

## Urgency Committee

3 August 2007

Report of the Director of Learning, Culture & Children's Services

## CHILDREN'S CENTRES CAPITAL PROGRAMME

### Summary

- 1 This report informs the Urgency Committee of progress to date on the development of the eight Children's Centres in York under Phase 2 of the national programme. The report details the results of tenders received for capital works and sets out options for closing a funding gap in order to allow construction contracts to be let.

### Background

- 2 The Government's aim is to establish a network of 3,500 Sure Start Children's Centres across the country by 31 March 2010 – "one for every community". The City of York Council was included in Phase 2 of the national programme and has received £1.683m for capital works, and £1.546m in revenue funding, to establish eight Children's Centres across the City by 31 March 2008. The eight Centres will serve a population of just under 6,200 children from birth to five years. It is anticipated that the Council may be asked to develop a further 3-4 Centres under the third and final phase of the national programme (2008/2010), enabling a network of 11 or 12 Sure Start Children's Centres to provide services to all 9,000 of the City's under fives population. The announcement of Phase 3 is expected towards the autumn of this year, along with information about the longer-term funding of the programme.
- 3 Sure Start Children's Centres are at the heart of the Government's strategy to tackle child poverty and social exclusion and to deliver better outcomes for children and families. They have become a primary means of delivering a range of integrated and localised services to children aged 0-5 years and their parents/carers, building on the successes of Sure Start local programmes, early excellence centres and neighbourhood nurseries.
- 4 It was always intended that Sure Start local programmes should serve as a catalyst for the re-shaping of key statutory services for children from birth to five years. The children's centre programme has now become the Government's main vehicle for "mainstreaming" the progress that has been made through the 524 Sure Start local programmes. This approach aims to ensure that the lessons learned through local programmes about "what works" for children and families are carried forward into the planning, design and delivery of mainstream services; and that Sure Start values and principles should underpin an approach and style of working that is made available to all children under the age of five and their parents/carers across the country. A particular emphasis has been placed on the importance of actively involving

parents/carers and the local community in the planning and delivery of services provided by and through Sure Start Children's Centres.

- 5 Children's centre services address the five objectives set out in *Every Child Matters* and should be responsive to locally identified need and parental choice. Services will be offered to parents-to-be, parents/carers and children under the age of five years, to promote the physical, intellectual and social development of babies and young children so that they can flourish at home and when they get to school.
- 6 Sure Start Children's Centres will offer information, advice and support to parents/carers, as well as integrated early years provision, access to health care services, family support, outreach visiting, adult learning opportunities and access to employment advice. The mix of services on offer will differ between centres, reflecting the particular make-up and needs of individual communities. However, there will be an expectation that resources, whilst remaining available to all, should be particularly targeted on those children who are in greatest need of additional help to achieve their fullest potential – what has been termed “progressive universalism”.
- 7 Sure Start Children's Centres are underpinned by legislation. The Childcare Act 2006 places a duty on local authorities and their NHS and Jobcentre Plus partners to work together to improve outcomes for all children up to the age of 5 years and to reduce the inequalities between them. The Act also makes provision for the Early Years Foundation Stage, a new integrated education and care quality framework for children from birth to five, which must be in place by September 2008, and which will support providers in delivering high quality integrated early education and care.
- 8 At the time of the Government's very first announcement of its children's centre programme in July 2002, the Council was already in the process of taking its own decision to work towards the establishment of Children's Centres in three areas of the city, making use of locally available resources including Sure Start and Neighbourhood Nursery funding. The aim at that time was to re-locate the three Family Centres to primary school sites at Hob Moor, Clifton Green and Tang Hall.
- 9 However, the requirement to develop a total of eight Sure Start Children's Centres across the City forced new thinking about the overall approach to service delivery. The concept of “locality” emerged as an organisational and strategic planning framework that would support the consolidation of resources on three main sites (or “service hubs”) at Hob Moor in the west, Clifton Green in the north-east and Tang Hall in the south-east of the City, whilst developing partnerships with other Children's Centres in each locality in order to ensure that the core offer of services is delivered from all eight Centres.
- 10 Clusters of 2/3 Children's Centres in each of the three localities will be managed by a Locality Children's Centres Manager. A central responsibility of this post will be the strategic planning and operational co-ordination and delivery of the core offer of services through a “virtual” multi-agency Locality Team. These three virtual teams will be accountable to the governing bodies of each of the eight Children's Centres for developing services in line with locally determined needs and priorities, within the framework of the core offer of services. The three Locality Manager posts are seen as critical to the success of the overall approach and to the management and effective delivery of services in accordance with the core offer.

