

# **Children and Families Scrutiny Committee**

## **Agenda**

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<b>Date:</b>	<b>Monday, 3rd August, 2009</b>
<b>Time:</b>	<b>10.30 am</b>
<b>Venue:</b>	<b>The Capesthorne Room - Town Hall, Macclesfield SK10 1DX</b>

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The agenda is divided into 2 parts. Part 1 is taken in the presence of the public and press. Part 2 items will be considered in the absence of the public and press for the reasons indicated on the agenda and at the foot of each report.

### **PART 1 – MATTERS TO BE CONSIDERED WITH THE PUBLIC AND PRESS PRESENT**

- 1. Apologies for Absence**
- 2. Declaration of Interest/Party Whip**

To provide an opportunity for Members and Officers to declare any personal and/or prejudicial interests and for members to declare the existence of a party whip in relation to any item on the agenda.

- 3. Public Speaking Time/Open Session**

In accordance with Procedure Rules Nos.11 and 35 a total period of 10 minutes is allocated for members of the public to address the Committee on any matter relevant to the work of the Committee.

Individual members of the public may speak for up to 5 minutes but the Chairman will decide how the period of time allocated for public speaking will be apportioned where there are a number of speakers.

Note: In order for officers to undertake any background research it would be helpful if questions were submitted at least one working day before the meeting.

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For any apologies or requests for further information, or to give notice of a question to be asked by a member of the public

**Contact:** Denise French  
**Tel:** 01270 529643  
**E-Mail:** [denise.french@cheshireeast.gov.uk](mailto:denise.french@cheshireeast.gov.uk)

4. **Minutes of Previous Meeting** (Pages 1 - 4)

To approve the minutes of the meeting held on 6 July 2009

5. **Draft Single Funding Formula for Early Years Provision** (Pages 5 - 10)

To give consideration to the above issue prior to it being considered by Cabinet on 8 September 2009

6. **Exclusion of the Press and Public**

The reports relating to the remaining items on the agenda have been withheld from public circulation and deposit pursuant to Section 100(B)(2) of the Local Government Act 1972 on the grounds that the matters may be determined with the press and public excluded.

The Committee may decide that the press and public be excluded from the meeting during consideration of the following items pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 1, 2 and 5 of Part 1 of Schedule 12A to the Local Government Act 1972 and public interest would not be served in publishing the information.

**PART 2 – MATTERS TO BE CONSIDERED WITHOUT THE PUBLIC AND PRESS PRESENT**

7. **Local Government Ombudsman Investigation into a Complaint Against the Former Cheshire County Council** (Pages 11 - 50)

To give consideration to the findings of the Local Government Ombudsman regarding the above complaint.

## **CHESHIRE EAST COUNCIL**

Minutes of a meeting of the **Children and Families Scrutiny Committee**  
held on Monday, 6th July, 2009 at Committee Suite 1,2 & 3, Westfields,  
Middlewich Road, Sandbach CW11 1HZ

### **PRESENT**

Councillor R Westwood (Chairman)  
Councillor D Neilson (Vice-Chairman)

Councillors Rhoda Bailey, D Beckford, J Goddard, O Hunter, A Kolker,  
G Merry, M Parsons, M Simon, L Smetham, D Thompson and J Kelly

### **Apologies**

Councillors D Flude and T Jackson

### **15 ALSO PRESENT**

Councillor A Richardson, Chairman of the Health and Adult Social Care Scrutiny Committee.

### **16 OFFICERS PRESENT**

J Weeks, Strategic Director People  
L Butcher, Head of Services for Children and Families  
F Bradley, Children and Families section  
P Mossman, Children and Families section  
D J French, Scrutiny Officer

### **17 WELCOME**

The Chairman welcomed Jill Kelly, statutory co-opted Member of the Committee representing the Church of England and Lorraine Butcher, Cheshire East's Head of Services for Children and Families; both of whom were attending their first meeting of the Committee.

