

EXECUTIVE REPORT

INDIVIDUAL EXECUTIVE DECISION

Environment Crèche Review

Executive Member for Public Health and Sport: Brenda Thompson

Director of Environment: Mike Robinson

6 July 2010

PURPOSE OF THE REPORT

1. To consider options following a review of the in-house crèche provision at the Rainbow, Southlands, Neptune and Pallister Park crèches having regard to a recurring budget deficit and an agreed corporate budget saving of £25,000 in 2010/11.

SUMMARY OF RECOMMENDATIONS

2. That Option 2 is approved and all crèche provision ceases on the basis that childcare provision is available elsewhere.

IF THIS IS A KEY DECISION WHICH KEY DECISION TEST APPLIES?

3. It is over the financial threshold (£75,000)
It has a significant impact on 2 or more wards
Non Key

✓

DECISION IMPLEMENTATION DEADLINE

4. For the purposes of the scrutiny call in procedure this report is

Non-urgent
Urgent report

✓

BACKGROUND AND EXTERNAL CONSULTATION

5. The Sport and Leisure Service first offered childcare through crèche provision at the Rainbow Leisure Centre when it opened in 1986. This was followed by Southlands, Pallister Park and finally the Neptune crèches in 1998. The Stepping Stones Crèche brand was created in 1998.
6. Crèche provision in leisure centres in Middlesbrough was developed because childcare was considered to be a barrier to adults, particularly women, participating in sport and physical activity. There was little other crèche provision available in Middlesbrough. The crèche rooms are currently used between sessions for other activities such as yoga, practical training, childrens parties and classrooms
7. In recent years daytime childcare provision in Middlesbrough has increased via the Sure Start Programme, registered playgroups and private sector childcare providers. Appendix 1 shows alternative provision in Middlesbrough.
8. The crèches do not have separate budgets with the income and expenditure being part of the venue revenue budgets within Sport and Leisure and Parks. The table below identifies the current staff costs and income at each crèche for 2009/10. The £74,546 budget deficit refers only to income and staff costs, as these are the only easily identifiable elements; if other expenditure such as materials and equipment was included, then the deficit would be larger. Adult users (parents) of the crèche bring an estimated £21,036 to the service by paying for sporting activities, so the net revenue loss of £53,510 is also shown. This assumes that if crèches were not available within venues then crèche users would not use sports facilities at the venues.

Crèche	Staff Costs	Income from creche charges	Estimated deficit	Income from Leisure / Parks facilities use	Estimated Net Deficit	Number of Visits
	2009/10	2009/10	2009/10	2009/10	2009/10	2009/10
	£	£	£	£	£	
Rainbow	31,467	(5,473)	25,994	(12,394)	13,600	3,510
Neptune	23,411	(1,775)	21,636	(3,636)	18,000	1,211
Southlands	16,842	(3,610)	13,232	(4,532)	8,700	2,501
Pallister Park	13,899	(215)	13,684	(474)	13,210	289
Total	85,619	(11,073)	74,546	(21,036)	53,510	7,511

9. Typical crèche charges are £1.55 per hour (£2 for non members) compared to typical private sector rates of £5.00 to £7.50 per hour. Charges would have to increase by at least 300% to £6 per hour to match local 'childcare rates' and demand stay the same for the leisure centre crèche facilities to be financially viable. A 300% increase would inevitably reduce demand. Site managers estimate that 70% of parents use council sport and leisure facilities while their children attend a crèche.
10. The usual maximum ratio of children to supervisors is 7 to 2; a requirement based on space and the age of the children. Children are usually left for 2 hours and an

average income per crèche is some £21.70; they are open only on weekday mornings.

11. The Sport and Leisure budget has been in deficit in recent years, with the final outturn position for 2009/10 being reported as a £237,000 deficit to budget.
12. The Council's current financial position requires all services to consider ways of being more efficient, so the loss making crèche facility has been reviewed. A £25,000 budget saving has already been approved as part of the Council's budget savings for 2010/11.
13. Discontinuation of the crèche provision would create the opportunity to introduce new activities and facilities in the redundant space. These could be income generating and relate directly to the core business of improving health and increasing levels of physical activity. The areas currently devoted to crèche use would lend themselves to young person play and activity areas linked to special needs and targeted fitness and wellbeing activities, for example, dance, pilates and yoga.
14. There would be customer dissatisfaction if crèche provision is discontinued or reduced. Continued employee and union consultation would be needed. Every effort would be made to signpost parents to alternative arrangements but as Appendix 1 shows, other facilities are more expensive and restricted in their offer currently.
15. Appendix 1 provides details of the available 'childcare provision' across the town including the Sure Start programme, other crèches and registered playgroups. The Appendix highlights the capacity, booking arrangements, costs and the proximity to the leisure venues. These other venues do not offer 'like for like' provision at present, though the market could develop.
16. If the outcome is discontinuation or reduction of crèche provision the following has already been considered.

