
KIDS & CO

**Responsible Cabinet Member – Councillor Cyndi Hughes,
Children and Young People Portfolio**

Responsible Director – Murray Rose, Director of People

SUMMARY REPORT

Purpose of the Report

1. To advise members of the outcomes of the consultation on the proposal to close Kids & Co nurseries and Flexi Childcare service.
2. To recommend closure of Kids & Co nurseries at Borough Road and Northwood and the Flexi Childcare service.

Summary

3. Kids & Co are registered to provide childcare from 8.00am- 6.00pm for 51 weeks of the year for children on the sites of Borough Road Nursery and Northwood Primary Schools. A Flexi Childcare service also delivers crèche facilities which have historically supported the delivery of other council services. All services are running at a deficit currently totalling £212,000 per annum.
4. Extensive work has been undertaken to explore other models of service delivery which would achieve sustainability for the nurseries but the numbers of children accessing the facilities, their patterns of attendance, (i.e. few attend on a full time basis) and conditions and the impact of the economic recession, render the models unsustainable.
5. The Local Authority has a duty to ensure sufficiency of childcare for parents who work, train or enter education, as far as is reasonably practicable. This duty can still be fulfilled if the closures take place

Recommendation

6. It is recommended that Cabinet approve the following:-

- (a) Close the Flexi Childcare Service following the required period of notice for staff.
- (b) Close the childcare provision for children aged under three years at both Borough Road and Northwood facilities from the end of the spring term.
- (c) Retain the childcare provision until August 2013 for the 95 children across both settings, who will be due to start school in September of that year, thus minimising disruption for these children and their families.

Reasons

7. The recommendations are supported by the following reasons:
- (a) All three Kids & Co services are running at a total deficit of £212,000 per annum at a time when the Council is having to prioritise services in accordance with its statutory obligations and its available budget.
 - (b) In spite of extensive detailed work, no model of running the provision has been identified which removes the need for a Council subsidy.
 - (c) No alternative models have been proposed formally by any other parties which would remove the Council subsidy.
 - (d) Neither school (as hosts of the nurseries) is currently prepared to consider a partnership arrangement with another provider.
 - (e) Other childcare vacancies exist across Darlington amongst childminders and private day nurseries.
 - (f) There is no longer any demand for the Flexi Childcare Service, partly due to other service reductions within the Local Authority and there were no consultation responses received which would lead Members to review the original proposal for closure.
 - (g) Closure of provision at the end of the Spring term for children aged under 3 gives parents a reasonable period of notice with which to find alternative settings or to make other arrangements.
 - (h) Closure of provision at the end of August 2013 for children transferring to school in September 2013 removes any disruption for these families and removes the need for them to seek alternative arrangements for only 1 term.

Murray Rose, Director of People

Background Papers

The following background papers were used in the preparation of this report.

Department for Education Statutory Guidance for Local Authorities on the delivery of Free Early Education for Three and Four Year olds and Securing Sufficient Childcare September 2012

Department for Education Statutory Framework for the Early Years Foundation Stage September 2012