## **Progress to date**

- 11 The Executive Member for Education and Children's Services, meeting with the Advisory Panel on 18 October 2005, agreed proposals to site the eight Children's Centres at Hob Moor, Westfield, Carr (West locality), Clifton Green, Haxby Road, New Earswick (North East locality), Tang Hall and St. Lawrence's Schools (South East locality).
- 12 A Project Manager was appointed to co-ordinate the development of the eight Centres, reporting to a multi-agency Project Board chaired by the Director of Learning, Culture & Children's Services. The Project Manager took up post in February 2006 and has since worked very closely with the manager of the Sure Start local programme to co-ordinate the contributions of a wide range of specialist practitioners, to provide direction and support to the eight Local Leadership Groups, and to work towards a smooth and safe transition from the Sure Start local programme to the children's centre programme.

## **Partnership working**

- 13 Local Leadership Groups (LLGs) were established for all eight Children's Centres at an early stage in the process, with Head Teachers being asked to take a prominent role in providing the necessary local leadership. The LLGs were always intended to be small, short-life executive groups, comprising representatives of the three key partners (education, health and social care), that would drive initial progress, before giving way to wider and more representative governance arrangements, which will include strong parent representation.
- 14 All LLGs have continued to meet regularly over the past twelve months, and each Group has now held between nine and eleven full meetings, with additional meetings to progress specific issues, principally the capital programme. Generally, LLGs have been well supported by the key statutory sector partners and are proving to be effective vehicles for progressing early planning and development. They are now working steadily towards the establishment of partnership governance arrangements for each of the eight Centres by the Autumn of this year (or possibly earlier in some cases), followed by the submission of applications to the Department for Children, Schools and Families (DCSF) for formal Children's Centre designation.

## **Public involvement**

- 15 The first phase of a stakeholder consultation exercise has now been completed. Individual reports on the emerging messages have been presented to each Local Leadership Group. The consultation was undertaken on behalf of LLGs by a group of Sure Start parent researchers and has elicited views from over 250 parents and 130 young children, as well as from a wide range of local practitioners and other stakeholders. These views will inform current work towards the development of Implementation Plans for each of the Centres. Through the consultation process there has been a very positive engagement with significant numbers of local parents, many of whom have expressed a firm interest in becoming more involved in the governance arrangements. These parents are likely candidates to serve as some of the first parent representatives on the governing bodies of the Children's Centres.
- 16 The significance of this early work cannot be over-emphasised. The active involvement of parents in the design, delivery and planning of local services has

been seen as a key factor contributing to the success of Sure Start local programmes, a fact that has been strongly underlined by Beverley Hughes, the Minister for Children, Young People and Families. The challenges for the future will be to support parents/carers in playing a full and active part in governance arrangements, and to ensure that an on-going dialogue with parents/carers and other stakeholders becomes embedded in the practice of the Children's Centre teams and is used to continuously improve services.

## **Building Work**

- 17 New build and/or refurbishment work has been required on all eight Children's Centre sites to create the necessary additional facilities. The development of the Children's Centres at Hob Moor and Clifton Green was agreed before the Council's inclusion in Phase 2 of the national programme. The Hob Moor site, which has been funded through the Private Finance Initiative, opened in late April 2006. The Clifton Green site, which has been developed through a mix of funding sources, including Sure Start York's capital budget, opened in November 2006. The Westfield centre has also been operational for some time now. In addition, building work started on the New Earswick site at the beginning of this year and is progressing well. Completion is expected during Autumn 2007.
- 18 Of the remaining four sites, design proposals for the Haxby Road site were finally approved by the DCSF consultant architect on 23 March 2007, following protracted discussions. Design plans for the St. Lawrence's site were recently approved by the DCSF. Design plans for the Tang Hall and Carr sites have been agreed by the respective Local Leadership Groups and have been submitted for DCSF approval. Decisions are expected within the next two weeks, assuming that the DCSF consultant architects have no major concerns about the Council's proposals as they stand. There have been significant delays at the design and planning stages on these four sites, associated in part with the age and condition of the buildings; in part with the particular challenge of meeting the rigorous standards that have been laid down to ensure the quality of play and learning environments for young children; and in part with the need to identify additional capital to augment the DCSF capital grant.

