Early Years Review - Outline Business Case (OBC)

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Service / Dept:	Commissioning Group

Contents

NB: Decision at Cabinet - 2 April 2014

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 *[below]*, with the exception of recommendation F, and emphasising that the work will need to take into account the outcomes of the Health Visitor/ School Nurse Review.

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

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.

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

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

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

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.

1. Executive summary

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.

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.

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.
- Integrating health visiting 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.

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.

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.

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

2. Background and Objectives

"The evidence is overwhelming that for optimal effectiveness, intervention should be focused on the earliest years, and ensure that children arrive at school 'school ready'."

International experience of early intervention for children, young people and their families, WAVE Trust, 2010

2.1 Background

In June 2013 Barnet 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 is to develop an effective early years model that improves outcomes for young children and families in Barnet.

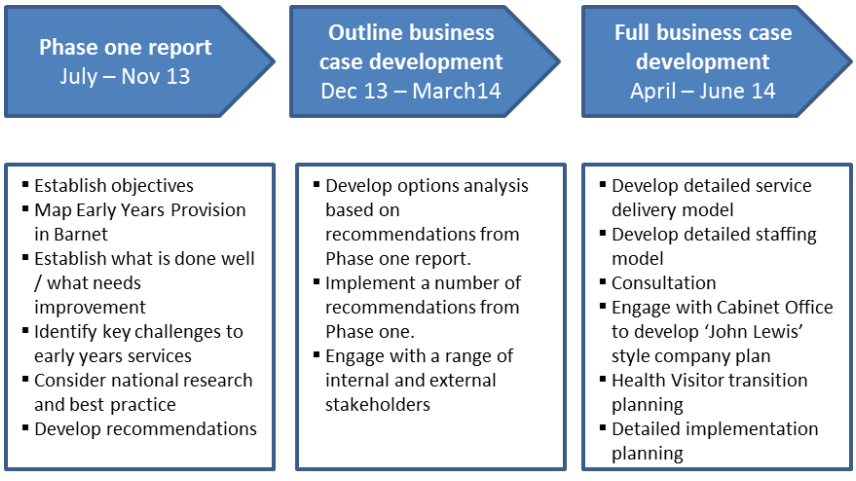
The Early Years Review supports Barnet's Children and Young People's Plan 2013 – 2016, which sets out a vision that 'every child in Barnet has a great start in life, with the security and safety to grow in a nurturing environment'. The early years priorities as part of the Children and Young People's Plan are;

- 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.

Building on these, the review is focused on improving the following:

- Improved identification and support for the most vulnerable.
- Improved school readiness for all children in Barnet.
- Improved health outcomes for all children in Barnet.
- Sufficiency of high quality childcare places for children in Barnet.
- Reduction in the number of adults held back from returning to work because of childcare constraints.

Phase one of the Early Years Review informed the Outline Business Case (OBC). The Full Business Case will be developed following approval of the OBC by Cabinet. The diagram below gives an overview of the process:



2.2 National Context

2.2.1 Children's centres and family support

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. This becomes even more vital with the continued reduction in central government funding to local authorities, reducing by over a quarter in real terms (£7.6 billion) between 2011 and 2015 (*Public Accounts Committee*).

Central government has commissioned a number of reviews that have focussed on early intervention, including;

- The Foundation Years: preventing poor children becoming poor adults (Frank Field) – December 2010
- Early Intervention: The Next Steps (Graham Allen) – January 2011

The government has recently established the Early Intervention Foundation which aims to develop an evidence base and shared learning tools to support public sector organisations to invest in and effectively commission or run activities that intervene early.

Ofsted

A new Ofsted framework for the inspection of children's centres was introduced in April 2013. This outlines what children's centres need to do to ensure that "families are supported to give their children the best start in life, including preparation for school". Judgements are made on the following areas:

- Access to services by young children and their families.
- Quality and Impact of Practice and Services.
- Effectiveness of leadership, governance and management.
- Overall effectiveness of centre.

There is now a much greater emphasis on children's centres knowing the families within their reach area especially those deemed vulnerable and therefore to be targeted for support. To be "good" or above centres must be able to demonstrate they know at least 80% of their families and that 65% of their targeted families are registered with the centre.

In developing a new early years model it is important that it allows children's centres to focus on the key areas that the Ofsted Framework focuses on.

2.2.2 Childcare

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). These papers will be followed by firmer recommendations in spring 2014 and these will need to be considered as part of the Full Business Case. The policy papers include:

1. Additional support to childcare market development by;

- Allocating a small pot of money to support new childcare businesses - £250 for childminders and £500 to start a nursery or after school club.
- Making better use of schools – looking at ways in which schools can extend beyond the traditional 9am – 3pm nursery provision.

2. Commitment to continued funding for 3 and 4 year olds and expanding 2 year old offer to 40 per cent of children from September 2014

3. Making Ofsted the sole arbiter of quality.

These changes have impacted on the role the local authority plays in supporting childcare and meant a removal of the quality assurance role from local authorities.

2.3 Statutory Duties

The section below outlines the responsibilities of a local authority with regard to Children's Centres and Childcare.

Children's Centres

The local authority must ensure that there is provision of a network of children's centres. These must;

- Be within a reasonable travel distance of families
- Offer health and employment services
- Consider how best to ensure families can access services
- Target children and families at risk of poor outcomes
- Demonstrate all children and families can be reached effectively
- Have opening times that meet need

Childcare

The local authority must;

- Secure sufficient childcare for working parents
- Secure prescribed early years provision free of charge, ensuring eligible 2 year olds and all 3 and 4 year olds can access high quality free nursery education
- Undertake an assessment of childcare provision in their area
- Provide information, advice and training to childcare providers

2.4 Local Context

2.4.1 Demographics

There are an estimated 26,074 (based on CSA) children under five in Barnet, a 24% increase in ten years. The borough's population currently stands at 356,400 (as recorded in 2011 Census) and is projected to increase further, generating increasing demand for services.

Projections developed by the Greater London Assembly (GLA) based on the 2011 census have projected an increase in the number of 0-4 year olds from 26,074 in 2013 to 27,637 in 2018.

The increase is most prominent in the West and South of the borough, with the biggest growth in;

1. Colindale (+37%)
2. Golders Green (+30.5%)
3. West Hendon (+6.5%)

The table below gives a short analysis of the current 0-4 population and their families.

Families with children aged 0-4	19,752
Number of Children aged 0-4	26,074
Total number of reception children in academy & maintained schools	3,974
Estimated lone parent families with children aged 0-4	5,227
Number of families with children aged 0-4 receiving housing benefit	6,262
% of 0-4 income deprived children	23%

2.4.2 Financial Context

The Council's Medium Term Financial Strategy (MTFS) includes £700k savings linked to further reconfiguration of early years services.

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.

3. Early Years provision in Barnet

This section briefly outlines what Early Years Provision is offered in the borough and key findings from the Early Years Review.

The table below details the main services offered in Barnet and their cost.

Service	Cost (2013/14)	Funding Source
Children's Centres and Family Support		
Children's Centres	£4.3m	Base Budget
Children's Centres support	£292k	Base Budget
Parenting Programmes	£35k	Base 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 / Base Budget
Total	**£10.6m**	
Childcare		
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	Base Budget/DSG
Total	**£19.3m**	

The total of spend on early years is approximately **£30 million**. It is important to note that a significant amount of this funding is Designated School Grant, with over £18million going directly to childcare settings who provide the free eligibility offer for 2, 3 and 4 year olds.

There are some further services offered, such as parenting programmes through the Family Focus team, which have not been included in these calculations but are fairly small in scope.

The next sections are broken down into 4 areas;

3.1 Children's centres and family support (including health services)
3.2 Childcare
3.3 Childcare in children's centres
3.4 Early years standards and childcare support

3.1 Children's Centres and Family Support (including health services)

Currently there are 13 children's centres across the borough with an additional 8 main outreach venues at a cost of £4.3m in 2013/14 (including unallocated costs). The children's centres are delivered by various providers, with 8 delivered by schools, 4 delivered by local authorities and 1 delivered by a voluntary sector organisation.

Each children's centre has its own geographical 'reach area' of families it should be working with, and are all individually registered for Ofsted purposes.

The table below gives details of children's centres in Barnet.

Children's Centre	Locality	Childcare (Y/N)	Delivery Model	April 2013 - March 2014
Coppetts Wood	East	Y	School	£342,524
Fairway	West	Y	School	£315,953
Parkfield	South	Y	Local Authority	£323,968
The Hyde	South	Y	Local Authority	£320,872
Underhill	Central	Y	School	£331,655
Barnfield	West	N	School	£340,101
Bell Lane	South	N	School	£270,266
Childs Hill	South	N	School	£260,601
Hampden Way	East	N	School	£230,768
St Margaret's	East	N	School	£231,929
Newstead	East	Y	Local Authority	£316,550
Wingfield	West	Y	Local Authority	£357,384
Stonegrove	West	N	Commissioned	£293,040
Total				**£3,935,612**

Information based on Children's Centre Funding Statement 2011-2015

The above table does not include the cost of the central support team to children's centres (£292k) and spend on the public health led healthy children's centre programme (£275k for 2013/14).

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.

3.1.1 Key findings

Barnet's children's centres are not performing well against the new Ofsted inspection framework.