Darlington's Childcare Sufficiency Assessment March 2011

Parental Survey - Appendix 1

Detailed financial working papers - Appendix 2

Equality Impact Assessment -Appendix 3

EHRC Making Fair Financial Decisions – Appendix 4

Lynne Henderson : Extension 2820

S17 Crime and Disorder	There are no implications for crime and disorder.
Health and Well Being	There may be a perception that children's well-being may be impacted upon due to disruption in care of children should the nurseries close. Extensive work has been done with childcare providers in Darlington over recent years to develop their inclusivity and quality of practice, thus ensuring that more settings are judged to be "Good" by Ofsted. Parents are expressing anxiety regarding the proposed changes and also about whether they will be able to find alternative childcare.
Carbon Impact	There are no carbon impact implications in this report.
Diversity	There is a diversity implication for the proposal within this report. An Equality Impact Assessment has been undertaken to inform decision-makers about the potential impacts of the proposal in terms of the Equality Act 2010.
Wards Affected	Children from across the Borough attend these facilities, but predominantly more children attend from North Road, Harrowgate Hill, Central, Eastbourne.
Groups Affected	Working families with young children will be most affected and those who wish to access their 15 hours free entitlement, although this can be accessed at other providers across the Borough. An audit of places undertaken in November 2012 indicates vacancies at childminders and nurseries.
Budget and Policy Framework	This decision does not represent a change to the budget and policy framework.
Key Decision	This is a key decision.
Urgent Decision	This is not an urgent decision.
One Darlington: Perfectly Placed	This decision is designed to achieve efficiencies which will enable us to re-direct resources to our key priorities as set out in the strategy.
Efficiency	This decision will reduce the financial risk to the council by £212,000.

MAIN REPORT

Information and Analysis

8. Kids & Co Town Hall Nursery was established in 1994 by Darlington Borough Council as a workplace nursery for its employees. The nursery was initially heavily subsidised financially, but over time this was removed and the nursery extended its services to the general public in order to secure future sustainability. Its town centre location was regarded as an individual selling point.
9. In 2001 Kids & Co at Borough Road was opened in partnership with Borough Road nursery school, providing wrap-around childcare and holiday care for children aged two to eight years.
10. In 2003 Kids & Co North Road Neighbourhood Nursery was opened providing childcare for children aged 0-five years. As part of the Neighbourhood Nursery Initiative (NNI) the service was supported for the first three years with sustainability funding from National government to ensure the provision of childcare remained available. The aim of the NNI was to pump-prime nursery provision in disadvantaged areas to enable parents to take up, training, education or employment as part of the national Welfare to Work strategy. The nursery subsequently became part of McNay Street Children's Centre. During this year Kids & Co Flexi Childcare Service was also established, providing crèches in and around Darlington supporting various events, and community and family learning courses. A secondary aim of this service was to provide additional income generation opportunities to contribute to the sustainability of the Kids & Co brand.
11. In 2005 Kids & Co were asked to provide wrap-around childcare at Red Hall Primary School; this provision struggled to attract custom and from 2011 the provision was closed as part of the Early Intervention and Prevention Team efficiency savings.

Current Arrangements

12. Kids & Co Town Hall Nursery was re-located to Borough Road Nursery School during 2009/10, a move predicated by the need to vacate the Town Hall premises due to the proposed re-development of the Feethams site. Both settings within the Borough Road site have retained their individual management structures.

Kids & Co at Borough Road Staffing Structure

13. Kids & Co Nursery is managed by the Borough-wide service Co-ordinator within the Early Intervention and Prevention Team.

Nursery Manager	1.00 FTE
Assistant Manager	1.00 FTE
Nursery Supervisor	0.80 FTE
Administrative Assistant	0.50 FTE
Cook	0.80 FTE
Senior Childcare Practitioner	2.70 FTE

Childcare Practitioner	4.50 FTE
Nursery Nurse AMA	0.40 FTE
Staffing costs	254,198
Premises costs	13,900
Supplies and Services	18,850
Total	286,948

Funding Arrangements

14. As part of the move to Borough Road, it was agreed that the school took 12.5 hours of funding from the Flexible Free Entitlement (FFE) and Kids & Co took 2.5 hours. This has resulted in both settings having sustainability issues as both organisations claim the children as their clients. Children use a mix of both provisions to access their entitlement of 15 hours and to enable parents' maximum flexibility. This situation, together with a number of parents reducing their hours due to the economic downturn, renders Kids & Co financially unviable as at 31 October 2012 it is projected to be overspent at 31 March 2013 by £101,000.
15. Following the re-development of Northwood Primary School, North Road Kids & Co moved from McNay Street Children's Centre to Northwood Primary school. Management of Kids & Co was retained by the Children's Centre and is now managed as part of the Borough-wide team as part of the Early Intervention and Prevention team. Both settings within the school have their own individual management structures.