## **Financial Implications**

### **Funding Available**

- 19 As well as the specific DCSF children's centres grant, the funding for the capital building work has been drawn from a number of different sources. Original cost estimates prior to tendering were based on an assumption of available funding as set out in table 1 below.

**Table 1 – Funding Available Prior to Tendering**

	Carrs £000	Haxby Road £000	St Lawrence's £000	Tang Hall £000	Total £000
DCSF ICC Capital Grant	315	270	320	369	1,274
Extended Schools Grant	116		63	207	386
DoH Safeguard Grant	100	50	100	250	500
Schools Devolved Capital	50	27	45	50	172
LA Controlled VA Programme			91		91
S106 Receipts			165		165
NDS Modernisation 2007/08	69	182	7	449	707
NDS Modernisation 2008/09				300	300
Heworth Family Centre Receipt				275	275
<b>Total Available Funding</b>	<b>650</b>	<b>529</b>	<b>791</b>	<b>1,900</b>	<b>3,870</b>

- 20 The majority of this funding is contained in various schemes within the current approved children's services capital programme, although some minor transfers will be required under director's delegated authority. However the £275k receipt from the sale of Heworth Family Centre does need to be formally agreed by Members to enable reprovision of the family centre to be included in the Tang Hall Children's Centre.

### Scheme Cost Estimates

- 21 Based on the results of the recent tendering exercise the latest estimate of scheme costs and variation from the available funding is shown in table 2 below.

**Table 2 – Latest Scheme Cost Estimates Following Tendering Exercise**

	Carrs £000	Haxby Road £000	St Lawrence's £000	Tang Hall £000	Total £000
Construction Costs	510	728	992	1,440	3,670
Fixtures & Fittings	35	22	35	133	225
Fees incurred prior to 31/3/07	5	25	79	5	114
Remaining Fees	91	61	56	173	381
Contingency	35	22	35	67	159
<b>Total Estimated Scheme Costs</b>	<b>676</b>	<b>858</b>	<b>1,197</b>	<b>1,818</b>	<b>4,549</b>
<b>Funding Shortfall / (Surplus)</b>	<b>26</b>	<b>329</b>	<b>406</b>	<b>(82)</b>	<b>679</b>

- 22 Table 2 shows that there is a net shortfall in funding of £679k. An analysis of the movement in building costs from the original estimates to the actual tender prices is set out at Annex 1 but in summary the main factors are:

- Building cost inflation higher than predicted.
- Changes to Building Regulations (Part L), BREEAM and the council's sustainability policy.
- Percentage of tender costs representing contractors' profits higher than originally anticipated due to changing market conditions.
- Increase in design specification of the extensions to Haxby Road School, a grade 2 listed building, to gain approval from English Heritage.

- 23 The figures for funding and scheme costs shown at tables 1 and 2 follow approaches to Together for Children to explore the possibility of additional DCSF grant and a rigorous examination of the detail of each project to ensure all elements are fully justified. Costs have been held down as much as possible and the Corporate Landlord thinks these represent the best value for money achievable. In addition the Corporate Landlord has agreed to hold the originally quoted level of fees as a contribution to progress the schemes.

