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Meeting	Cabinet
Date	2 April 2014
<b>Subject</b>	<b>Early Years Review – Outline Business Case</b>
Report of	Cabinet Member for Education, Children & Families
Summary	Cabinet is asked to agree the recommendations made as part of the Early Years Review Outline Business Case that have been formulated following an extensive review of early years services in Barnet. If these recommendations are approved a full business case will be developed for further approval.

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Officer Contributors	James Mass, Family & Community Well-being Lead Commissioner Sam Raffell, Commissioning and Policy Advisor
Status (public or exempt)	Public
Wards Affected	All
Key Decision	Yes
Reason for urgency / exemption from call-in	N/A
Function of	Executive
Enclosures	Appendix A: Early years review outline business case Appendix B: Equalities Impact Assessment
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## **1. RECOMMENDATION**

- 1.1 That Cabinet approve the Outline Business Case for the consolidation of early years services and agrees development of a full business case based on the recommendations set out in 9.31 of this report.**
- 1.2 That Cabinet agree for consultation to be undertaken with stakeholders as set out in this report.**
- 1.3 That Cabinet agree that the full business case should be taken to the relevant committee under the new committee structure in the Summer 2014 for consideration of the final proposal.**
- 1.4 That Cabinet approve a budget of £46,000 from the transformation reserve for the development of the full business case.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 On 25 February 2014, Cabinet agreed to support each of the recommendations of the Early Years Provision Task and Finish Group.
- 2.2 Cabinet Resources Committee agreed a new funding allocation for Barnet's Children's Centres on 17 July 2012. This meant that funding was distributed among the Children's Centres in a targeted way, benefitting the needs of the most vulnerable families and communities in Barnet.
- 2.3 Cabinet received a paper on the proposed reduction and redesign of children's centres and related services in Barnet on 14 February 2011. Cabinet approved the proposal to reduce the number of funded Children's Centres from 21 to 13, resulting in a saving of £0.85m from Children's Centres.

## **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 One of the Corporate Plan 2013-16 priorities is "To create better life chances for children and young people across the borough". This includes working with families during the early years of a child's life to have a positive impact for the future. A stated aim is to identify and support vulnerable families, using children's centres to support those with the greatest need and work preventatively with those on the cusp of becoming vulnerable or at risk.
- 3.2 The Children's Trust Board has also identified the following priorities for early years in the Children and Young People's Plan 2013 – 2016:
  - Engage families early to ensure children have happy lives at home.
  - Provide high quality health services for mothers and young children.
  - Ensure children in need of support are identified early and appropriately supported in their early years.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 Risks associated with the delivery of this project will be managed and reported in accordance with the corporate risk and project management processes and will also be reported through existing democratic processes.

- 4.2 The current provision through Children's Centres is established in its current format. The new commission for early years will involve significant changes to the current service and risks disruption to the established service. A robust implementation plan will be developed to ensure this does not happen.
- 4.3 Failing to deliver a new commission for early years risks not achieving the most cost effective model for early years and missing an opportunity to take advantage of the opportunities for improved working across the local authorities and partners. The new model will also ensure we focus resource on targeting and supporting the most vulnerable families in the borough.

## **5. EQUALITIES AND DIVERSITY ISSUES**

- 5.1 The Council and all other organisations exercising public functions on its behalf are required under the Equality Act 2010, to have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advance equality of opportunity between those with a protected characteristic and those without; promote good relations between those with a protected characteristic and those without. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination.
- 5.2 An equalities impact assessment for the service has been conducted and found no adverse impacts. As the full business case develops the detail of the proposals in the OBC, and consultation is undertaken, the equalities impact assessment will be reviewed and updated.
- 5.3 A key strategic aim of the new commission for early years is to improve the targeting of the most vulnerable families in the borough. This approach is to ensure we focus resources on those who most require support. This is an attempt to reduce inequality, by targeting the most vulnerable at an early age, with a key objective to reduce inequality in educational attainment and health and wellbeing.

## **6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)**

- 6.1 Following the full business case, if approved, there will be a range of resource implications including finance, staffing, property and sustainability. The full business case will return to the relevant committee for approval once completed and these resource implications will be clearly outlined.
- 6.2 The section below outlines the impact of developing the Full Business Case and potential impact of implementation.