Kids & Co at Northwood Staffing structure

Nursery Manager	1.00 FTE
Assistant Nursery Manager	1.00 FTE
Administrative Assistant	0.50 FTE
Cook	0.52 FTE
Senior Childcare Practitioners	1.89 FTE
Childcare Practitioners	4.20 FTE
Nursery Assistant	0.27 FTE
Nursery Nurse AMA	2.86 FTE
	£
Staffing costs	241,759
Premises costs	9,390
Supplies and Services	10,000
Total costs	261,149

Funding arrangements

16. Different arrangements exist at Northwood with both settings sharing the funding which comes through the FFE depending on who recruits the children. However, Northwood at 31 October 2012 is projecting an overspend of £57,000 at 31 March 2013.

Kids & Co Flexi Childcare Service

17. The flexi childcare service provides crèches to support other service delivery such as Adult Learning courses and parenting programmes.

Staffing structure and costs

Co-ordinator	0.68 FTE
Senior Childcare Practitioner	0.43 FTE
Childcare Practitioners	0.93 FTE
	£
Total costs	59,468

Funding arrangements

18. In relation to Flexi-Childcare, their income is derived solely from selling their crèches and they are also in deficit. The reason for this deficit is that other services, both internal and external to the council, are no longer purchasing their services. The service at 31 October 2012 is projecting an over spend of £44,000 at 31 March 2013. Should crèches be required in the future these could be spot-purchased from other existing providers, as and when required. There are no issues around continuity of care for children as these are usually used for a single session per week for several weeks or on a one-off basis to support an activity. No representations or comments have been made to the council regarding the proposal to close this service.
19. Collectively Kids & Co have the capacity to deliver 180 full day care places and are both registered to provide the 15 hours per week Flexible Free Entitlement (FFE) for eligible three and four year olds (i.e. the term after their third birthday). They are also providers under the national scheme providing ten hours per week FFE for our most disadvantaged two year olds, which will become an entitlement for all disadvantaged two year olds by September 2013.
20. Section 6 of the Childcare Act 2006 places a duty on Local Authorities to secure sufficient childcare for working parents.
21. Local Authorities are **required** to:
- Secure sufficient childcare, so far as is reasonably practicable, for working parents, or parents who are studying or training for employment, for children aged 0-14 (or up to 18 for disabled children).
 - Assess the sufficiency of the childcare in their area at least every three years. (The Department of Education intends to repeal this duty at the earliest opportunity).

22. Local Authorities **should**:

- a) Take into account, in assessing what sufficient childcare means in their area and what is “reasonably practicable” for them:
 - i) The state of the local childcare market, including the level of demand for specific types of providers, in a particular locality and the amount and type of supply that currently exists;
 - ii) The state of the labour Market; the quality and capacity of childcare providers including their funding, staff, premises, experience and expertise; and
 - iii) The local authority’s resources, capabilities and overall budget priorities.
- b) Report annually to elected council members on how they are meeting their duty to secure sufficient childcare and to make this report available and accessible to parents. Local authorities are responsible for determining the appropriate level of detail in their report, geographical division and the date of publication. However, the report should include:
 - i) A specific reference to how they are ensuring there is sufficient childcare available to meet the needs of: disabled children, children from families in receipt of the childcare element of working tax credit or universal credit, children aged two, three and four taking up free early education, school age children and children needing holiday care;
 - ii) Information about the supply and demand of childcare for particular age ranges of children, and the affordability, accessibility and quality of provision;
 - iii) Details about how any gaps in childcare provision will be addressed.

23. Local Authorities are required to make available sufficient free early education places offering 570 hours a year over no fewer than 38 weeks of the year for every eligible child in their area from the relevant date following their third birthday until they reach compulsory school age (the beginning of the term following their fifth birthday) and to ensure that every place is provided free of charge. These places can be provided by the private, voluntary, independent or maintained sector and contribute to the sufficiency of childcare.