### **Bridging the Shortfall**

- 24 The only other possible source of funding that is not yet committed to any specific scheme within the Children's Services Capital Programme is the assumed reimbursement in to the New Deal for Schools (NDS) Modernisation budget of a £400k S106 receipt from the proposed housing development at Germany Beck, Fulford. Originally it had been intended to use this receipt to part fund the Fulford Secondary School extension completed in 2006. Following delays to the housing development, it was necessary to use £400k of NDS Modernisation funding instead with the intention of topping up the NDS Modernisation budget in the future when the S106 receipt was finally available.
- 25 The current Children's Services Capital Programme assumes that the £400k will be received in 2008/09 and could therefore be used to fund the final elements of the Children's Centres schemes. If there were any further delays in receiving the S106 contribution then it may be necessary in the future to delay/reschedule schemes within the NDS Modernisation Programme.
- 26 If Members were to agree to the transfer of the £400k S106 receipt from the NDS Modernisation budget in to the Children's Centres budget then this would leave a remaining shortfall of £279k. Options for bridging this remaining gap are discussed below.

### **Options**

#### **Option 1 – Remove a centre from the programme**

- 27 This would have to be done by prioritising the individual schemes. The current priority order is; Tang Hall, Haxby Road, Carrs and St Lawrence's.
- 28 Advantages
- Would make all the other schemes fully affordable.
- 29 Disadvantages
- The council would not deliver on its requirement to provide Children's Centres in 8 areas of deprivation.
  - Not delivering all 8 centres could put at risk DCSF funding supporting the rest of the Children's Centres programme.
- 30 Option 1 is not recommended by officers.

## Option 2 – Scheme reductions

- 31 A rigorous examination of the detail of each project has already been undertaken to ensure all elements are fully justified. Despite this Members could still decide to remove some items from individual schemes. The following items, whilst felt to be extremely important to the success of each scheme, are the ones with the lowest priority and would bridge the funding gap if removed.

**Table 3 – Possible Scheme Reductions to Reduce Costs**

	Possible Reduction	Saving £000
Carrs	Removal of lift	40
Haxby Road	Extensions in steel rather than aluminium ( <i>subject to probable re-submission to Planning and English Heritage</i> )	93
	Removal of lift	40
St Lawrence's	Don't provide Temporary Classroom Unit	40
Tang Hall	Don't provide Multi Use Games Area	62
<b>Total</b>		<b>275</b>

### 32 Advantages

- Bridges the affordability gap if all reductions are agreed.
- Delivers on the requirement to provide centres in 8 areas of deprivation.

### 33 Disadvantages

- Reduces the quality and usability of each of the schemes for relatively small financial gains.
- May still put at risk DCSF funding as schemes will vary from those proposed to, or already approved by, Together for Children.
- If the revised schemes vary significantly from those approved by the DCSF, further time will be lost seeking re-approval, and we run the further risk that scaled down design proposals may be judged unfit for purpose and rejected.
- Safe operation of the school during construction period may be problematic.
- The completed schemes may not comply with Disability Discrimination Act requirements and corporate objectives.

## Option 3 – Allocate additional corporate funding

- 34 As an alternative to some or all of the scheme reductions identified in Option 2, Members could decide to allocate additional corporate resources to the Children's Centres programme. The Council's capital programme has been set for 2007/08 to 2010/11. When the programme was set by Council on 21<sup>st</sup> February 2007 it was assumed that there would be a small capital receipts funding deficit of £250k, which would be funded from unsupported borrowing. However, actual achievement of capital receipts and projections based on current market information is now pointing to a receipts surplus of over £1m over the next four years. Whilst this is a big improvement on what was assumed when the programme was set, it continues to

rely on a number of high value, high risk sales that may not be realised. These include:

- Manor School Site – subject to the development of the British Sugar site;
- Lowfield School Site – subject to planning;
- Parkside – subject to planning;
- Osbaldwick – subject to village green application.

35 Alternatively the Members may wish to fund the shortfall from borrowing. Funding the £279k using unsupported borrowing would result in an annual cost of £25k per annum for the next 20 years. As the loan repayments would be inadmissible expenditure against the Children's Centres revenue grant, a supplementary revenue estimate of £25k pa would be required.

#### 36 Advantages

- All proposed Children's Centres could be delivered in line with the original expectations and with the consequent benefit for their communities.
- No risk of any withdrawal of DCSF funding.

#### 37 Disadvantages

- Would reduce the level of funding available for other projects within the council.

### **Other Implications**

#### **Equalities**

38 Through the under-pinning philosophy, and through the prominent involvement of local parents in the design, planning and delivery of local services, Children's Centres will contribute to the greater empowerment of parents and children, will celebrate diversity and counter discrimination, and will offer parents and children greater equality of opportunity.

