering.

13.37. Concern has been expressed that services will be seriously impaired. It is our strong contention that there is capacity within the children’s centre system for these savings to be achieved through the broad proposals with minimal impact upon the core services in particular for the most vulnerable children and their families. It is accepted that some of the more discretionary or elective services that have developed over time according to local preference and demand may be reduced. **However, it is crucial to stress that the full quota of front line family support staff is to be retained to concentrate on the targeted work for the most needy families.** It is also anticipated that a charging model could be developed for those discretionary services that may be at risk in the future. It is not intended that such a charging model would apply to core family support services or to families on lower incomes. Services that would be protected include:

- antenatal and postnatal groups;
- child health checks;
- breastfeeding support;
- support for disabled children;
- support for postnatal depression and mental health;
- links with Job Centre Plus; and
- family support and outreach services.

Discretionary services (that are more at risk) include trips and outings, baby yoga and adult keep fit (see Appendix 4).

13.38. **Child Protection**

It is a matter of particular concern that during the course of the public debate certain claims have been made that these proposals represent a direct risk to the safety of vulnerable children and would compromise child protection in Hampshire. Indeed, one deeply regrettable “anecdote” was placed on one website to illustrate that claim but later withdrawn when challenged. It is therefore necessary to make a categorical statement in that regard in this report.

13.39. Children’s centres are **not** a direct child protection service. It is largely in defence of Hampshire’s direct child protection service that a professional steer has been offered that children’s centres should take this level of saving. There is no doubt that a dimension of what children’s centres do in the support of more vulnerable families has become an important component of the network of services to help in the general safeguarding of the well being of children. That contribution has been welcomed and should be sustained, especially because these proposals retain a complete reach of children’s centres across the whole of the county and because the core family support staff group is not being reduced at all. However, that contribution is different from child protection. The proposals here do not represent a risk to children.

14. **Revised Proposals**

14.1. In the light of concerns expressed during the consultation, officers have reviewed alternative approaches which could address issues such as the number and size of clusters and the need for local access to services. The resulting revised proposals are set out below.

Merging centres

14.2. A key element of the consultation proposals is the reduction in the management units of centres, reducing the organisational structure from 81 separately managed centres to 54. This approach reduces the number of centres as management units, but not the number of centre buildings. Mergers offer financial savings, principally through the opportunity to reduce the numbers of management and administrative support staff, while retaining the offer of universal access and requiring no reduction in the number of front line staff. If the number of mergers were to be reduced, the capacity to achieve savings would be significantly affected, however, changes to the proposed pattern of mergers have been considered in response to suggestions received during the consultation. Most of these relate

to different combinations of centres merging, offering better local links and building on existing arrangements. The proposed pattern of mergers is also based upon migration data which indicates where families access centres outside their own catchment area and is shown in Appendix 5. In this revised proposal following comments the number of children's centres increases to 54.

Clusters

- 14.3. The consultation proposed eight clusters of centres, which align with the Children's Services administrative areas. It was consistently argued that the clusters were too large and that smaller clusters would both encourage a larger number of tenderers and offer a better focus on local needs. This principle is accepted and can be achieved without a significant effect on costs. The revised proposal nearly doubles the original proposal suggesting that there be 15 clusters, with a maximum cluster size of five centres. This meets a number of key objections raised by respondents to the consultation and offers a more localised model of service delivery. Appendix 2 lists the proposed clusters and their constituent centres.
- 14.4. The position of the three children's centres at maintained nursery schools has also been considered. These are at Bushy Leaze (Alton), Haven (Gosport) and Lanterns (Winchester). The work and staffing of these centres is an integral part of the operation of the schools to which they are attached. It has been stressed that separating out the centre element from the schools and incorporating this into local children's centres clusters would be very difficult, with potential damage to the work of the centres and the schools. The school and centre provide support and education to the same cohort of children and therefore can be considered as a special case. It is recommended that these three centres should be excluded from the merger and cluster proposals and continue as they are, but with funding reductions which match those affecting other centres and an expectation that they will work collaboratively within their cluster.
- 14.5. Consideration has been given to treating all school managed centres in this way. However, children's centre catchments are broader than school catchments and so the argument for one school being linked to one centre is not strong. Under the proposals schools can collaborate to manage a single cluster which will enable all schools linked with a children's centre catchment area to be involved in its management. Additionally, where schools do not directly manage children's centres the contract service specification would be written to ensure liaison and planning with local schools.
- 14.6. Consideration has also been given to arranging the clusters to match Local Children's Partnerships and health boundaries. An exact fit between the local children's partnerships and children's centres is not possible as these areas are school based. The new proposed cluster arrangement does, however, present a better fit to the local children's partnerships (see appendix 2) showing links between the children's centres and local children's partnerships.