24. The Government plans to introduce a new targeted entitlement for two year olds to access free early education. From September 2013, two year olds who meet the Free School Meals criteria, or who are looked after by the local authority will be eligible for free places in the first phase. The government is currently consulting on the new criteria to extend the extension to the entitlement to more children from September 2014.

25. Darlington’s Childcare Sufficiency assessment, reporting in March 2011, identified that sufficiency of provision for children under five years was adequate, with identified gaps being for holiday, after school care and inclusive provision for disabled children.

26. This would suggest that in terms of places existing private sector providers could meet a potential increased demand; this does not however take account of places

being in the right location for parents or indeed meet their particular requirements, varied as they may be. As part of the sufficiency assessment, childcare providers were asked to give their views regarding the sustainability of their businesses given the current economic climate; the private day nurseries were more likely to report the loss of customers (52%) than childminders (18%) and less likely to say that the recession had had no effect on their business (24%) than childminders (67%). The most prevalent answer from private day nurseries when asked about planned changes over the next 12 months, was an increase in fees.

27. A telephone audit conducted during the last week of November 2012 by the Families Information Service indicates a large number of childminder vacancies exist across the Borough; all 20 nurseries were contacted and of the 14 that have responded to date, 11 showed vacancies and six are still to respond to the audit.
28. The Childcare Act 2006 gives Local Authorities the power to provide childcare (s.8(1)) but can only do so if it is satisfied that nobody else is willing to provide it , or that it is more appropriate in the circumstances for the authority to do so (s.8(3)).
29. Kids & Co also supports in-house training to Level 2/3 standard for seven Modern/Advanced Modern apprentices. Each of these Apprentices have individual contracts, with the Council having responsibilities towards them in relation to finding them suitable alternative placements should the service cease to exist.
30. The most recent Ofsted judgements for both Kids & Co at both Borough Road and Northwood are graded as "Good".

Options for consideration

31. During the consultation with parents who use services at both nurseries, a number of recurring themes emerged, which are detailed in the consultation section. A number of parents suggested merging the nurseries as a means of reducing management costs, with others suggesting an increase in fees. All parents said that they valued the very flexible nature of both nurseries, being able to purchase exactly what they need, rather than purchasing half or full days, as is the case with most of the other childcare providers in the Borough. Parents have also been given a postal survey to provide greater information on some of these themes; 44 parents returned the survey, 27 from Borough Road and 17 from Northwood which broadly concluded that 72.1% of parents would still use the provision if the nurseries were less flexible; 83.7% would be prepared to pay a retainer for their place during school holidays; 58.1% cited Borough Road as their preferred site, with 41.9% preferring Northwood, but 67.4% would still be prepared to use the site that was not their preferred choice; 55.8 % were prepared to accept up to 10% fee increase with 27.9% prepared to accept between 10 and 20% increase; only 7.0% would accept a 20-30% increase. The survey and the detailed findings are available at **Appendix 1**. As a result, further detailed analysis has been undertaken, which is detailed in **Appendix 2**.
32. What has become apparent from this further work is that merging the two sites could present difficulties in determining which site should remain open with most parents indicating preferences for the site they currently access, which maintains

the status quo. The two sites cannot be managed through a single line management structure as Ofsted regulations require each setting to have an identified Manager and Deputy Manager. The retention of one setting does not resolve the issue of sustainability as the detailed workings in **Appendix 2** show that given that the amount of floor space determines the number of children who can be cared for, either setting would need to be completely full of children accessing a full time place on a full time basis for 51 weeks of the year. This would still not fully meet the staffing and running costs. A proposal from Northwood Primary School to increase the re-charge costs, further compound this position. The national terms and conditions which apply to Local Authority staff render the settings unsustainable as expensive when compared to the private or voluntary sector. It is not feasible to expect that a nursery would not carry any vacancies as there are natural peaks and troughs throughout the year when children move into schools. The flexible approach which has been adopted as an attempt to meet the needs of parents is not sustainable and very few Darlington settings provide this level of flexibility.