There have been five Ofsted inspections since the new Ofsted Framework came into place in April 2013. This has resulted in one receiving 'good' (Barnfield) and four receiving 'requires improvement' (Stonegrove, The Hyde, Fairway and Hampden Way).

The main contributory factors that led to the 'requires improvement' scores were:

- Lack of knowledge and data of reach areas.
- Poor targeting of vulnerable groups.
- The limited extent of adult learning and support.
- Tracking of children and adults was not consistent.
- Advisory boards and governing bodies were not sufficiently challenging.

However, there is still good practice within the network. Customer research conducted in November 2012 reported that 82 per cent of respondents said they had experienced positive outcomes from using children's centres.

The implementation of a new model needs to ensure a focus on achieving 'good' or 'outstanding' Ofsted ratings for all children's centres is sustained. This is vitally important as

the outcome of inspections in children's centres will also have an impact on the wider children's services Ofsted inspection.

Reach areas do not match the children's centres that families often use.

The reach areas of children's centres were refined in 2010/11 when the number of core centres was reduced from 21 to 13. Whilst people can access universal services in Barnet at any children's centre, targeted services need to be accessed at the children's centres in their 'reach area'.

In 2013, half of children accessed services outside their 'reach' area and both the Hempsalls report and recent Ofsted Inspections have highlighted that the current reach arrangements make it difficult for centres to engage with the required 65 per cent of targeted families.

There is the potential for a more collaborative approach.

Children's centre managers and staff have recognised the potential in operating in a more collaborative model, especially around sharing resources, expertise and skills. The south locality are currently developing a collaboration agreement as part of their Service Level Agreements (SLA) for 2014/15, this will act as a pilot for the future early years commission.

Improving front-line relationships with health would significantly improve the whole system's ability to identify vulnerable families early and effectively support them.

The current delivery system does very little to develop effective front-line relationships between practitioners. The number of hours of maternity and health visitor services in children's centres varies significantly across the borough with no planned pattern - service provision is based on historical anomalies and personal relationships. There were significantly more hours of maternity services (112) offered in children's centres compared to health visitor services (37).

Furthermore, there has been concern from some children's centre managers that health professionals have not been effectively involved in common assessment frameworks (CAF) and in generally communicating potential needs, or risk factors.

A key complaint from children's centre managers and staff was the difficulty of data sharing, especially between children's centres and health professionals. This is both in regard to data such as new birth data but also with sharing information on vulnerable families.

The balance between targeted and universal services is not sufficiently planned.

Having reviewed the sessions run across all children's centres, approximately half were universally accessible, with half targeted. However, the majority of children's centre managers felt they did a significant amount of targeted work as part of the universal offer. They also stressed the importance of universal services in reducing stigma, allowing for engagement between parents from different backgrounds and identifying issues.

Children's centres felt that access to clear data on target groups was essential to improve targeting and that this could be further developed as part of the Early Years Review.

Improving outreach and proactive work would enhance early intervention.

Children's centre managers and staff felt that they were generally effective at identifying vulnerable families through stay and play sessions, baby groups and those that came in to access midwifery or child health services. However, practitioners also felt that outreach work

could be improved in some places, as it was seen as very important for engaging with the most vulnerable families.

Lessons of what works effectively are not shared across the system and practitioners have to re-invent approaches. There is also an opportunity to focus more on the 120 toddler groups run by volunteers across Barnet and improved interaction between pre-schools / nurseries and children's centre.

3.2 Childcare in Barnet

The council has a statutory duty to undertake a childcare sufficiency assessment (CSA) on a yearly basis, allowing the council to have a clear and up-to-date view of childcare supply and demand within the borough.

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).

3.2.1 Free Early Education for 3 & 4 Year olds (FEE 3&4)

All 3 & 4 year olds are eligible for up to 15 hours of free early education for up to 38 weeks per year.

We have 205 providers delivering free early education for 3 and 4 year olds. This includes maintained nursery schools/classes; private, voluntary & independent nurseries; children's centres and childminders.

3.2.2 Free Early Education for 2 year olds (FEE2)

The FEE2 offers eligible children up to 15 hours per week of high quality early years education. From 1 September 2013, local authorities have to fund 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.

As of 25 February 2014 there are 895 children accessing a FEE2 place and 126 childcare providers.

3.2.3 Childcare Provision

The table below shows the number of known childcare placements across the borough by type of provider.

Type of Provision	Registered places	% of total known places in Barnet
Day nursery and sessional pre-school	4,648	28%
Independent sector nursery schools	1,165	7%
Maintained sector nursery classes	3,931	23%
Nursery schools	252	1.5%
Registered childminders	1,869	11.5%
Out of school childcare	4,838	29%
Total	**16,703**	**100%**

NB these figures include some childcare spaces for those over 5.

3.2.4 Key Findings

It is widely acknowledge that high quality pre-schooling is related to better intellectual and social/behavioural development for children[i] and in particular has been proven to reduce the risk of SEN.

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.

The majority of parents are satisfied with their childcare options.

In recent childcare market research only one in ten of parents surveyed were unsatisfied with childcare provision in Barnet. For those who were unsatisfied, the primary reasons given were that it was too expensive, inconvenient and inflexible times, inconvenient location and poor quality of care.

Childcare needs to support parents back to work.

The cost and flexibility of childcare was cited by significant number of people in the market research as a problem impeding their return to work. However, the work of the welfare reform joint team has not found that childcare has been a significant barrier for many families returning to work.

The quality of provision is weaker for the most deprived.

The quality of provision for the most deprived is weaker. In the least deprived areas only 11% of providers are satisfactory / inadequate, whereas in the most deprived areas the figure is 29%.

Barnet performs worse than the majority of its statistical neighbours.

Compared to statistical neighbours Barnet ranks poorly for the proportion of Early Years settings deemed satisfactory / inadequate / needs improvement (24%).

The quality of provision offered by child minders is more likely to be weaker than that of other providers

Significantly more childminders are in 'Satisfactory / Requires Improvement' than non-domestic childcare (11 percentage points difference).

Changes are required to reflect changes in national policy

Recent Ofsted changes have made Ofsted the sole arbiter of quality, removing quality assurance role from local authorities. Support should therefore now be focused on driving up standards and quality amongst providers who 'require improvement' or are 'inadequate'.

Demand will soon significantly outstrip supply in some areas.

Demand within particular areas, such as Colindale, Golders Green and West Hendon, will soon outstrip supply unless the council takes a pro-active approach to support the development of the market.

3.3 Children's Centre Childcare

There are currently 7 children's centres offering Childcare in Barnet, with 6 centres not offering childcare. The childcare offered ranges from wraparound care for a small number of children (Coppetts Wood) to a large childcare setting (Fairway).

The children's centre's offering childcare are:

- Coppetts Wood (wrap-around care)
- Underhill
- Wingfield
- Parkfield
- The Hyde
- Fairway
- Newstead

In 2011/12 children's centres who offered childcare had to split costs and ensure that the childcare element of the children's centre was self-sufficient. This has meant that childcare within children's centres has had to function as a business.

Childcare in children's centres provides the opportunity to increase the available two year old offer, ensure sufficient childcare in areas of demographic growth and to act as part of a package of family support. Childcare offers an ideal opportunity to identify and support vulnerable children and families at an early stage, linking them up to other council and health led services.

Combined the centres have 275 children registered, with 345 on roll. They also offer 98 FEE2 places, equating to approximately 20% of the 486 places (December 2013). This illustrates the importance of Children's Centres in supporting those eligible for the FEE2 offer accessed childcare.

3.3 Early Years Standards and Childcare Support

The previous section outlines the challenge to the council, especially in regard to increasing standards in the most deprived areas and ensuring the quality of early years settings improves in comparison to statistical neighbours.

A wide range of support is offered for childcare providers from various teams within the council and by commissioned organisations. These include;

- Barnet Pre-School Learning Alliance
- Barnet Pre-school Inclusion Team
- Barnet Children's Service Workforce Development
- Early Years Standards Team (including Narrowing the Gap)
- Early Years Business Team
    - Child-minding Team
    - 2, 3&4 Year Old Team
    - Registrations Support
- Fairplay Barnet
- Children's Centres
- Nursery Schools
- FYi Service

These teams support a variety of different settings, in different ways.

SEN in the early years

The role of the early years standards advisory teacher is to ensure high quality teaching in early education settings. There are additional staff that help them with this. Where this relates to high standards in the provision of inclusive early years education, it makes sense to work closely with the pre-school inclusion team.

The pre-school inclusion team works to build capacity, confidence and competence in early education settings, so that very young children with SEN can remain close to their home for their EY education. They provide technical guidance and advice on approaches, strategies, learning setting management, individual education plans and progress monitoring.

The EY standards team will also model teaching approaches ensuring that the focus is on meeting the needs of children through high quality teaching, the use of universal and/or targeted support from the children's centres and that additional SEN services are seen as a last resort.

A structure for collaborative working is needed so that before any consideration of accessing additional Inclusion Funding support for a child, there must have been a thorough discussion and observation with the Standards Team to be clear about why the setting cannot provide what is needed, and for what precise teaching interventions Inclusion Funding is needed.

It is envisaged that the EY Inclusion Funding will be considered as Enhanced High Needs funding, and that decision making will be through the delegated decision making attached to the Head of Inclusion and Skills, whose wider responsibilities span the provision of educational assessment and support from 0-25. Part of the decision making will require a more robust examination of why ratios in settings are insufficient and what use is envisaged of any enhanced EY High Needs funding.