Management of centres by third parties

- 14.7. Although a number of concerns were expressed through the consultation about the principle of management by third parties, 24 centres are already being successfully managed in this way and there is no evidence to indicate that standards of management and operation are lower than in the centres managed directly by the County Council. Tendering for the management of all centres to third parties offers significant savings in the County Council's

central costs, enabling a smaller reduction to be applied to the delegated centre budgets. It is anticipated that third party providers with expertise and experience in delivery services to young children and their families could add value to the management of children's centres. Officers are confident that the voluntary sector is interested in and supportive of this approach.

- 14.8. The issue of cluster size has a bearing on the number and types of organisations which can bid to manage centres. Smaller clusters have the potential to attract organisations, including schools, which might be unable or unwilling to bid for larger clusters. The proposed increase in the number of clusters is expected to have the benefit of increasing interest in the contracts and opening up the process to a larger number of organisations.
- 14.9. Additionally, should the proposals be agreed, arrangements are in place to support collaborations of schools and smaller voluntary organisations to establish themselves as suitable organisations to bid for tenders. The evaluation criteria for bids will also recognise the added value of local knowledge and community involvement.

Charging for services

- 14.10. All core services are offered free of charge and that will remain the case. Currently there is diverse practice regarding charging across children's centres within Hampshire, with some centres delivering all activities free of charge, others covering resource costs and applying charges to families in different ways (for discretionary services see paragraph 2.20 and appendix 4). Officers have been working with stakeholders to consider a set of principles upon which a framework could be developed for a more consistent charging policy for discretionary services. This is work in progress and the proposal is supported through the consultation responses. Appendix 4 lists proposed core activities (to be free of charge) and which families would be exempt from charges and chargeable activities. Further work is needed to develop the framework which can then be presented to the Executive Lead Member for Children's Services for decision.

15. Finance

- 15.1. A move to third party management of all centres would achieve significant savings in central costs. In addition, one-off setting up costs for the centres came to an end in 2010/11 and the recent restructuring of the children's centres and early years teams into a single unit, Services for Young Children, has generated substantial savings. In total, a reduction of £3 million p.a. can be made from the central costs of the children's centres service, which were £4 million in 2010/11.
- 15.2. Centre running costs in 2010/11 were £13m and need to be reduced from 2012/13 onwards by £3m p.a. to meet the overall savings target. Extensive financial modelling was undertaken to understand fully the effects of this reduction and to assess the future viability of the service. The model of future funding which has been used is based on the existing pattern of resource distribution, which is weighted in favour of deprived communities. The model applies an overall reduction of 23% to the current funding for centres, with a further reduction of 15% to the aggregated budgets where two centres are proposed for merger and 20% where three centres are merging. This reflects the increased operational efficiencies which mergers would yield.
- 15.3. This approach provides sufficient funding for all centres to continue to provide an appropriate level of staffing and to meet other running costs. Since it is based on the current approach to funding distribution, it significantly favours those areas with the highest levels of need.

15.4. As the funding model contains commercially sensitive information in the context of the proposed tender exercise, it is not appropriate to provide detailed information about individual centres' budgets. In addition, the model described demonstrates that the proposed level of future funding is sufficient to ensure viability of the service. In practice, when inviting tenderers the County Council would enquire upon the level of funding allocated to each centre and the split between staffing and non-staffing expenditure. This would be based upon a staffing model provided by the county council to guide organisations applications and organisations would be required to prioritise resources on front line service delivery.

16. Staffing

16.1. The County Council has begun to move towards a reduced staffing structure regarding management and support, not core staffing for the centres it manages as the need for efficiencies was anticipated. This involves principally not filling vacancies in management and support roles, with moves towards centres sharing management and support, as envisaged through the merger proposals. Similar measures are being taken in school managed centres. If the proposals are agreed, voluntary redundancy would be offered to management and support staff in the County Council and school managed children's centres, but not to staff in front line delivery posts as these posts should be unaffected by future arrangements. The cost of voluntary redundancy has been taken into account in the one off costs of restructuring.

16.2. All staff in post in children's centres at the time the new contracts come into force, including those in third party managed centres, will transfer under the TUPE regulations to the organisations who will aim to take over the management of centres from January 2012.