33. The following options have been put forward through the consultation and consideration will need to be given to each as separate services, given the complexity and inter-dependencies of some of the existing arrangements e.g. the potential of a negative impact on Borough Road Nursery School should Kids & Co close as the level of flexibility of offer for parents may no longer be available.

Options for consideration are as follows:-

Option	Strengths	Weaknesses
1. Continue with the status quo and request additional corporate funding of £210k (Saving £0)	Allows service to continue to be provided. Allows flexi-childcare to continue which could support other service delivery, for example parenting programmes.	Additional pressure on LA and unlikely to be secured. Is not commensurate with the LA new business model. Complexities of anticipated move of Northwood Primary school to Academy status. LAs are not required to deliver childcare.
2. Tender the provision to secure an alternative provider.	Staff would TUPE to new provider. Service would continue therefore no adverse effect on Childcare Sufficiency duty. Commensurate with business model. Achieves a saving because LA carries no risk.	May need to make a subsidy due to TUPE costs of staff. Complexities of anticipated move of Northwood Primary School to Academy status. Academy sponsor would need to accept the childcare provision as an educational “asset” under Academy rules. Provider may not be able to make a profit Suitable provider may not tender. Commissioning costs and contract monitoring.

Option	Strengths	Weaknesses
		Impact of economic decline on childcare market.
3. Transfer provision to the schools.	TUPE would apply. Service would continue, therefore no adverse effect on sufficiency duty. Reduce costs by aligning all nursery provision under one management structure.	Schools may not agree. Schools would face difficulties in achieving the Flexible Free Entitlement. Schools would need to open for 52 weeks pa. DBC would still be liable for redundancy costs and for pension costs for those personnel over 55 years of age. Possible Academy status for Northwood Primary with complexities as above. Capital clawback may apply as £25,230 Sure Start Capital grant was used in new building at Northwood.
4. Close all provision Saving of £212,000 (projected overspend at 31 March 2013 as predicted at 31 October 2012)	Decisive. No further financial risks to LA. Commensurate with the LA business model. Supports sustainability of private, voluntary and independent sector providers. Market may respond to meet need. Redundancy costs are not recurring.	Redundancies of 43 staff, of which 32 are part time, five are full time and six vacant posts. Reduction of 180 childcare places. Reduction of childcare places in disadvantaged areas. Increased risk that LA are unable to meet requirement to ensure 600 Free entitlement places for disadvantaged two year olds by September 2014. Costs of redundancies if closure occurred at 31 March 2013 would be £163,866, rising to £169,877 at 31 July and £171,952 at 31 August 2013. Seven Modern Apprentices may need to be found suitable alternative placements as per terms of contracts. Capital clawback may apply at Northwood as Sure Start capital funding was used in the new building.
5. Review delivery model at both Borough Road and Northwood.	Reduce costs by streamlining management structures.	Needs agreement of schools. Borough Road Nursery school have indicated verbally that they intend to submit a proposal to

Option	Strengths	Weaknesses
	Retains provision, thereby contributing to childcare sufficiency and growth in places for disadvantaged two year olds.	offer provision for two year olds, but no formal proposal has been received to date. Northwood Primary School has indicated that they are not able to make any decision regarding the future use of the space occupied by Kids & Co until a decision is made regarding the facility. Anticipated Academy status of Northwood. Would not achieve required level of savings. Redundancies of staff. Costs of redundancies. Needs more detailed work if schools agreed.
6. Restructure provision at Borough Road to provide fully integrated provision 52 weeks per year 8.00am-6.00pm with single budget, and single line management structure through Head Teacher, Assistant Head Teacher and Assistant Childcare Manager.	Reduces costs by streamlining management arrangements. Retains provision.	School may not agree. Doesn't achieve sufficient level of saving. Schools would need to open for 52 weeks pa. DBC would still be liable for redundancy costs and for pension costs for those personnel over 55 years of age. Possible Academy status for Northwood Primary with complexities as above. Capital clawback may apply as £25,230 Sure Start Capital grant was used in new building at Northwood.
7. Rationalise management arrangements and senior posts across all Kids & Co facilities.	Reduces deficit. Retains childcare places, thus ensuring sufficiency duty.	Risk that economic downturn continues to have negative impact on financial viability. Reduces deficit only marginally as two sites would still require two Managers and two Deputy Managers.
8. Retain Kids & Co Flexi Childcare only and absorb the functions and management to support parenting programme delivery.	Reduces deficit by reducing management costs. Supports the delivery of targeted service need.	Risk that it cannot continue to self-finance due to lack of demand. Already in deficit this financial year.