3.4.1 Key findings

The current approach is fragmented and confusing.

Currently a wide range of support is offered for childcare from a variety of teams. Whilst the teams work fairly well together, the fragmented nature of support creates a confusing system for providers to understand and a more coherent approach would simplify the system for settings. A more coherent approach to support childcare settings could reduce duplication, improve the ability to target resources and improve accountability.

A more consistent approach to supporting childcare settings is required.

The settings supported vary from team to team, with some inconsistency between what support is offered to private, voluntary and independent providers (PVIs), childminders and schools.

The relationships between the local authority and local providers must improve.

When childcare settings were asked about the quality of their relationship with different professionals, the response showed the relationship, when it exists, is generally strong, especially with the pre-school inclusion team and the early years standards team. However, there is a significant amount of instances where there is no contact with professionals.

Childcare settings want support.

Providers surveyed as part of the CSA stated they would like to receive more business and marketing support and advice in addition to greater involvement in the planning of local childcare.

4. Evidence

In order to improve outcomes for young people in Barnet there are two key drivers for the re-modelling of early years services;

1. Improved early intervention.
2. Improved service delivery and efficiency.

This section outlines the evidence for change broken down by the above two areas.

4.1 Improved Early Intervention

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. 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.

Local case history

In August 2013 a sample of 81 randomly selected CP, LAC, and TF cases were reviewed to identify the proportion of cases that could have been prevented, and how the escalation of need could have been averted. In total, 48 practitioners were interviewed as part of this review.

The review found the following:

Type of case	**Percentage preventable**	**Parental factors**			
		DV	Drug abuse	Alcohol abuse	Mental health
Troubled families	**77%**	54%	23%	23%	31%
Child protection	**29%**	64%	49%	47%	45%
Looked after children	**14%**	62%	67%	48%	67%

A significant number of LAC cases were where one or more siblings of the child had already been taken into care and practitioners felt it was inevitable that subsequent children would also. Over time, if we intervene early there may be greater potential as these cyclical incidents are avoided.

A similar exercise recently run by Bexley found that 39% of looked after children's cases were very likely to have been avoided and 39% might have been through an improved whole family approach.

Evidence

The information below outlines the key argument for early identification and the need to continue to invest in early years to support families at the earliest opportunity and improve life chances for those involved.

Figure 1 demonstrates how the level of physical aggression at the age of 3 has a strong correlation to the level of aggression at through development of the person.

Figure 1: Early foundations set the pattern for the rest of the child's life

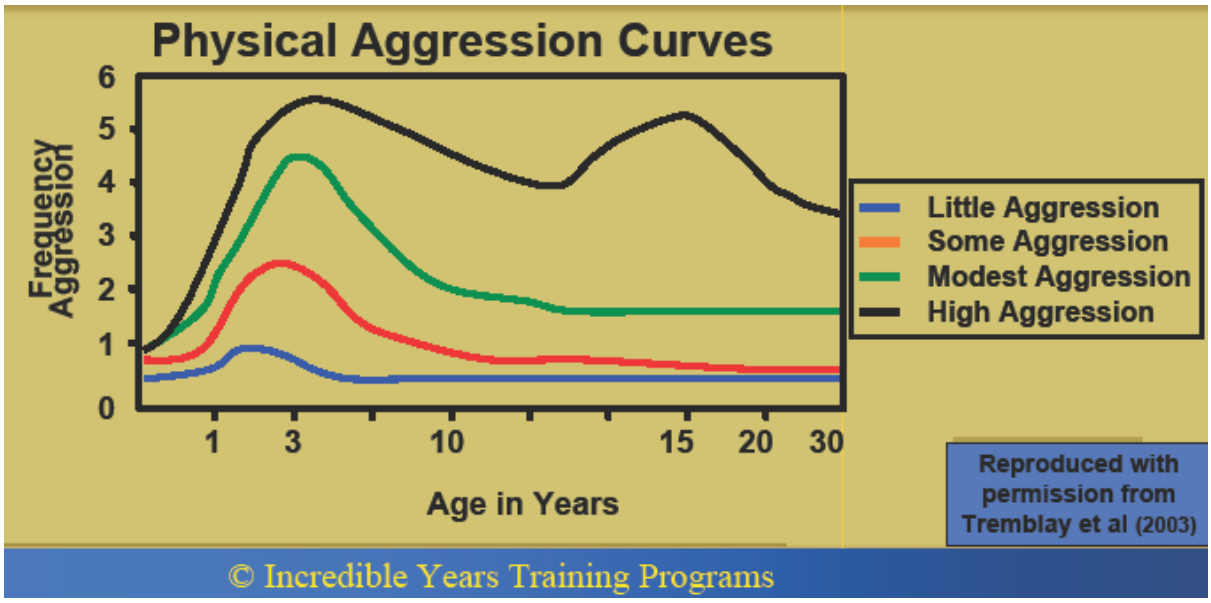
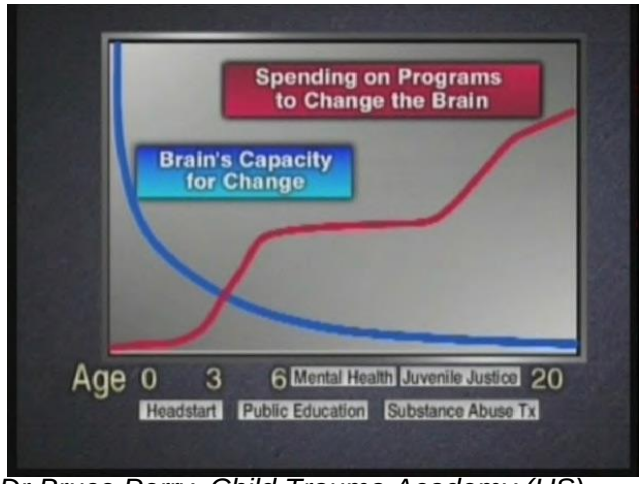


Figure 2 demonstrates the Brains Capacity for change compared to public spending. Although this information is in relation to US spend, the principle is the same in the UK.

Figure 2: Brain Capacity for change in relation to public sector spend



Dr Bruce Perry, Child Trauma Academy (US)

Further research has been undertaken as part of the Graham Allen and Frank Fields Review, which have stated the following;

- Influencing social and emotional capability becomes harder and more expensive later on in someone's life.
- Early intervention should be more widely adopted to make 'massive savings in public expenditure'.
- Recommends a focus on antenatal education / preparation for parenthood and 0-3 social development, health and well-being boards should create integrated early intervention approaches.
  (*Graham Allen Review*)

- The early years are crucial - by the age of 3 a babies brain is 80 per cent formed.
- GP's, midwives, health visitors, hospital services children's centres and PVI nurseries offer fragmented support which is neither well understood nor easily accessed by all of those who might benefit from it most.
- Local and central government should give more prominence to the earliest years in life, from pregnancy to age 5 and that funding moves to early years and weighted toward the disadvantaged children as we build the evidence base of effective programmes.
  (*Frank Fields Review)*

4.2 Improved service and efficiency

The key findings demonstrate that across early years provision there is a need to develop a more coherent and cost effective early years services in Barnet. Without significant change to the early years system it will be unable to improve support for vulnerable families in a difficult financial environment.

This section outlines the evidence and best practice that has informed the recommendations made in this report, to improve general service delivery and effective early intervention and support.

Childcare

Reports focusing on early education / childcare emphasise the importance of a highly skilled workforce and high quality childcare, especially in supporting those at risk of starting school 'behind'. Below are a few segments from recent policy papers;

'*The positive impact of high-quality is more pronounced for those children who are at risk of starting school 'behind' their peers: those with less-educated parents, from lower income, or for whom English is a 2nd language'*
(Early Developments – Bridging the gap between evidence and policy)

'A well-qualified early years workforce was a consistent theme throughout my review. More should be done to make early years education an attractive career option for more people'
(Tickell Review, The Early Years: foundations for life, health and learning)

Children's Centres

Papers on Children's Centres have focused on the positive impact of integration of children's centres and health services as well as emphasising the need to target the most

disadvantaged in society. Below are some segments from recent policy papers on children's centres and family support;

'Children's centres should re-focus on their original purpose – to identify, reach and provide targeted help to the most disadvantaged families'
(Frank Fields Review: The Foundation Years)

A balance between universal and targeted services needs to be developed – 'services targeted at the poor risk being poor services' - Need to offer distinct and finely tuned services to particular groups
(Innovation Unit – 21st Century Children's Centres)

Local Authorities, Health and Wellbeing Boards and their local partners must make greater use of pooled budgets to allow for more innovative commissioning of perinatal and Children's Centre services, taking a more holistic and preventative approach to working with families, particularly in these straitened times
(Best Practice for a Sure Start - All Party Parliamentary Report)

All perinatal services should be delivered under one roof with midwifery, health visiting and Children's Centre services all being accessed from the Children's Centre
(Best Practice for a Sure Start -All Party Parliamentary Report)

The importance of health visitors in identifying risk factors, promoting infant mental health (emotional wellbeing); assesses young children's social and emotional development, support parental psychological health and parenting capacity
(Wave 2: Conception to the age of 2)

Best Practice
As part of the Early Years Review Phase One a range of targeted best practice was undertaken. It demonstrated that across the country Children's Centres are modelled in a range of different structures with varying approaches to delivery. This section gives an overview of two key examples, focussing on Brighton and Greater Manchester.