## Finance

- 6.3 The table below outlines the approximate 2013/14 budget for early years services and how each service is funded.

Service	Cost (2013/14)	Funding Source
<b>A. Children's Centres and Family Support</b>		
Children's Centres	£4.3m	Family Services budget
Children's Centres support	£292k	Family Services budget
Parenting Programmes	£35k	Family Services budget
Health Visitors	£3.8m	Public Health England
Family Nurse Partnership	£300k	Public Health
Community Midwives	£1.5m	CCG
Healthy Children's Centres	£275k	Public Health
Speech and Language Therapy	£80k	CCG / Family Services budget
<b>Total</b>	<b>£10.6m</b>	
<b>B. Childcare</b>		
Free eligibility for 3&4 year olds	£15m	DSG
Free eligibility for 2 year olds	£3.2m	DSG
Early Years Vulnerable Fund	£200k	DSG
Support offered to childcare	£900k	Family Services budget
<b>Total</b>	<b>£19.3m</b>	
<b>Total (A+B)</b>	<b>£29.9m</b>	

- 6.4 The public sector spend is eclipsed by private spend on childcare – the early years economy in Barnet is likely to exceed £100m when this is taken into account.
- 6.5 The Council's Medium Term Financial Strategy (MTFS) includes £700k savings linked to further reconfiguration of early years services. This will be achieved through the development of the new commission for early years. The Full Business Case will identify the detail of how the MTFS savings will be achieved and identify any further resource implications as part of the implementation.
- 6.6 The £700k savings referred to in point 6.2 will be made from only those areas funded through the Family Services base budget.
- 6.7 The Priorities and Spending Review (PSR) will need to identify any further savings from 2016/17 onwards either in early years services and / or elsewhere in the system as a result of improved early intervention. This will be clearly identified as part of the full business case.
- 6.8 There is a resource implication of £46,000 from the transformation reserve for the development of the Full Business Case.

## 7. LEGAL ISSUES

- 7.1 The Childcare Act 2006 sets out the statutory duties for local authorities in relation to childcare and children's centres. The following sections are particularly relevant:  
Section 1 – duty to improve the well-being of young children and reduce inequalities.

Section 3 – duty to make arrangements to secure that early childhood services are provided in an integrated manner to facilitate access and maximise benefits to young children and their parents.

Section 4 – duty on commissioners of local health services and Jobcentre Plus to work together with local authorities in their arrangements for improving the well-being of young children and securing integrated early childhood services.

Section 5A – arrangements to be made to ensure sufficient children’s centres to meet local need.

Section 5C – duty to ensure each children’s centre is within the remit of an advisory board.

Section 5D – duty to ensure there is consultation before any significant changes are made to children’s centre provision in their area.

- 7.2 Statutory guidance in relation to children’s centres was published in April 2013. This confirms that there is a presumption against closure of children’s centres and when consulting on significant changes, everyone who could be affected should be consulted, including local families, users of the centres, children’s centre staff, advisory board members and service providers. Particular attention should be given to ensuring disadvantaged families and minority groups participate in the consultation. Decisions following consultation should be announced publically and give reasons for the decision.
- 7.3 There is a statutory duty to consult. As a matter of public law consultation must be carried out fairly. In general, a consultation can only be considered as proper consultation if:
- Comments are genuinely invited at the formative stage;
  - The consultation documents include sufficient reasons for the proposal to allow those being consulted to be properly informed and to give an informed response;
  - There is adequate time given to the consultees to consider the proposals; and
  - There is a mechanism for feeding back the comments and those comments are conscientiously taken into account by the decision maker / decision making body when making a final decision.
- 7.4 When making policy decisions, the Council must take account of all relevant considerations; including importantly the duty to give due regards to the public law equality duties and in particular any potential differential and/or adverse impact. The Council must also have regard to and weigh up all countervailing factors, including financial resources, which in the context of the function being exercised; it is proper and reasonable for the Council to consider.
- 7.5 The guidance confirms that children’s centres should have a named health visitor and access to a named social worker as a minimum. The guidance recommends that children’s centres are commissioned as part of local authorities’ wider early intervention strategy and strategy for turning around the lives of troubled families.
- 7.6 Children’s centres are subject to Ofsted inspection. From April 2013, inspections are organised according to how local authorities deliver their children’s centres. If centres are grouped and share leadership and management, they will be inspected together.