34. Detailed work has also been undertaken which has identified the barriers which Kids & Co faces in terms of ensuring their financial sustainability. Detailed

workings can be found at **Appendix 2**. This analysis indicates that staff costs, with Local Authority terms and conditions, are a significant barrier to sustainability. Additionally, it highlights that in order to break even, all places need to be sold, all of the time, on a full time basis and that fees would need to be increased by some 30%. Whenever a child attends on a very flexible basis, e.g. a few hours as and when needed, this occupies a place which could have been “sold” on a full time basis. Some of our private providers place a “cap” on the number of children they will take who only wish to access their 15 hours flexible free entitlement each week, for this same reason.

35. Additionally, the economic downturn has also impacted on parent’s ability to pay and meant that some have made other arrangements for childcare, which has resulted in a drop in numbers.

36. In summary Local Authorities are **required** to:

- a) Secure sufficient childcare, for children aged 0-14(or up to 18 for disabled children)
- b) Assess the sufficiency of the childcare in their area at least every three years.

37. Local Authorities **should**:

- a) Take into account:
 - i) The state of the local childcare market;
 - ii) The state of the labour Market; and
 - iii) The local authority’s resources, capabilities and overall budget priorities.
- b) Report annually to elected council members on how they are meeting their duty to secure sufficient childcare and to make this report available and accessible to parents. The report should include:
 - i) A specific reference to how they are ensuring there is sufficient childcare available to meet the needs of: disabled children, children from families in receipt of the childcare element of working tax credit or universal credit, children aged two, three and four taking up free early education, school age children and children needing holiday care;
 - ii) Information about the supply and demand of childcare for particular age ranges of children, and the affordability, accessibility and quality of provision;
 - iii) Details about how any gaps in childcare provision will be addressed.

38. Local Authorities are required to make available sufficient free early education places offering 570 hours a year over no fewer than 38 weeks of the year for every eligible child in their area from the relevant date following their third birthday until they reach compulsory school age (the beginning of the term following their fifth birthday) and to ensure that every place is provided free of charge.

39. From September 2013 two year olds who meet the Free School meals criteria, or who are looked after by the local authority will be eligible for free places in the first phase.

Financial Implications

40. Both nurseries and the Flexi Childcare service are all running with a projected loss at 31 October 2012 of £212,000 at 31 March 2013. This creates a significant budgetary pressure at a time when the council faces a need to achieve a high level of savings.
41. There are 43 posts on the establishment, made up of 32 part-time staff, five full time and six vacant posts. Redundancy costs if closure occurred at 31 March 2013, would be £162,866, rising to £169,877 at 31 July and to £171,952 at 31 August 2013.
42. As set out in paragraphs 20-23 Section 6 of the Childcare Act 2006 places a duty on Local Authorities to secure sufficient childcare for working parents.

HR Implications

43. This proposal would render 43 posts redundant.
44. If other providers were to submit proposals to deliver childcare services on these sites then TUPE regulations would apply.
45. A proposal has been submitted from the staff group to reduce their annual leave entitlement from 31 days to 26 in order to assist with sustainability. As this affects national terms and conditions this has been referred to HR as a separate proposal.

Corporate Landlord Advice

46. Both nurseries occupy space in schools, for which they pay a contribution. Northwood Primary School is undergoing conversion to Academy status. Indications are that the school intends to increase the contribution for the nursery space. Capital clawback may apply as Sure Start funding (£25,230) was used in the development of the new building which incorporated Kids & Co nursery.