Brighton
Brighton and Hove developed an integrated health led model from the outset of Children's Centres. Health Visitors, along with other children's health professionals, were seconded into the council under a section 75 agreement.

In the Brighton model;

- Health visitors are the lead professionals for CAFs
- HVs supervise Early Years Visitors (council outreach) – all families are known, no referrals or duplication
- Support is based on the HV 4 levels of support (e.g. universal, universal plus, universal plus partners)

This has resulted in effective identification and targeting of families, high breast-feeding rates and a reduction in the number of looked after children and child protection numbers.

By fully integrating health staff and children's centres, Brighton use midwives and health visitors to quickly identify high risk families and use the professional status and trust of these staff to encourage take-up of additional support such as parenting programmes.

Greater Manchester

Great Manchester has developed a system-wide commitment to a whole family approach, which makes the best use of resources and supports shared outcomes to ensure all children in GM are "school ready".

The community budget pilot is investing an extra £38m per annum in early intervention with a projected net return on investment after 5 years based on a "cautious" Cost Benefit Analysis suggests a cost-benefit ratio of 1:4.

5. A case for change

This paper 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.

Early years services across the public sector provide the ideal opportunity to identify risk factors in vulnerable families at an early stage and offer effective support to allow families to support themselves and reduce reliance on social care services at a later date. 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.

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.

The new commission will involve a more joined-up approach to early years services and provide a more coherent and strategically managed offer where resources can be more flexibly moved to the areas of greatest need.

This re-modelling of early years will allow costs to be taken out of the system, meet MTFS savings whilst preserving and improving the majority of front-line services. This can be achieved through the development of a more cost effective management structure and ensuring the service is flexible and can adapt to future need.

The key themes from the early years review that have informed the options analysis are;

- **A joined-up Barnet early years system** – Children's Centres and partners (including health) need to work closer together to identify and support vulnerable families
- **A family approach with higher risk groups** - Work with adult, public health and housing services to develop a family approach to higher risk groups where whole family outcomes are incentivised.
- **Simplifying the system for parents and partners –** ensure parents and partners clearly understand what services are available to support families.
- **Consolidation of support for early years settings** – Develop a more coherent approach to supporting childcare settings.
- **A further shift in the balance from universal to targeted services** – Ensure a focus of services on targeted families whilst ensuring the balance of spend and activities between universal and targeted is appropriate.

6. Options appraisal

Completing an options appraisal for the future of early years services is not a simple exercise. With the various elements of service delivery involved the approach taken has been to work through the various sub-options before considering the combined delivery model for the whole commission.

This has been done on a proportionate basis depending on the complexity of analysis required.

The options for children's centres and family support, children's centre childcare, and early years standards / childcare support are fairly straightforward and the differences between them reasonably transparent. As such each option has been given a simple score out of five with one being a very weak option and five being very strong.

The options for health integration are more complex and as such a set of evaluation criteria have been developed. Each of these criteria has been given an equal weighting and so the score for each option is the sum of a series of scores on the same 1 – 5 scale.

The choice of delivery model is most complex and the weightings attached to each of the evaluation criteria are not equal and so weightings have been applied in the calculation of the total score.

The analysis is summarised in the tables that follow and is based on the work detailed in this document and the first phase report. This has included engagement with customers, settings and staff; service analysis and research into best practice elsewhere.

6.1 Children's centres & family support

The children's centre model needs to:

- Help children's centres to focus on supporting the most vulnerable families in the borough.
- Offer a whole borough strategic approach for children's centre services.
- Have a cost effective management structure.
- Support shared practice, learning and resourcing across the borough.

The following table outlines the advantages and disadvantages of the 3 models for consideration:

Option	Explanation	Advantages	Disadvantages	Score
A. Do nothing	Children's centres will continue to operate relatively independently. Each will have its own manager & staff and be registered individually with Ofsted.	- Lack of disruption to service. - Strong management focus on specific needs of the locality.	- Lack of whole borough strategic approach to early years. - Expensive management model. - Difficult to develop specialisms & share best practice / learning. - Reach area overlap issues. - Difficult to integrate with health. - Limited efficiency savings.	2/5
B. Cluster Model	Groupings of children's centres collaborate as a designated locality cluster. Centres each have their own centre leaders but they (and other staff) agree to collaborate on specific areas of work. Each centre will continue to be registered individually with Ofsted.	- Allows for a more strategic focus on localities (including a number of children's centres). - Improved collaboration across centres, including the ability to share best practice / learning across localities. - Shared reach area across localities, avoiding overlap issues. - Limited disruption to staff and service.	- Lack of whole borough strategic approach to early years. - Expensive management model. - Difficult to integrate with health. - Limitations in making efficiency savings.	3/5
C. Hub and spoke model	Three hub centres would have responsibility for co-ordinating services across a number of satellite or 'spoke' children's centres in their locality. Hub centres have their own leaders, and spokes may or may not be led by an individual centre manager (or deputy). The hub may provide core services that are not available in spoke centres. There would be just three registrations with Ofsted.	- Whole borough strategic approach. - A more strategic approach to localities. - Most cost effective management model. - Easiest to fully integrate with health. - Able to develop specialisms & share best practice / learning across localities. - Flexible use of resources across borough to support service pressures and priorities / changing demographic patterns. - Parents can access services and receive targeted support from any children centre in their locality. - Shared reach areas avoids some overlap issues but will persist across locality boundaries.	- Risk that a localised approach is lost (potential Ofsted impact). - Significant disruption to current service – staff and providers / schools. - Risk that service becomes more bureaucratic and less agile.	5/5

Recommendation

It is recommended that **Option C – 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.
- A central hub and spoke model offers the ability to share resources across localities effectively and efficiently. This will reduce need for agency staff and provide more flexibility to adapt to the changing needs and demographics of the borough.

6.2 Governance & leadership

Given the recommendation above, a thought to the governance and leadership of each of the centres is required. The mixed model in Barnet currently includes:

- 8 centres managed by schools.
- 4 centres managed directly by the council (rolling annual SLAs in place).
- 1 centre managed by Barnet Pre-School Learning Alliance (contract in place to March 15).

For those managed by schools, the governing body and head teacher are accountable and provide governance, monitoring, evaluation and leadership direction. There are varying degrees of integration with school – all include facilities management, opening and access whilst others also share specific roles (e.g. child protection co-ordinator), allow centres to use school space and have a process for a managed transition to reception.

Advantages and disadvantages of being part of the school model

The table below outlines some of the advantages and disadvantages of children's centres continuing to be managed by a school.

Advantages	**Disadvantages**
- Enables linkages with schools and within Learning Communities, supporting school readiness and transition. - Link to families at local school, ability to share information about families and improve targeting. - For some families, linkages to the school will encourage engagement. - Available accommodation space. - Headteachers can provide strong local leadership	- Challenge of engagement for those adults who had a negative experience of school. - Dual reporting requirements to the Council and the School can disruptively complicate. - Limits ability for a cohesive and strategic locality based approach. - Issues with level of challenge provided by governors (Ofsted).

Recommendation

It is recommended that **a single organisation manage all of the centres as part of the new hub and spoke model.** 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.

As part of the Full Business Case we will work closely with schools to develop a solution that allows there to be a more cohesive and strategic locality based approach whilst maintaining some of the advantages of a close relationship with a school. We recognise that the relationship with each school is different and this will be considered as part of the on-going discussions. This discussion will include reviewing the impact of the management transfer on the following;

- The role of the head teacher.
- The role of governing boards.
- The potential for locality based advisory boards.
- The relationship with the school including facilities management, access, 3 & 4 year old offer, shared services and transitions.
- Funding arrangements.

Furthermore, as part of the full business case how children's centres are registered with Ofsted will be developed, with a clear implementation plan that gives a focus to ensuring all children's centre's get 'good' or 'outstanding' both through and following implementation.

6.3 Integration with Health

This section explores the options to improve integration between health and children's centres. The level of joint working currently varies depending on individual relationships in each centre. Whilst there are other future potential services to consider, this paper focuses on Health visitors

Health Visitors

Health visitors have a key role in supporting 0-4 year olds and their families, and, along with community midwives offer the most effective tool for early identification of risk factors of both the child and their family. They also are in an important position to register families with their children's centre and effectively communicate the support that can be offered through children's centres.

Current Provision

Health visitor services in Barnet are currently commissioned by NHS England and provided by Central London Community Healthcare NHS Trust (CLCH). In 2015 the responsibility for commissioning health visitors will transfer to local authorities. This offers a unique opportunity to shape service delivery in Barnet to deliver universal services and support the most vulnerable families in the borough.

Barnet & Harrow Public Health have commissioned a detailed review of Health Visitors and School Nurses. This project has been developed alongside the Health Visitor and School Nursing review, and the Full Business Case will be developed using the detail from this work including:

- Health needs assessment –demographic and geographical analysis.
- Stakeholder analysis.
- Review of service.
- Workforce analysis.
- Options appraisal.

Services currently offered by health visitors in children's centres include baby clinics, two year development checks, early years assessment checks and drop in sessions for parents. This varies from centre to centre but only 37 hours of service are delivered per week across the whole network.