- Voluntary Redundancy and Early Retirement

Six of the ten crèche staff have already had approval to leave through ER/VR, one left the service in March 2010, another two left in May 2010 and three other staff have leaving dates for the end of June 2010 (extended until 31 July). There are temporary cover arrangements in place. The pension and redundancy costs for the staff approved to leave under ERVR totalled £36,853. Pension and redundancy costs for the remaining 4 staff are estimated to be no more than £10,000 in total.

- Redeployment of staff.

There are vacancies currently on offer with the Sure Start Programme, which might be suitable for the remaining staff affected.

17. If the crèche facilities are closed it is proposed that any savings made in addition to the agreed £25,000 corporate budget saving are used to reduce the overall existing Leisure service deficit.

EQUALITY IMPACT ASSESSMENT

18. An EIA has been carried out and is attached.

OPTION APPRAISAL/RISK ASSESSMENT

Option 1

19. Retain the crèche provision at all venues but begin a process of consultation with staff to make efficiencies where possible. This could include a rotating crèche service or third party management, but any third party manager would have to meet very strict OFSTED standards.

Risks

- Six staff have already received approval to leave under the ER/VR scheme. It is likely that the remaining staff levels and budget will not meet the OFSTED ratio requirements if all four venues remain open.
- The risk of falling numbers of attendees and therefore greater financial subsidy would remain.
- There would be no opportunity to consider other income generating activities in the redundant space.
- Rotating provision may not enable a more financially viable use of crèche spaces.
- To make a council managed crèche facilities self-financing a fee increase of up to 300% would be needed and demand would have to remain more or less at the current level.

Benefits

- The level of subsidy could reduce if minor efficiencies are possible and fees are raised.
- The service could continue on a slimmed down basis and customer dissatisfaction managed depending on the level of fee increase.

Option 2

20. Discontinue crèche provision at all sites.

Risks

- There would be staff redeployment and / or redundancy but this may be mitigated by the vacancies currently being held by Sure Start in light of this review.
- There would be customer dissatisfaction.

Benefits

- The savings could be used in part to support the agreed £25,000 corporate budgets savings and to help meet the overall pressure on the service budget, which was a £237,000 deficit at the end of 2009/10.
- Staff could redevelop the redundant crèche spaces and offer other income generating activities to reduce the budget deficit.
- Six of the ten staff already have an approval to leave under ER/VR.

Option 3

21. Discontinue crèche provision at Pallister Park and the Neptune Leisure Centre where the user numbers are relatively low (20% of total visits). Explore alternative management arrangements and/or a programme of minor efficiencies in the Southlands and Rainbow crèches. Should this not address the budget deficit fully then prices may have to rise to reflect those of other providers and this will need to be considered during efficiency options in future years.

Risks

- Redeployment or redundancy may still be required.
- In the venues where the crèche service continues, there will be no opportunity to consider other income generating activities in the redundant space.
- A fee increase may still be required having regard to the current fee relative the local fees charged for childcare and the overall budget deficit.

Benefits

- The savings could be used in part to support agreed £25,000 corporate budget savings and to improve the overall budget deficit. The ongoing deficit to the revenue budget would be reduced to £22,300
- The redundant crèche space in the Neptune could be developed for other income generating activities, although the Rainbow crèche offers the better opportunity to expand income.
- Due to proximity to the Neptune, the Southlands crèche could provide childcare opportunities for parents currently using the Neptune crèche.
- The Middlesbrough Playgroup Network provides infrastructure support to playgroups across Middlesbrough. Discussions are planned to explore how voluntary sector playgroups could provide crèche services in the Rainbow and Southlands Centres to leisure centre users at existing charges.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

Financial

22. The financial implication of doing nothing is a likely ongoing crèche £53,510 overspend and service pressure, and the agreed £25,000 budget saving would not be met. Core sport & leisure services could be at risk of closure to meet the budget set by the council.
23. The recommended option, Option 2, will produce will enable the £25,000 approved annual budget saving to be made in 2010/11 with a full year effect of £53 510.

Ward Implications

24. The crèches are located to service all of Middlesbrough.

Legal Implications.

25. There are legal implications related to the redeployment and/or redundancy process.

RECOMMENDATIONS

26. That Option 2 is approved and crèche provision at all venues ceases from July.

REASONS

27. A £25,000 budget saving relating a review of crèche provision in parks and leisure was accepted as part of the corporate budget savings exercise for 2010/11.
28. Existing crèche space could be redeveloped to provide income generating physical activity opportunities.
29. There are other childcare venues available.

BACKGROUND PAPERS

30. No background papers were used in the production of this report.

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Appendix

List of alternative providers of childcare / crèche services.