#### **Legal**

39 The Local Authority has specific duties under the Children Act 2004 and the Childcare Act 2006 to improve outcomes for young children, to reduce inequalities in achievement, and to work with key partner agencies to deliver increasingly integrated services.

#### **Crime and Disorder**

40 Achieving improved outcomes for young children and their families may have a longer-term impact on levels of anti-social and criminal behaviour across the city.

#### **Information Technology (IT)**

41 The development of the Children's Centres will have implications for the IT infrastructure, as well as requiring investment in additional hardware and software for use by staff of the Integrated Services Teams. The capital programme is addressing



infrastructure requirements, and the purchase of additional hardware will be covered through the fixtures and fittings budget.

## **Property**

- 42 Children's Centres are being developed on primary school sites, in the main through the refurbishment of surplus classrooms, but with one new build and two extensions to existing school buildings, to create three larger Centres that will act as "service hubs" in their respective Localities. Capital funding for the Centres has been drawn from a wide range of sources.

## **Corporate Priorities**

- 43 The Children's Centres Programme contributes both directly and indirectly to six of the Council's corporate priorities. Further, the programme will deliver improved outcomes for young children in each of the five areas identified by Every Child Matters. Accordingly, it relates to, and contributes to the targets identified in, the Children & Young People's Plan 2007 – 2010 and the Local Area Agreement 2007 – 2010. It also relates to a range of other partnership strategies, for example, the Teenage Pregnancy Strategy, the Parenting Strategy and the local Preventative Strategy.

## **Risk Management**

- 44 The principal risk associated with the Children's Centres Programme is uncertainty over the scale of continuation funding beyond 31 March 2008. The revenue budget for the Sure Start Local Programme has started to taper in 2007/08 (a reduction of some £90k over the 2006/07 budget), and from 2008/09 onwards this budget will no longer be ring-fenced to the SSLP, which will, in any event, have been transferred into the Children's Centres Programme by that time. The current Children's Centres Programme has known and guaranteed funding through to 31 March 2008. To date, there has been no indication from Government as to the scale of funding beyond March 2008, other than a broad commitment to meeting the (unspecified) costs of running Children's Centres. The position will not be clarified until the detailed outcome of the current Comprehensive Spending Review is announced later this year.

## **Recommendations**

- 45 Members are asked to note the contents of this report, in particular the increased costs of delivering an acceptable Children's Centres programme following the recent tendering exercise.
- 46 Members are asked to agree:
- that the estimated receipt of £275k from the sale of Heworth Family Centre be included as a contribution to the Children's Centres programme to enable re-provision of the family centre to be delivered within the Tang Hall Children's Centre.
  - the transfer of £400k from the NDS Modernisation programme to the Children's Centres programme reflecting the reimbursement in to the NDS Modernisation budget of a £400k S106 receipt from the proposed housing development at

Germany Beck, Fulford

47 Members are asked to agree to allocate additional corporate capital resources of £279k to fund the full planned programme or consider which, if any, of the possible scheme reductions set out at Option 2 should be implemented.

Reason: In order to allow construction contracts to be let.

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**Wards Affected:** *List wards or tick box to indicate all*

**All**



**For further information please contact the author of the report**

**Background Papers** - reports to Children's Services EMAP in October 2005 and June 2007

**Annex 1 - Analysis Of The Movement In Building Contract Costs**

**Analysis Of The Movement In Building Contract Costs**

Centre	Works Budget	Cost Estimate 1		Cost Estimate 2		Tender	
		amount	date	amount	date	amount	date
	£000's	£000's		£000's		£000's	
Tang Hall	1,522	1,435	Sep-06	1,445	Jan-07	1,430	Jul-07
Haxby Road	399	450	Oct-06	500	Feb-07	728	Jun-07
Carr Junior	484	355	Aug-06	515	Oct-06	510	Jul-07
St Lawrence's	586	574	Nov-06	913	Jul-07	926	Jun-07
<b>Total</b>	<b>2,991</b>	<b>2,814</b>		<b>3,373</b>		<b>3,594</b>	