It has been evident through the Early Years Review, in discussion with children's centre managers, health visitors, providers and other front-line practitioners that an improved relationship between health visitors and children's centres is required. The key issues have been;

- Information sharing – improved data sharing to support targeting of most vulnerable families
- Improved shared understanding of health visitor and children's centre roles and what they can offer to vulnerable families.
- Improved structure to increase accountability
- A shared vision between local authority and health services.

Short term work is underway and a 'virtual team' involving both health visiting and children's centre staff is being piloted with Barnfield children's centre.

Strategic aims of integration of health visitors

- Ensure the most effective early identification and support of vulnerable families.
- Improve information sharing between early years practitioners.
- Increase professional accountability for vulnerable families and avoid the problems associate with service to service referrals.
- Ensure the widest reach for early years services.

Options Analysis

The options analysis below details the 4 options for health visitors against key criteria (Family Experience, Outcomes and accountability, potential for savings, staff and implementation difficulty).

	A. No integration	B. Partnership agreements & some co-location	C. Section 75 (secondment)	D. Full integration (TUPE)
Family Experience	**2** Separate relationships with different services Repeat story multiple times	**3** More convenient More likely to be referred to appropriate support services Clearer communication	**5** Seamless service Single point of contact Clear communication and easier to understand the system Even more likely to be referred to appropriate support services	**5** Seamless service Single point of contact Clear communication and easier to understand the system Even more likely to be referred to appropriate support services
Outcomes and accountability	**2** Problem caused by limited case holding of HVs and need for referrals to CCs – this often fails. Different vision / measures of success.	**3** Problem caused by limited case holding of HVs and need for referrals to CCs. Referral process is likely to be better. Different vision / measures of success unless partnership agreement can bring these together.	**4** Single team accountable for family outcomes and the service provided. Single vision, outcomes framework and measures of success. Single line of accountability to commissioners. Whole system can have performance managed.	**5** Single team accountable for family outcomes and the service provided. Single vision, outcomes framework and measures of success. Single line of accountability to commissioners. Whole system can have performance managed. Permanence of model increases accountability and stability.
Potential for savings	**1** None	**2** Potential to reduce property related costs or share admin / contact points.	**3.5** Potential for management and overhead savings. Reduction of duplication (including assessment, admin, referral). Ability to optimise workforce mix (appropriate skill level for tasks). Potential to reduce property related costs or share admin / contact points.	**4** Potential for management and overhead savings. Reduction of duplication (including assessment, admin, referral). Ability to optimise workforce mix (appropriate skill level for tasks). Potential to reduce property related costs or share admin / contact points. No costs associated with managing

				relationship with health host organisation.
Staff	**2** People don't like change. Frustrations of uncoordinated partnership working. Protection of professional boundaries.	**3** Protection of professional boundaries. Limited change. Potential for no culture change and additional work from confused objectives / outcomes. Lack of clarity.	**4.5** Short term change is less dramatic. Health staff maintain 'health allegiance'. Longer term uncertainty / instability. Opportunity for greater satisfaction from being part of a wider team. More accountability for outcomes for families – satisfaction but potentially daunting. More effective working environment should increase satisfaction. Allows for protection of professional boundaries and terms and conditions within integrated model	**4** Long term more stability. Health staff lose some of 'health allegiance'. Shorter term uncertainty / instability / fear of change. Opportunity for greater satisfaction from being part of a wider team. More accountability for outcomes for families – satisfaction but potentially daunting. More effective working environment should increase satisfaction. Risk of TUPE proposal making health visiting in Barnet less attractive – will depend on delivery model.
Implementation difficulty	**4** Makes service improvement much harder.	**3** Willingness from all parties to develop approach. Difficulty in implementing change and aligning incentives.	**3** Requires significant HR change and restructuring. Need to develop relationship with host health authority. Makes it easier to deliver service improvement in the long term.	**2** Requires significant HR change and restructuring. Additional pensions work. Easiest to deliver service improvement in the long term.
Fit with wider Health & Social Care	**2** Allows closer integration between HVs and GPs (although would need to be developed, not	**3** Model can be developed to support effective working with GPs (e.g. link workers). Partnership agreements could	**4** Model can be developed to support effective working with GPs (e.g. single point of contact, link workers). HVs can benefit from strong relationships between CCs and social care.	**4** Model can be developed to support effective working with GPs (e.g. single point of contact, link workers). HVs can benefit from strong relationships between CCs and social care.

	currently in place).	facilitate links with other agencies.	Other relationships only have to be developed once for HVs and CCs.	Other relationships only have to be developed once for HVs and CCs.
Total	**13**	**17**	**24**	**24**

Recommendation

The recommendation is for a full integration of health visitors and children's centres to create a consolidated early years service. This can be achieved through both **Option C and D**. As the scoring is so close, both options will be explored in more detail 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.

The commissioning responsibility for health visitors will transfer from NHS England to Public Health in 2015. 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.

6.4 Children's Centre Childcare

There are currently seven children's centres offering childcare in Barnet. The childcare offered ranges from wraparound care for a small number of children (Coppett's Wood) to a large childcare setting (Fairway). The operation of a childcare business is significantly different to targeted outreach

Strategic aims of childcare in children's centres

- Offering high quality, affordable childcare.
- In particular, provision of places for those eligible for FEE2.
- Identifying and supporting vulnerable families
- A cost neutral childcare service

Options analysis

An options analysis was undertaken to consider if there was a different approach to delivering childcare within Children's Centres. The table below outlines the considered options, whilst considering the following;

- Management
- Ability to use childcare for family support
- Economies of scale
- Sustainability of childcare
- Quality

Options for Childcare	Advantages	Disadvantages	Score
A. Continue as part of core Children's Centre model	- Full control over places – able to use as targeted family support tool. - Reduced complexity of delivery model. - Minimum disruption.	- Hard to be price competitive given council terms and conditions. - Management focus can be diverted to immediacy of childcare.	4 / 5
B. Outsource to a private, voluntary or independent sector provider	- Provider could utilise existing infrastructure and expertise. - Potential to reduce costs.	- Private sector provider would need to take out profit. - Higher risk of community links / local focus deteriorating. - Hard to find provider with likely contract specifications (e.g. expanding 2FEE). - Introduces an additional provider which complicates running of the centres.	3 / 5
C. Transfer responsibility for provision to schools	- Schools are used to focusing on quality and outcomes. - Would require an SLA rather than a procurement exercise.	- Not core business for schools – especially provision for long days / during school holidays. - Limited 2 year old expertise.	2 / 5

Recommendation

It is recommended that **option A** is pursued – to **continue with childcare 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.

6.5 Early years standards and childcare support

Currently a wide range of support is offered for childcare providers from a variety of teams. Whilst the teams work fairly well together, the fragmented nature of how the support is delivered creates a confusing system for providers to understand. A more coherent approach to support childcare settings could reduce duplication, improve the ability to target resources and improve accountability.

See section 3.3 for a clear outline of the role of the Early Years Standards and Pre-school inclusion team. This details the importance of these teams having clear links to Education & Skills.

Strategic aims

- Increase the quality of early years provision in the borough in order to offer better life chances for children.
- Target this support to where it is most needed – children in our most deprived areas are currently more likely to be in lower quality childcare.
- Ensure there is sufficient provision of childcare in the borough and in particular that parents are able and encouraged to take-up their free entitlement at 2, 3 and 4 years old.

In light of the changes to make Ofsted the sole arbiter of quality, and the non-statutory nature of some functions, the council could significant reduce the support offered to early years providers. Given the strategic aims above though, it is suggested that the early years standards and childcare support teams should offer:

- Targeted training and support to settings. This leaves Ofsted as the sole arbiter of quality and allows the council to focus on supporting the development of those that 'require improvement' or are 'inadequate' to ensure all children access a childcare setting that offers a 'good' level of early education.
- Wider training and support should be developed on a traded basis for the full range of providers, regardless of quality.

Options analysis

The table below outlines a table exploring the main options for the early years standards and childcare support teams.

Potential options	Definition	Advantages	Disadvantages	Score
A. Do nothing	The early years standards and childcare support teams continue in their current configuration.	- No disruption to staff. - The teams work fairly well together.	- The fragmented nature of how support is delivered creates a confusing system for providers to understand - Doesn't allow for strategic use of standards and support teams. - Doesn't allow for a more effective model.	1 / 5
B. Centralise and align to the early years service	The early years standards and childcare support teams are centralised and developed into one team under Family Services	- Can strategically use resource to target settings effectively. - Most cost effective childcare standards and support team. - Providers have one point of contact for early years support. - A more coherent approach will reduce duplication and improve accountability.	- Risk that if elements are moved away from education & skills the 'education' element is diminished.	4 / 5
C. Centralise and align to school standards teams	The Early Years Standards and childcare support teams are centralised and developed into one team under Education & Skills	- Can strategically use resource to target settings effectively. - A more cost effective childcare standards and support team. - Providers have one point of contact for early years support. - Retains key focus on education element of early years	- Diminishes ability for a wider focus on early years. - Splits early years leadership.	2 / 5

Recommendations

It is recommended to implement **option B - centralise 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.