7.7 Each children's centre must have an advisory board, however centres clustered together can share a board. The board must include representatives from each children's centre within its remit, the local authority and parents and prospective parents in the area. Other representatives should be included on the board as set out in the guidance.

**8. CONSTITUTIONAL POWERS (Relevant section from the Constitution, Key/Non-Key Decision)**

8.1 Part 3 of the Constitution sets out the executive functions. The Cabinet Member for Education, Children & Families is the lead Member for the matters identified within this report. Responsibility for Functions 4.2 sets out the Cabinet Member's responsibility including Early Years Provision.

## 9. BACKGROUND INFORMATION

### Executive Summary

- 9.1 The early years of childhood development present us with the best early intervention opportunity across the public sector to improve outcomes for local residents and reduce the financial burden on the state. Following a thorough review that has included significant engagement with residents, front line staff and a range of other stakeholders, this report sets out a new commission for the early years.
- 9.2 The current early years system in Barnet is the complex result of many years of incremental change. In reviewing this system it is apparent that whilst there are many strengths – including a dedicated and passionate work force – that success is often despite rather than because of the system.
- 9.3 The new commission brings together many parts of the system to provide a more coherent and strategically managed offer where resources can be more flexibly moved to the areas of greatest need. The main features of this new commission include:
- Bringing Barnet’s children centres together into a centrally managed locality structure to make more efficient and effective use of our resources. This necessitates a new role for schools and advisory boards.
  - Integrating health visiting into the new early years commission to make better use of the service’s universal reach and ability to identify the most vulnerable families.
  - Bring together the teams that support childcare settings to reduce duplication and maximise our impact on the quality of childcare in the Borough.
  - Focus initially on consolidating the model within Family Services whilst preparing to create an employee owned company to increase staff accountability for early years outcomes and encourage innovation in their achievement.
  - Retain the childcare offer in children’s centres as an important tool to support the most vulnerable families.
- 9.4 Evidence has shown that development in the first few years of life has a huge impact on a whole range of whole-life outcomes. This reconfigured model will take cost out of the system in two ways. The new model will be more efficient and allow the achievement of the savings included in the medium term financial strategy.
- 9.5 Secondly, and perhaps more importantly, it will enable Barnet to better focus on increasing early years standards for all and better identify and support the most vulnerable families in the borough. Our local case history research has shown that if we get this right, over time we can expect to see fewer cases escalating to the point that a social care intervention becomes necessary. This is better for families and has the potential to take out significant cost from the social care budget. This will not be a quick return, but a sustained focus on the early years should be a priority to help achieve longer term financial sustainability.

- 9.6 The Early Years Task and Finish Group ran alongside the review and reported to Cabinet on 25 February 2014. The recommendations agreed have been incorporated into this report.

## **Background**

- 9.7 In June 2013 the Council began the Early Years Review to help the council and its partners identify how it can improve Barnet's early years provision. The aim of the review was to develop an effective early years model that improves outcomes for young children and families in Barnet.
- 9.8. Early intervention and prevention is increasingly becoming a policy priority on the national agenda. The growing interest in early intervention reflects widespread recognition it is better to identify problems early and intervene effectively to prevent escalation than to respond only when the difficulty has become so acute as to demand action.
- 9.9 The government is currently undertaking a review of childcare and has recently released a number of policy documents and consultations. There were two key childcare papers in 2013, *More Great Childcare* (January 2013) and *More Affordable Childcare* (July 2013). Recommendations made as part of the outline business case have considered the implications of national policy changes.
- 9.10 There are an estimated 26,074 children under five in Barnet, with a projected increase to 27,637 in 2018. The most significant growth is in the Colindale, Golders Green and West Hendon wards.