Complying with the Equality Duty

47. The Council must ensure that decisions are being taken correctly in terms of equality legislation. The Equality and Human Rights Commission (EHRC) issued guidance for local authorities which reinforced the requirements. This guidance was used in training for senior decision-makers, who were issued with a copy of "Using the Equality Duty to make fair financial decisions [EHRC, Sept 2010]" which states that local authorities have legal duties to pay 'due regard' to the need to eliminate discrimination and promote equality. Members' attention is drawn to this document (**Appendix 4**) to inform their decision making.

48. A multi-strand impact analysis has been carried out which highlighted that the proposal would impact on several protected characteristics including children aged 0-11, parents and carers, and staff employed in the service. The consultation has had a focus on ascertaining how these children and their families and carers would be impacted upon by the proposal. The consideration of impacts on staff is addressed by a separate impact assessment undertaken by Human Resources. The full Equalities Impact Assessment is attached as **Appendix 3**.
49. The nature of the proposal required a 90-day consultation period to be undertaken which involved a range of contacts. All 190 parents/carers using the Kids & Co service received letters about the proposal and opportunities were given for individual feedback to officers, either face to face, via email or through an interview.
50. Of the 190 families, 58 supplied specific feedback in face to face meetings during October 2012 and another six family's submitted feedback by letter and email. The Trades Union (UNISON) has responded formally with a letter suggesting further models be explored (**Appendix 5**). It is anticipated that their feedback will be addressed through the Human Resources impact assessment on staff.
51. The Equality Impact Assessment process has been carried out using the process set out in Appendix 3 of Darlington's Single Equality Scheme 2012-16.
52. The following paragraphs summarise the impact assessment process and the impacts identified during this process; how they may affect children, parents and carers, and recommendations to decision-makers regarding the actions to mitigate these impacts.
53. The period of consultation on the proposal runs from 1 October 2012 to 31 December 2012. Consultation and feedback opportunities have been offered to all families using the service. 58 families provided their views during one week in October 2012. This information is attached at **appendix 1** to the Equality Impact Assessment.
54. The Equality Impact Assessment indicates moderate negative impacts from the proposed closure of the Kids and Co provision. There were no specific impacts identified in terms of sexual orientation, gender reassignment, religion or belief, and marriage or civil partnership. The impacts for other protected characteristics identified are listed below: -
 - a) **Age** - Impact assessed as medium initially to reflect the varying nature of impacts across age groups e.g. working age parents/carers, grandparent carers who do not work or are retired;
 - b) **Race** – some BME families make a conscious choice of nursery for their child such as the Polish community;
 - c) **Sex** – the majority of parents/carers affected by the proposal are female;
 - d) **Disability** - a small number of disabled children have been identified (nine) and the impacts on these individual children include disruption to their learning; anxiety of potential moves and transition arrangements to Reception class.
 - e) **Pregnancy and Maternity** – impact on choice of nursery and school placements where siblings attend particular school;
 - f) **Other impacts** identified during the process are
 - i) Potential unemployment of parents/carers due to lack of appropriate child care,

- ii) Disruption to children's learning and development especially children with additional needs,
 - iii) Ceasing the provision at the end of the Spring term would impact significantly on children due to move up to Reception class in September 2013 in terms of continuity,
 - iv) Lost of flexibility in child care arrangements,
 - v) Increased costs of child care in alternative provision, parents may not be able to afford to continue in employment.
55. In developing the proposal, officers have identified impacts for individuals and included them in this report, to inform decision makers. The impacts and effects on individuals have been given careful consideration and the proposal reviewed in terms of mitigation.
56. In reviewing the proposal, mitigation was considered. The main Equality Impact Assessment (**appendix 3**) provides analysis of the impacts identified and options for mitigation. In Section 9 an action plan to mitigate the impacts specifically for four year old children is outlined including support for parents/carers in relation to transport impacts, School Place advice and information about alternative settings.