The role of the Early Years Standards Advisory Teacher and some elements of the Pre-School Inclusion Team (area SENCos) would be amalgamated to ensure that the focus was on meeting the needs of children through high quality teaching; the use of universal and/or targeted support from the children's centres and that additional SEN services are seen as a last resort.

6.6 Delivery models – options appraisal

Given the series of recommendations above that pull together large parts of the early years provision in Barnet into a single commission it is now logical to consider who is best placed to deliver. This initial options appraisal has considered the following delivery models:

- In-house council led service
- Outsourced service
- Employee owned company
- Local Authority Trading Company (LATC)

The criteria weightings applied to evaluate the options are:

Key area	**Breakdown**	**Weighting (%)**
Cost and time	Price (over 5 years including implementation costs)	30
	Risk transfer / guarantee of savings	5
	Mobilisation period	5
Quality	Confidence in performance / delivery	35
	Ability to engage and build trust with local people	25

The following table summarises the narrative of the options analysis and is followed by the detailed scoring.

Breakdown	In house council led service	Outsourced service	Employee owned company	Local Authority Trading Company
Price (over 5 years including implementation costs)	3 - Base option against which others are compared on price.	3.5 - Providers can bring innovation and learning from other clients to accelerate and increase level of savings that can be achieved. - Potential to achieve savings through more flexible use of resources. - Costs of the provider margin, procurement and contract management need to be recovered. - Market experience of early years delivery of this scale is limited and there is no strong evidence of reduced cost. - Staff costs make up the majority of the addressable spend and would need to be a focus for savings. Given the competitiveness in recruitment, significant	3 - Employee owned structure provides incentives to different groups of staff. Some will be motivated to achieve savings / grow the business by their increased level of engagement and control, others by the potential of a financial return. - Potential for savings / profit generation is not huge and is likely to be at least partly cancelled out by cost of creating the company and contract managing it. - It is likely that most if not all of the profit would need to be retained by staff in the short term to provide a sufficient incentive, hence no increase in score. - Organisational focus should enhance ability to learn from customer insight to support profit making activity. - Council may have to support the company in its initial	3 - Some potential to achieve efficiencies not available within the Council but limited effective levers to reduce cost. - Additional flexibility / potential for savings is likely to be at least partly cancelled out through set-up and contract management cos.s. - Potential is there to grow elements of business that could deliver a profit but there is little incentive and no strong track record of achieving this,

		savings on staff costs are unlikely.	stages through financial guarantee.	
Risk transfer / guarantee of savings	1 - All the risk of delivery is retained by the authority.	4 - Any savings (in early years delivery) would be guaranteed in contract. - Opportunities to fix outcomes, improved performance and new initiatives through the contract. - Market doesn't have a proven model that could operate at this scale to deliver savings. - Outsourced provider is likely to be large enough to cover any financial loss through reserves.	2 - The local authority is likely to need to provide some element of financial guarantee and so will retain some liability. However, as a discrete organisational entity some risk for any bad debts is likely to be transferred. - Risk is mitigated in part due to the provision of external support and legal advice. As the organisation matures it is likely to become less risky for the Council. - LBB would be an early adopter of this model for this grouping of services. - New delivery organisation doesn't come with a proven delivery model.	1 - Risk is ultimately retained by the authority. There is a shorter term risk for the Council if the company does not meet performance levels. - As the organisation matures it is likely to become less risky for the Council. - LBB would be an early adopter of this model for this grouping of services. - New delivery organisation doesn't come with a proven delivery model.
Mobilisation period	5 - Change can commence straight away and can be consolidated. - Minimal disruption to current local authority staff.	3 - Strong potential for industrial relations issues during procurement exercise. - Procurement exercise likely to take 12 months from OJEU notice to go-live. - Improvements can be	4 - Improvements can be started in-house during mobilisation period. - Likely to involve two TUPE transfers for many staff.	4 - LATC legal structure is already in place. - Improvements can be started in-house during mobilisation period. - Likely to involve two TUPE transfers for many staff.

		started in-house during mobilisation period. - Likely to involve two TUPE transfers for many staff.		
Confidence in performance / delivery	3 - Retaining the service in-house maximises direct control over the service and its direction. - New senior management has been brought into the service and is having a positive impact. - Changes to national or local policy can be enacted without any contractual variations. - Historically the local authority has not always been strong at effecting staff behaviour change. Although this is an issue across all delivery models. - Council policies, procedures and processes can result in inflexibility in delivery. - The local authority environment may not be the most attractive for health visitors.	2.5 - Less control and flexibility over outcomes or ability to make changes to the contract. - Market experience of early years delivery of this scale is limited and there is no strong evidence improved outcomes. - Provides the freedom to innovate. - Organisation likely to have broader pool of expertise to call on to support delivery. - The appeal to professional staff of some providers could be limited which may cause recruitment and retention issues (especially for health visitors).	4 - A specialised organisation with a single focus would provide strong and dedicated leadership for the early years in Barnet. - The model puts faith in the assertion that those closest to customers know how best to deliver positive outcomes and so gives them a stake in how the business is run, supported by commercial and strategic expertise. - For the company to be successful it needs a leader to firmly establish and embed its culture, practices and approaches. - There are many individuals within the current services who are passionate about improving outcomes for families in Barnet and who would be highly motivated to influence how the new organisation is shaped and delivered to make it a success.	2.5 - Creating a LATC goes someway to create an organisation focused on early years. - Early years would be one part of a range of services delivered by the Barnet Group – there would not be a sole leadership focus. - Not an obvious fit with existing services in the Barnet Group. - Provides the freedom to innovate

	- Governance structures do not support a dedicated organisational focus on early years.		- Common shared purpose and clear direction of travel. - Most levers to incentivise staff – active engagement and control in how the service is run combined with potential for a financial return. - Provides the freedom to innovate. - The practice of setting up similar models is becoming more common and support could be obtained from the Cabinet Office.	
Ability to engage and build trust with local people	3 - Retaining an in-house model will lead to the lowest risk of affecting relationships with staff, users and other stakeholders. -	2.5 - There is no evidence to suggest that an outsourced service would be better than the in-house service in this regard. - Organisation is motivated by profit and achieving delivery metrics in the contract. Engagement and trust is difficult to measure and so incentivisation is difficult. As such this is unlikely to be a primary focus.	5 - Engaging and building trust of local people requires long term relationship and reputation building. An employee-owned company will have the sustained local focus to achieve this. - It provides the best opportunity to maximise staff commitment and effect their behaviour change to support this engagement. - Providing the people who care with the freedom to innovate helps achieve the longer term incentive to achieve trust and engagement.	3 - There is no evidence to suggest that an outsourced service would be better or worse than the in-house service in this regard.

Scoring

Key area	Breakdown	Weighting (%)	In house council led service	Outsourced service	Employee owned company	Local Authority Trading Company
Cost and time	Price (over 5 years including implementation costs)	30	3	3.5	3	3
	Risk transfer / guarantee of savings	5	1	4	2	1
	Mobilisation period	5	5	3	4	4
Quality	Confidence in performance / delivery	35	3	2.5	4	2.5
	Ability to engage and build trust with local people	25	3	3	5	3
		Total	**60**	**58**	**77**	**55.5**

Recommendation

The initial options appraisal above suggests that **an employee owned company is the desired long-term delivery vehicle** for early years services. Staff now need to be engaged to see if there is sufficient appetite to give confidence that this model could be a success. The options appraisal will be reviewed and updated with this added insight as part of the development of the full business case.

Trying to launch a new organisation too quickly would 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 fully spinning out.

During the development of the full business case a list of conditions that need to be met before services could spin out will need to be developed, as will a detailed timescale.

There is a significant amount learning that can be drawn from existing public service employee owned companies, some of which have now been in operation for a number of years at a larger scale than the service grouping proposed here. The box below provides one such example case study:

Care Plus Group (North East Lincolnshire) Limited

Overview

Care Plus Group is a fully integrated health and social care provider created on the transfer of community services out of North East Lincolnshire Care Trust Plus, and of the adult social care services which had previously been delegated to Care Trust Plus by North East Lincolnshire Council.

Care Plus Group **has a single NHS Standard Contract with a single commissioner**, the Care Trust Plus, who has **delegated powers to commission social care** on behalf of North East Lincolnshire Council. The services include intermediate care, community nursing, home care, specialist nursing, employability, meals on wheels, day services and chlamydia screening alongside many other health and social care services. The Group has:

- Staff - 700
- Income - £23 million
- Largest user of Employability and Modern Apprenticeships in the NHS in England

Why did Care Plus become an employee owned company?

The structure offered a permanent commitment to the NHS public service ethos whilst allowing community services to become more efficient. The organisation is driven by a commitment to meeting the needs of the different local communities and exists for the benefit of patients and service-users, not for staff or private benefit. Benefits include:

- **Management and decision-making** so that change is not inhibited by structures and the **need for permission or authority from elsewhere**, or bogged down by repetitive bureaucratic processes
- **Staff involvement** - enabling staff to have a say in the running of the organisation and to influence its development were clearly seen as important both in terms of improving services, and being a successful business.
- **Flexibility** in **service provision** – meet different and changing needs of a diverse population
- **Ownership** – every member holds a £1 share, and nobody may hold more than one share.
- **Partner with a wider range of organisations** in radically different ways
- Any **surplus is reinvested** in the interests of the local community.