## **Children's Centres and Family Support**

- 9.12 The public sector spends approximately £30million on early years services in Barnet. It is important to note that a significant amount of this funding is Designated School Grant (DSG), with over £18million going directly to childcare settings who provide the free eligibility offer for 2, 3 and 4 year olds. Spend from Barnet base budget in 2013/14 was £5.5m. For 2014/15 there will be a reduction of £500k from Barnet base budget funding through the MTFS savings.
- 9.13 Currently there are 13 children's centres across the borough with an additional 8 main outreach venues at a cost of £4.6m in 2013/14 (including central team costs), reducing to £4.16m in 2014/15 from the Family Services budget. The children's centres are delivered by various providers, with 8 delivered by schools, 4 delivered by the Council and 1 delivered by a voluntary sector organisation.
- 9.14 A range of other services, including health visitors, community midwives, job centre plus, Barnet and Southgate College and a range of voluntary and community organisations have key relationships with children's centres across Barnet.
- 9.15 Through the Early Years Review there have been the following key findings;
- Reach areas do not match the children's centres that families use
  - There is the potential for a more collaborative approach

- Improving front-line relationships with health would significantly improve the whole system's ability to identify vulnerable families early and effectively support them.
- The balance between targeted and universal services is not sufficiently planned.
- Improving outreach and proactive work would enhance early intervention.

### **Childcare in Barnet**

- 9.16 Childcare is either purchased privately by parents or provided as part of the Free Early Education (FEE) funding which comes directly from the dedicated schools grant (DSG).
- 9.17 All 3 & 4 year olds are eligible for up to 15 hours of free early education for up to 38 weeks per year.
- 9.18 The FEE2 offers the 20% most deprived two year olds with 15 hours of high quality childcare provision per week. From 1 September 2014 the entitlement will then extend to fund the 40% most deprived two year olds.
- 9.19 There are 16,703 registered childcare placements in Barnet, spread across a range of providers including day nurseries, maintained sector nursery classes and registered childminders.
- 9.20 It is widely acknowledge that high quality pre-schooling is related to better intellectual and social/behavioural development for children<sup>1</sup> and in particular has been proven to reduce the risk of special educational needs.
- 9.21 Overall the quality of provision in Barnet is better than both the London and England average. However the quality of provision is weaker than in most statistical neighbours, the quality of provision for the most deprived is weaker, the quality of provision offered by childminders is more likely to be weak than that of other providers.
- 9.22 The following key findings were made about childcare as part of the early years review;
- The majority of parents are satisfied with their childcare options.
  - Childcare needs to support parents back to work.
  - The quality of provision is weaker for the most deprived.
  - Barnet performs worse than the majority of its statistical neighbours.
  - The quality of provision offered by child minders is more likely to be weaker than that of other providers
  - Changes are required to reflect changes in national policy
  - Demand will soon significantly outstrip supply in some areas.
- 9.23 A wide range of support is offered for early years education and childcare providers from various teams within the council and by commissioned organisations.
- 9.24 As part of the early years review the following key findings were made about the Early Years Standards and Childcare Support teams in Barnet;

- The current approach is fragmented and confusing
- A more consistent approach to supporting childcare settings is required
- The relationships between the local authority and local providers must improve
- Childcare settings value the support they receive

## **Evidence**

- 9.25 Evidence has shown that development in the first few years of life has a huge impact on a whole range of whole-life outcomes. Our local case history research has shown that if we get this right, over time we can expect to see fewer cases escalating to the point of a social care intervention being necessary.
- 9.26 In August 2013 a sample of 81 randomly selected child protection, looked after children, and troubled families cases were reviewed to identify the proportion of cases that could have been prevented, and how the escalation of need could have been averted. It was found that 77 per cent of Troubled Families cases, 29 per cent of child protection cases and 14 per cent of looked after children cases could have been prevented. It is important to note this was qualitative research based on practitioner feedback.
- 9.27 There is a significant amount of national research that demonstrates the importance of early years development. This includes the Graham Allen Review and Frank Fields Review referenced in the outline business case.
- 9.28 Evidence from a range of research and best practice demonstrates that Barnet needs to develop a more integrated and co-ordinated early years commission to improve outcomes for vulnerable families and young children.