17. Conclusion

17.1. This report explains the background to the review of children's centres in Hampshire and presents a set of revised proposals for their reorganisation further to an extensive public debate and consultation process. The report reaffirms that there are serious and unavoidable financial drivers to this decision, but also indicates that the history of the rapid and prescribed development of the centres in recent years has meant that there is in any event a pressing need to review their structure and distribution to ensure their efficiency and sustainability

17.2. Hampshire County Council has striven to establish a strong network of children's centres as a universal service across the whole of the county with a particular focus on the core purpose of the centres, which is to offer support to families of pre-school children, especially the more vulnerable, to ensure their needs are addressed, their outcomes improved and that they are better prepared for the start of their formal education. Officers and members are justifiably proud of our children's centres and remain deeply committed to their future in one of the few local authorities in the country to have achieved Ofsted's outstanding rating for children's services.

17.3. These proposals have been carefully reviewed and revised where possible and appropriate within a challenging financial context and in response to public concern. The proposals ensure that no children's centre will physically close, that a number will merge managerially and be clustered to achieve efficiencies and coherence in the delivery of high quality services. The number and nature of mergers and clusters has changed significantly as a result of consultation in that there will be 15 clusters rather than 8 (as shown in Appendix 2). Substantial savings will be achieved through a radical transformation of central support costs in part achieved by going into full partnership with the voluntary and independent sector. The

local focus and identity of children's centres will be sustained. All key family support staff will be protected as will the range of core services which children's centres provide to the most vulnerable families.

- 17.4. These revised proposals are commended to the Executive Lead Member because they are necessary in the new financial climate but also because they address an underlying need to substantially review the centres following their rapid evolution. If agreed these proposals will secure the future of children's centres in Hampshire as an essential but effective and efficient component of the County Council's excellent services to children and families, especially those families who are more vulnerable and need our support the most.

18. Recommendations

That the Executive Lead Member for Children's Services:

- 18.1. Note and agree the content of this report;
- 18.2. Note the financial context for this decision as defined by the Children's Services budget strategy paper "Children's Services Department Revenue Budget 2011/2012" agreed by the Executive Lead Member 28 January 2011 including the framework of principles reaffirmed in that report as a basis for guiding strategic budgetary decisions for the department;
- 18.3. Note the decision of the Full Meeting of Hampshire County Council on 24 February 2011 which set the budget for the local authority as outlined in the budget statement "Tough Times require Tough Decisions";
- 18.4. Acknowledge the petition that was presented to the County Council by SOCC which has been responded to separately and acknowledge the deputations made to the full council meetings on 24 February 2011 and 26 April 2011.
- 18.5. Note the range of consultation responses as evidenced in the previous report to this agenda and also note the extent of effort by officers and members at all levels to seek out and consider comments and views;
- 18.6. Note the content and implications of the formal resolution passed by Hampshire County Council on this issue at the Extraordinary Meeting on 26 April 2011.
- 18.7. Agree the revised proposals as outlined in section 3 and appendix 2 of this report for the reorganisation of children's centres in Hampshire in order to secure the future of those centres and achieve the savings required, while protecting the capacity of the centres to continue serving the whole of the county and sustaining the provision of core services especially those which support the most vulnerable children and their families;
- 18.8. Require the Director of Children's Services to implement the necessary programme of change;
- 18.9. Agree that the change programme should include the development of a framework charging policy, which is aimed at discretionary services only and based on an ability to pay, on the understanding that any income generated should be retained for the future development of the centres;
- 18.10. Emphasise that the programme of change should pay particular regard to the support of and communication with affected staff, partners and service users;

18.11. Undertake, assuming no significant changes to the County Council's forecast financial position and within the context of the Government's Comprehensive Spending Review, that the children's centres programme in Hampshire should be protected from further substantial savings requirements for the duration of this Administration.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	yes
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	yes
Corporate Improvement plan link number (if appropriate):	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Children's Service Services Department Revenue Budget 2011 / 12	2503	28 January 2011
Full Council Meeting	2700	24 February 2011
Extraordinary Meeting	2898	26 April 2011
Direct links to specific legislation or Government Directives		
<u>Title</u>		<u>Date</u>
Sure Start Children's Centre Statutory Guidance		October 2010

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

19. Equalities Impact Assessment:

- 19.1. Equalities were considered when developing the proposal under consultation and no adverse impact was identified. The impact assessment concluded that the proposals were likely to benefit all target groups, as the proposals suggested that reach areas remained smaller where levels of deprivation were higher and that service should be proportionate to need and contribute towards closing the outcomes gap (see Appendix 5).

20. Impact on Crime and Disorder:

- 20.1. Children's centres are part of an Early Intervention Programme which may prevent crime and disorder in the longer term.

21. Climate Change:

- 21.1. How does what is being proposed impact on our carbon footprint / energy consumption?

Under the consultation proposals it is possible that some additional travelling incurred as a result of changes to the notional catchment areas, however, it is believed that the impact is likely to be minimal.

- 21.2. How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer-term impacts?

No specific measures have been identified.