Care Plus Group is incorporated as a community benefit society which is one of two types of industrial and provident societies (the other being the cooperative).

There are numerous other health service cases to refer to alongside examples of individual children centres becoming employee owned companies.

7. Recommendations

7.1 Options Analysis recommendations

Subject to approval the following recommendations are therefore proposed to be developed as part of the full business case;

1. A hub and spoke model for children's centres.
2. Full integration of health visitors and children's centres to create a consolidated early years service.
3. Childcare will remain as part of the core children's centres model.
4. Early years standards and childcare support will be centralised under Family Services.
5. 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.

7.2 Further recommendations to be developed as part of the Full Business Case

There is a significant amount of work to be undertaken as part of the full business case to ensure that the vision set out in this paper is implementation effectively. Section 9 broadly outlines the approach, next steps and resourcing required to complete the full business case and implement the review effectively.

This section outlines some recommendations that, alongside the options analysis, will be developed as part of the full business case.

7.2.1 Family and young people's information service (FYI)

It is recommended that as part of the full business case the FYI service is re-designed, ensuring it fits clearly into the new commission for early years. This will involve exploring the following areas;

1. Ensure FYI is meeting its core purpose and providing one point of contact for parents and providers on early years services.
2. Explore the opportunity to develop a shared appointment system for the early years through FYi.
3. Ensure FYi is providing information on universal early years services and is effectively referring and signposting to other early years services when required.
4. Explore the opportunity for the FYI service to provide information on working tax credits, childcare vouchers and Free Early Education.

These recommendations will be considered alongside the role that children's centres play, ensuring that information and advice is provided in a way that works for families, especially the most vulnerable.

7.2.2 A sustainable solution to nursery schools

As part of the full business case for early years the council will continue to conduct an options appraisal to find a suitable solution to nursery school funding problems.

7.2.3 Early Years and health services

An early years health and wellbeing group, consisting of representatives from family services, the CCG, public health, NHS London and a range of health providers has been established the develop the early years health agenda.

This group will work on the service development of early years and maternity services, exploring approaches to improve early identification and support of vulnerable families through improved joint working and a targeted focus.

A clear pathway will be developed to ensure that when risk factors during pregnancy are identified (e.g. high maternal stress, alcohol or drug misuse) that GPs and midwives should trigger targeted services (for example parenting classes, training on the social and emotional development of children, talking therapies).

7.2.4 Review of assets

As part of the full business case a review of the use of suitable public sector assets should be undertaken, including libraries and health assets.

7.2.5 Staff training and development

As part of the full business case there will be a review of the skills required to effectively work with vulnerable families and conduct an audit to identify any gaps.

An early years volunteer programme focused on outreach, community relations and family support.

7.3 Short term improvements

There is a significant amount of work being undertaken in Family Services to improve early years services. This work is being developed alongside the early years review team.

7.3.1 Performance management and shared learning

Ensure that the performance management and supervision of practitioners focuses on the delivery of outcomes.

Instigate quarterly or termly reviews with all partners to learn and improve.

7.3.2 A more joined up approach to early years

A collaboration agreement is being piloted in the south locality, allowing for flexible use of resources and improved shared learning. This pilot will help to inform the implementation of the new early years commission.

A ‘virtual team’ of children’s centre staff and health visitors is being developed around Barnfield children’s centre to improve joint working.

Investigate how families moving into the borough with children under five can be referred onto health visitors / children's centres when registering with GPs.

7.3.3 A family approach with higher risk groups

An action plan will be developed alongside adult social care, public health and housing services to develop a family approach to higher risk groups where whole family outcomes are incentivised.

Development of 'link' officers between family support / early years and adult social care and public health services (this could be achieved through the MASH).

Map out family services / early years support services and provide to health, adult social care and public health services to counter the current lack of clarity.

7.3.4 Childcare Sufficiency

A qualifications, training and standards strategy has been developed outlining how the council will ensure we continue to support early years settings to improve standards.

A strategy has been developed outlining how the council will meet the demand for additional new places with the expansion of the FEE2 off to 40 per cent of children.

An action plan has been developed to outline how the council will meet the demand for additional new places in areas which lack sufficient childcare or demographic growth means demand is projected to outstrip supply.

7.3.5 Early years standards and childcare support

An Outcomes framework has been developed to ensure we can record the impact of support to childcare settings and have shared strategic aims

7.3.6 Improve the relationships with schools across the borough

On-going engagement with schools across the borough needs to be developed to ensure that schools and children's centres have a strong relationship and that the resource that both provide is used effectively.

7.3.7 Data recording

Reviewing administrative tasks and data recording to make them as efficient as possible – recording only what we need to improve, measure outcomes or meet statutory requirements.

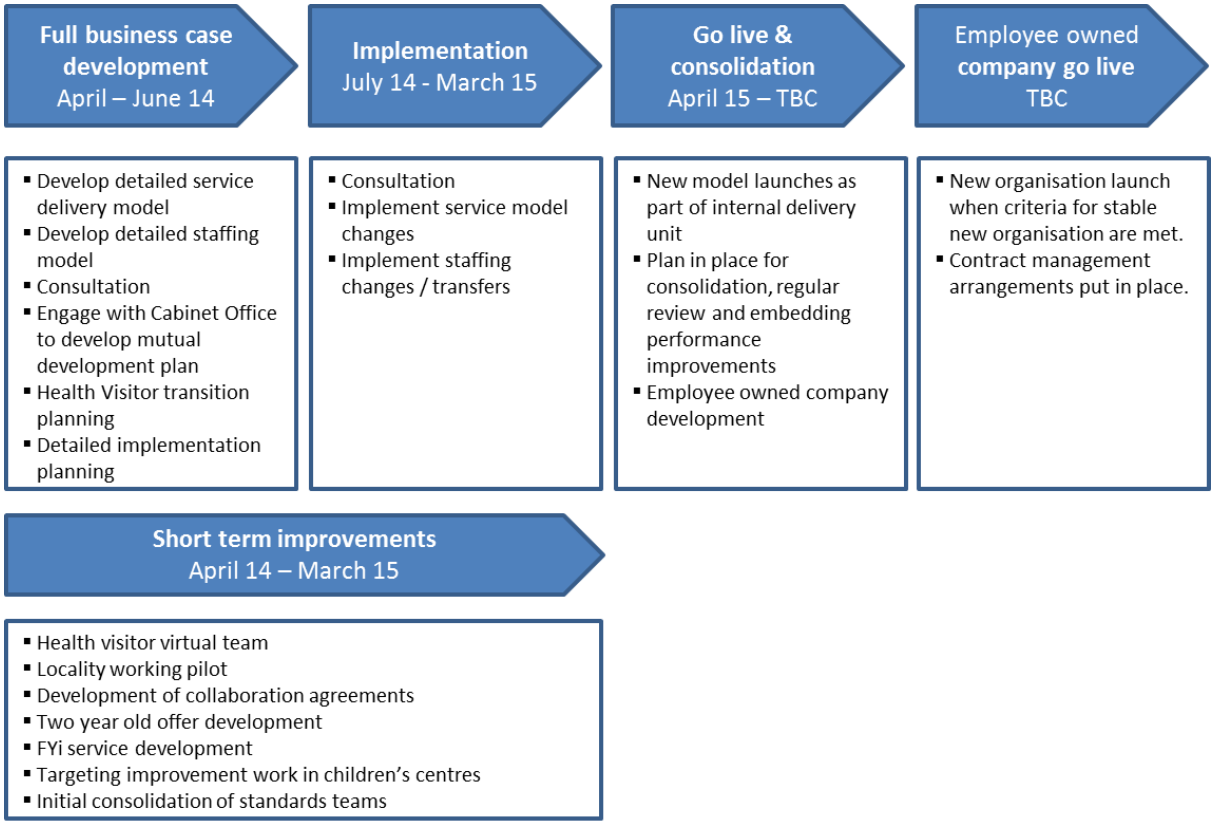
8. Risks

The top project risks are highlighted below:

Risk	Mitigation
Delays to process of integrating health visitors.	Proactive engagement with NHS England to ensure smooth transition.
Difficulty in retaining / attracting health visitors during the change process.	Use insight gained from the Health Visitor review to ensure future model is attractive to health visitors.
Significant change impacts on business as usual and distracts from focus on Ofsted.	Ensure implementation planned and resourced effectively with clear roles and responsibilities.
Difficulty in recruiting people with suitable skills into Children's Centre roles.	Plan suitable training and support to develop skills set should it not be available.
Challenging negotiations with schools about their changing relationship in the new structure.	Engage with schools early and agree principles for transition approach.
Capacity to manage the implementation is not in place.	Resource required has been estimated and will be sourced.

9. Project Approach

The project will, subject to approval, proceed in the following stages:



The next phase of work will develop a full business case which will report to Education, Children, Libraries & Safeguarding Committee in June / July 2014. This will include:

- Detailed service delivery model.
- Detailed staffing model.
- Results of initial consultation.
- Health Visitor transition plan.
- Detailed implementation plan.

Governance

The project will continue to be sponsored by the Lead Commissioner for Family & Community Well-being during the development of the full business case.

A multi-agency project board is already in place and will continue to oversee the development of the full business case. An Early Years Health and Well-being group has also been established to bring together health commissioners and providers and support the development of integration and service improvement.