## **Case for Change**

- 9.29 The Outline Business Case outlines a very strong argument for a new commission for early years. The early years review has provided extensive analysis of early years services in Barnet and collected a range of evidence from across the country. This provides an ideal opportunity to develop a new commission for early years, improving early intervention, developing a more cost effective service model that will improve life chances for children in Barnet.
- 9.30 The key themes from the early years review that have informed the options analysis are;
- A joined-up Barnet early years system
  - A family approach with higher risk groups
  - Simplifying the system for parents and partners
  - Consolidation of support for early years settings
  - A further shift in the balance from universal to targeted services

## **Options Analysis and Recommendations**

9.31 5 recommendations are made as part of the OBC. The following section summarises these recommendations.

*A. It is recommended that a hub and spoke model is developed as part of the Full Business Case.*

The key reasons for this recommendation are;

- It allows for a whole borough strategic approach to early years.
- It allows for the most cost effective management and administrative model, allowing for front-line service to be protected and support to early years settings to be continued.
- It offers the ability to share resources across localities effectively and efficiently.

*B. It is also recommended that a single organisation manage all of the centres as part of the new hub and spoke model. The recommendation is that the centres are managed in the first instance by the Council.*

This necessitates a new role for schools and advisory boards in order to effectively meet the following objectives;

- Allow children's centres the flexibility of resource to support the most vulnerable families in the borough.
- Allow for a whole borough strategic approach for children's centre services.

*C. It is recommended for full integration of health visitors and children's centres to create a consolidated early years service.*

This will be either through a section 75 (secondment) arrangement or full TUPE. This will be worked up through the Full Business Case, taking into account workforce analysis from the Health Visitor / School Nurse Review. Either of these options offers a structure that;

- Allows for clear accountability for health visitors in the early years agenda
- Allows for a shared vision between health visitors and children's centres
- Allows the best model for early identification and support of vulnerable families

This does not mean that health visitors will work only in children's centres - home visits will continue to be an essential part of the role. Rather, by working as part of an integrated team the support to families will be improved.

It is important to note that the commissioning responsibility for health visitors will transfer from NHS England to Public Health in 2015, giving a unique opportunity for integration. The timescales for integration will be developed as part of the full business case, using information collected from the health visitor and school nurses review and there will be continued engagement across early years and health to ensure an effective implementation plan is developed.

*D. It is recommended that childcare is continued to be offered as part of core Children's Centre model.*

The key reasons for this are:

- Children's centres have worked hard to make childcare cost-neutral.
- The link between childcare and core children's centre work is important, especially in early identification and support for vulnerable families.
- It would be logistically difficult to separate childcare from the core children's centre work within each building.
- There is nothing significantly wrong with the current childcare offer and any change could add to the disruption of re-modelling the early years service.

*E. It is recommended that the Early Years Standards and Childcare Support teams are centralised and align to the early years service.*

Moving the teams together into the Family Services delivery unit will support the strategic focus on early years. Strong links with Education and Skills need to be maintained so that the robust focus on raising outcomes for children at the end of the EYFS is retained.

The functions of the Early Years Standards Team, Business Team, Childminding Team and Pre-school Inclusion Team should be brought together under one management with staff aligned to localities to further strengthen links with children's centres.

*F. An employee owned company appears to be the optimum long-term delivery vehicle for early years services, with the service developed in house in the short term, but this needs to be tested with staff and reviewed.*

Trying to implement this too quickly would however be detrimental to the longer term success of the organisation and so it is recommended that the service elements are brought together and consolidated as part of the Family Services delivery unit initially before considering transfer to a separate organisation.