Consultation

57. A consultation period of 90 days commenced on 1 October 2012. Letters were sent to parents using the nurseries outlining the proposal to close. Senior officers provided opportunities for parents to speak with them twice daily every day for two working weeks at the beginning and end of the day; 58 families chose to make representation via this route. Comments from parents were recorded and organised into themes. These themes were provided in writing and distributed to parents via the nurseries for information. A survey was also sent to parents asking for more detailed views on some of the suggestions that parents had made; 44 surveys were returned and the results are detailed in paragraph 31. Individual comments have also been received from parents via letter, email and telephone.
58. The formal process of consultation regarding the proposals was shared at a network meeting of private providers which is held regularly.
59. The proposals made by parents have been considered and more detailed work undertaken which is attached at **Appendix 2**. These proposals included merging facilities; merging management structures; increasing fees, running until at least the end of the summer term. If the service were to run until 31 July 2013, the additional costs would be £42,400 and £54,380 should it run until 31 August 2013.
60. Staff consultations with Trades unions and individual appointments for all staff with HR and managers have been offered.
61. Technical support has been offered to a staff group who have expressed an interest in developing an alternative business model to retain one or more of the nurseries.

62. Senior managers have met with the Head Teachers and Governors of the two schools concerned to establish whether they intended to submit expressions of interest in working with another provider to deliver services. Neither school has expressed an interest in working with another provider at the moment.
63. Borough Road Nursery school have verbally indicated their intention to deliver places for disadvantaged two year olds and change their operational hours to accommodate the delivery of fifteen hours of free early education.
64. Northwood Primary School have indicated verbally that they do not intend to make any decisions at this point, regarding future usage of the available space should closure of Kids & Co go ahead.

Outcome of Consultation

65. It is clear that parents do not want the closures to occur. All representations received have been solely from users of the services. There have been no representations in favour of keeping the Flexi Childcare Service open and so the recommendation to Members will be that of the original consultation proposal – i.e. the closure of the Flexi Childcare Service.
66. Suggestions made by parents have been considered. Due to the terms and conditions of staff employed by the council, it has not been possible to develop a financially viable model which could be sustainable. Therefore, the original consultation proposal to close the two sites at Borough Road and Northwood will be recommended to Members for the original reasons set out – i.e. the Council is subsidising the provision when there is adequate supply of childcare places within the Borough
67. However, the consultation responses have included a strong argument for maintaining the provision until the end of August for children who will transfer to schools in September 2013. This will minimise the disruption for those children and parents and officers would support this view. Therefore, the recommendation to Members will differ from the original consultation proposal and will contain a recommendation to maintain provision only for these children until the end of August 2013.
68. An alternative model has been suggested by Borough Road Nursery school which would maintain provision for three and four year olds to access their free 15 hours entitlement. The Head Teacher has indicated that this could be delivered within their existing staffing complement.
69. An alternative model of provision is being considered by the staff over and above the models already considered in this report and discounted in paragraph 33. As the consultation period closes on 31 December 2012, any comments or proposals received following the circulation of this report will be presented as supplements.

Conclusion

70. The Council has been rigorous in its endeavours to ensure the fullest consultation and involvement of those who would be affected by the proposal.
71. The process to assess the proposal against not only the nine protected characteristics enshrined in the Equality Act 2010 but also other locally agreed criteria, has proven invaluable in giving a full and detailed picture of the impacts of the proposal.
72. The information about adverse impacts gathered during the consultation clearly demonstrates that people will be moderately impacted upon by the proposal.
73. Decision- makers may consider the following options in reaching their decision about the proposal. The options to consider are:-
 - (a) Firstly, to refer the proposal back for further consideration to mitigate the effects due to the breadth and scope of the adverse impacts identified;
 - (b) Secondly, to continue with the proposal acknowledging the adverse impacts and ensuring that mitigation proposals are clearly defined and appropriate action plans in place to monitor the effects.
 - (c) Thirdly, to re-think the proposal and seek alternative efficiencies elsewhere.