Project resources and budget

The following resource will be required for each stage in addition to input from business as usual staff:

Full business case development (April – June 14):

Resource	Detail	Cost
Policy unit	Commissioning and Policy Advisor – 3dpw	No cost to the project
Finance	Budget analysis & review of business case	No cost to the project
HR	Support to determine technical process to achieve detailed staffing model Plans for TUPE / S75 – actuarial reports	No cost to the project £10,000
Project management	Project manager 2.5dpw	£15,000
Data analyst	To assist with detailed analysis 1.5dpw	£10,000
Legal	Limited input	£1,000
Public health	Input to developing approach to health visitors – 1dpw	No cost to the project
Consultation & communication	Initial consultation	£5,000
Contingency		£5,000
Subtotal		**£46,000**

Implementation (July 14 – March 15):

Resource	Detail	Cost
Project lead	3dpw resource to work with Head of Early Years on project implementation.	£40,000
Children's centre manager secondment	2.5dpw resource to advice on the practicalities of implementation	£35,000
Finance	Support to re-model budgets, actuarial work	£15,000
HR	Support to restructure and any staff transfers	£30,000
Project management	Project manager 2.5dpw	£50,000
Legal	Support with transfer of staff	£20,000
Public health	Input to developing approach to health visitors – 2dpw	No cost to the project
Consultation & communication		£10,000
Contingency		£15,000
Subtotal		**£215,000**

Short term improvements implementation:

- To be delivered with no additional resource.

Total budget estimation for the project is therefore **£261,000** to be funded from the transformation reserve.

In addition, there will be a cost to the creation of the employee owned company. This will be estimated during the development of the full business case.

Equalities

An equalities impact assessment has been completed and this will be updated during the development of the full business case.

10. Dependencies

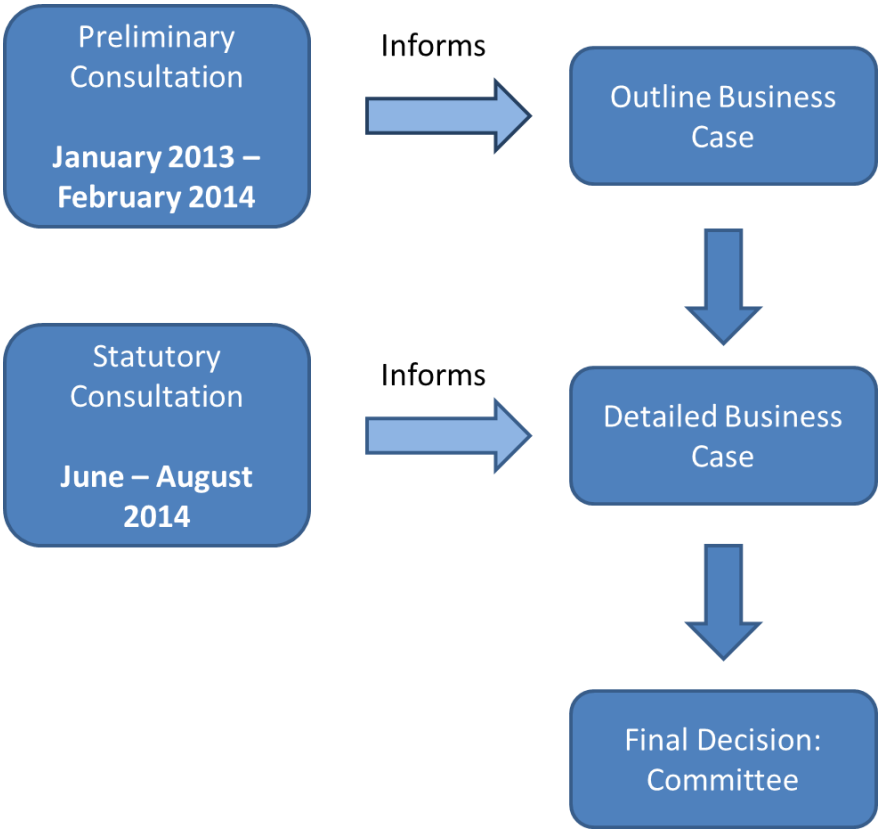
The most critical dependencies for this project are:

- Priorities and spending review.
- Health Visitor and School nursing review.
- Early intervention & prevention children's transformation project.

11. 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;



11.1 Key stakeholders

- Families with young children in Barnet (uses of both targeted and universal services)
- Children's Centre Managers and staff
- Family Services and Early Intervention staff
- Early Years and childcare support teams
- Heath 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

11.2 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

11.3 Preliminary consultation – informing the outline business case

<u>Objectives</u>

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.

Consultation Log

1: Preliminary consultation – informing the outline business case				
Group / targeted group	**Method**	**Number of participants**	**Objective**	**Date**
Parent/carer	Individual Interviews in Children's Centres	22	Explore how parents/carers first accessed services, services used and the outcomes or impact of services.	January 2013
Parent/carer	Questionnaire	367	Explore how parents/carers first accessed services, services used and the outcomes or impact of services.	January – February 2013
Parents/carer (broad sample from across Barnet)	Interviews (majority telephone) – part of Childcare Sufficiency Assessment.	1,100	To understand a range of issues around childcare – including usage, satisfaction, satisfaction and the role of children's centres.	July – August 2013
Parents/carer (targeted at particular groups)	Focus groups– part of Childcare Sufficiency Assessment.	6 focus groups	To understand a range of issues around childcare – including usage, satisfaction, satisfaction and the role of children's centres.	August – September 2013
Parents/carer	Individual interviews in Children's Centre – as part of the Health Visitor and School Nursing review	16	To establish; - Where is best for people to receive support from Health Visitors - What could the council and health do to improve services - What was the reason for first visiting a children's centre.	November 2013
Children's Centre staff and managers	Focus Groups	15	To identify; - key outcomes for service user - How services are targeted and delivered - How children's centres work with other	

			agencies	
Children's Centre managers	Locality and individual meetings with Children's Centre managers	13	To discuss in detail each individual children's centres and get feedback on the draft proposals for the outline business case	October 2013 – February 2014
Front-line practitioners (Children Centres, Troubled Families, Midwives, Health Visitors)	Range of workshops	18	To identify; - key outcomes for service user - How services are targeted and delivered - How children's centres work with other agencies	July – October 2013
Early years providers	Telephone Survey - part of Childcare Sufficiency Assessment.		Establishing current demand, fee levels, specific issues (including location and cultural and religious issues) and working relationships with other associated children and families sector professionals.	July – August 2013
Early years providers	Focus Group- part of Childcare Sufficiency Assessment.	4 focus groups	Establishing current demand, fee levels, specific issues (including location and cultural and religious issues) and working relationships with other associated children and families sector professionals.	August – September 2013
Range of internal and external stakeholders	Project Review board	12	To give oversight and feedback from a range of professions on the development of the early years review.	On-going

11.4 Summary of findings from preliminary consultation

The following section outlines the common findings from the engagement with staff and the public through the consultation exercises listed in 11.3.

Satisfaction with children's centres

- Activities and services offered at children's centres can be regarded as 'gateway' services; they may (and frequently do) lead to participation in other activities and services – 56% of those surveyed first accessed the stay and play service.
- 82 per cent of respondents said they had experienced positive outcomes from using children's centres.
- 49 per cent thought that parenting advice and support had a positive impact at children's centres.
- Three quarters of parents did know the name of their nearest children's centre and a quarter of parents stated they did not know.

Satisfaction with Childcare

- 42% of parents stated that they were only accessing formal (registered with Ofsted) childcare, whilst 23% of parents stated that they were not accessing any formal childcare or informal childcare
- Parent's stated that the main reason why they needed to use childcare was to enable them to go to work. This was followed by the second most frequent reason being that they used it for social and/or learning benefits for their child / children.
- Parents stated the type of formal childcare that they would be most likely to recommend would be a day nursery and least likely to recommend would be a registered childminder.

A more joined up approach

- It was felt that children's centres could be improved by a more joined up approach, especially overcoming the issues of reach areas and sharing expertise and skills.
- There is a need for improved information sharing, especially with health. Improved data means it is easier to engage with the most vulnerable or those who do not access to services.
- Biggest improvement in relationships required are with mental health and housing – need improved mechanism for referrals and support
- Children's centre managers were keen on further integration with health as they believed it would improve outcomes for families in Barnet.

- Changes could include a more effective and co-ordinated approach to working with GP's and improved relationships with private nurseries.

- When asked where parents would most like to visit health visitors, 14 out of 16 parents interviewed thought that a children's centre was the best place, whilst 7 out of 16 first came to a children's centre for their baby weigh in.

How services are delivered

- Outreach work was seen as very important for engaging with the most vulnerable. There are opportunities to focus more on the 120 toddler groups run by volunteers across Barnet and improved interaction between pre-schools / nurseries and children's centres.

- It is very importance to promote the Common Assessment Framework – this is very important to identify needs early and support vulnerable families.

- Need to make sure that staffing structures are really well throughout out and meet the needs of families

- Staff and managers want more autonomy and flexibility around staff and resources.

- Good data is really important to the service, so staff can understand the needs of people in their area.

- Staff and the parents are keen for parenting programmes – they address so many important, vital and basic issues such as sleep routines, bed wetting etc.

- Adult learning is important, helping people get back to work. It would be really good to have access to more vocational training.

11.5 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**.