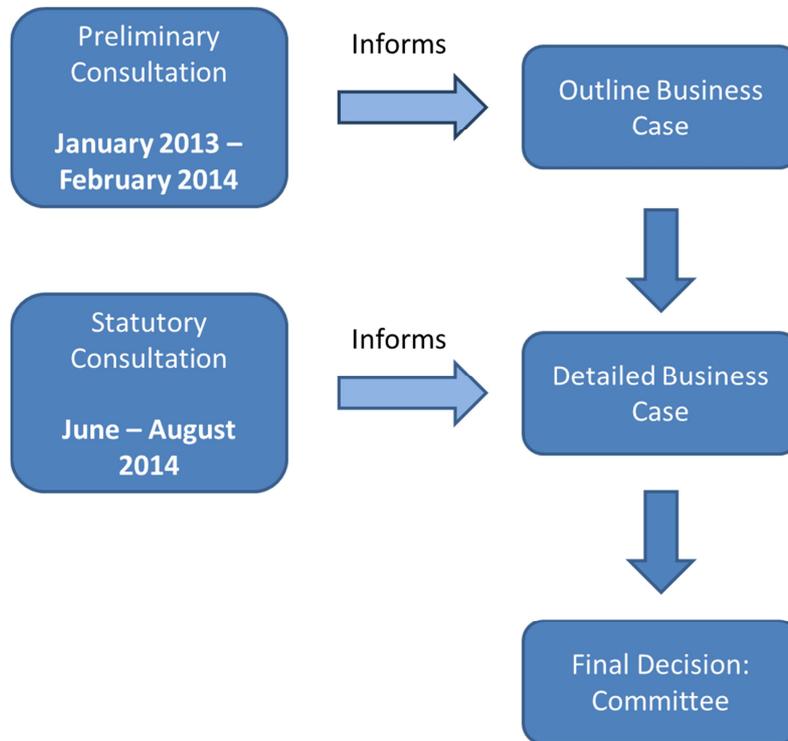
During the development of the full business case, further considerations as to the most effective structure will be considered, as will a detailed timescale. Having this as a clear direction will bring a focus to the recruitment to senior posts in the structure.

Further recommendations are made that will be developed as part of the FBC. See Appendix A for more details.

## 10. Consultation

Clear communication, consultation and engagement is taking place and will continue to take place throughout the early years review to help ensure the views of Barnet's diverse communities are taken into account.

The process for consultation for the early years review is outlined below;



### 10.1 Key stakeholders

- Families with young children in Barnet (users of both targeted and universal services)
- Children's Centre Managers and staff
- Family Services and Early Intervention staff
- Early Years and childcare support teams
- Health staff, including Health Visitors and Community Midwives
- School head teachers
- Childcare / Early Education providers
- Parents and families in Barnet (users of both targeted and universal services)
- School head teachers

### 10.2 Methods

A range of open and closed consultation has been undertaken as part of the preliminary consultation that has informed the development. The same approach will be used as part of the formal consultation. Open consultation is important to ensure

the council gets a broad range of views on the proposal, whilst targeted (closed) engagement is important to get views from specific groups who could be impacted by the changes. Methods used include;

- Interviews
- Workshops / Focus groups
- Online/paper questionnaires
- Existing forums (e.g. staff meetings)
- Citizen's Panel

### **10.3 Preliminary consultation – informing the outline business case**

#### Objectives

The objective of informal consultation as part of the development of the outline business case was to;

- Understand the views and priorities of residents, staff and a range of external stakeholders
- To understand the needs of families who will use the service.
- To get a view on what works well in Barnet and what (and how) services could be improved.
- To communicate the need to change early years services to improve support for the most vulnerable families.

#### Engagement log

A wide range of engagement has taken part to inform the development of the outline business case with families, staff, providers and a range of front-line practitioners and external stakeholders. This has been conducted through;

- Interviews
- Workshops / Focus groups
- Online/paper questionnaires
- Existing forums (e.g. staff meetings)

Feedback from the preliminary consultation is in section 11.4 of the Outline Business Case.

### **10.4 Formal consultation – informing the full business case**

#### Objectives

The objective of consultation as part of the development of the full business case is to;

- To communicate the need to change early years services to improve support for the most vulnerable families.
- To test ideas and models at an early stage to ensure they meet the needs of families in Barnet.
- So residents, staff and external stakeholders have a chance to shape the new commission for early years
- To ensure the new early years commission meets the needs of Barnet families.

## Consultation Plan

As part of the development of the full business case there will be a ten week formal public consultation and engagement period. This engagement will use a range of methods, targeting the key stakeholder groups outlined in section 1. Methods will include;

- Interviews
- Workshops / Focus groups
- Online/paper questionnaires
- Existing forums (e.g. staff meetings)
- Citizen's Panel

The ten week formal public consultation and engagement period will be from **June – August 2014**.

### **11. LIST OF BACKGROUND PAPERS**

Appendix A: Early years review outline business case

Appendix B: Equalities Impact Assessment

<b>Cleared by Finance (Officer's initials)</b>	<b>JH</b>
<b>Cleared by Legal (Officer's initials)</b>	<b>SW</b>

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