### **18 MINUTES OF PREVIOUS MEETING**

RESOLVED: That the minutes of the meeting of the Committee held on 8 June be confirmed as a correct record.

### **19 DECLARATION OF INTEREST/PARTY WHIP**

There were no declarations made.

### **20 PUBLIC SPEAKING TIME/OPEN SESSION**

There were no Members of the Public present who wished to address the Committee.

### **21 SAFEGUARDING CHILDREN**

At the previous meeting of the Committee, Members received a briefing on matters raised in the Lord Laming report on Child Protection and advised how safeguarding would operate within Cheshire East.

The Committee was circulated with a document showing Statutory Returns and Performance Indicators for Children's Services in relation to Private Fostering, Looked After Children (now referred to as Cared for Children) and Referral/Assessment and Child Protection processes.

In relation to private fostering arrangements, the Committee was advised of current numbers of privately fostered children and the assessment regime. The Council was required to assess private fostering arrangements within 7 working days and visit every six weeks thereafter. Cheshire East fulfilled this requirement. Numbers of privately fostered children appeared to be low in the Borough but further work on promoting awareness of the issue was to be carried out to ascertain whether there were more private fostering arrangements in existence than authorities were aware of.

The Committee was advised that there were currently 368 Cared for Children in Cheshire East and the Borough was now in line with national trends rather than previously when Cheshire was below average. Of these children, 10% were in Children's residential homes, 83% were with foster parents and the remaining 7% were either living independently or temporarily with their parents. There were enough adoptive parents available in the Borough and no age limit to adopters. A child who had to move placement would always try to be kept in the same school and would receive multi professional support. Each child would have a Personal Education Plan and there was specific support available for children sitting GCSEs. There was now a statutory requirement within each school that it had a Designated Teacher for Cared for Children. Members agreed that it was important to continue to monitor educational attainment of Cared for Children.

Foster parents would usually receive information in advance about the child they were about to foster although in an emergency situation this may not always be possible. A Placement Plan would be developed setting out as much information as possible and establishing the roles of all involved. Many fostered children would go on holiday with their foster carers but if a foster parent needed some respite from fostering this would not count as a breakdown in the placement.

A briefing was to be given to Town and Parish Councils on safeguarding which related to the emphasis in Lord Laming's report that safeguarding was the responsibility of everyone. It was important to try to mobilise local knowledge to enable a proactive approach towards families causing concern before issues accelerated.

**RESOLVED:**That

(a) a regular report on the National Indicator Set be submitted to the Committee on areas shown as amber and red with an explanation behind the figures and examples of actual practice;

(b) figures relating to children in Cheshire broken down into numbers of children in need, those subject to a care order, numbers fostered etc based on the categories listed in the Lord Laming report be circulated to Members as soon as possible; and

(c) a small team of Members visit front line services that work in the area of safeguarding.

## 22 WORK PROGRAMME UPDATE

The Committee considered a report on progressing the Work Programme. A number of items had been identified from the Scrutiny Training Day held in April and further items had been suggested by Members. There were also a number of issues highlighted following a meeting the Chairman and Vice Chairman of the Committee had held with the Head of Services for Children and Families and the Portfolio Holder and Cabinet Support Member.

The Committee was invited to agree its Work Programme, determine a priority order and agree timescales and methodology. Members were advised that each item should be assessed against a set of criteria including whether the issue fell within a corporate priority and was of key interest to the public. It was also important to consider whether the issue was being addressed elsewhere so as to avoid duplication and decide whether Scrutiny's consideration would be able to add value to the matter.

RESOLVED: That

(a) the Committee's Work Programme comprise the following items:

- Safeguarding – to be undertaken by the whole Committee with a small Task Group of Members to visit front line services and report back;
- Residential Placements and Review of Residential Provision – to be undertaken by a Task/Finish Panel comprising Councillors Goddard, Simon, Bailey, Beckford, Neilson and Smetham;
- Educational Attainment – to be undertaken by the whole Committee with an initial presentation on figures for 2008 and headlines for 2009 and to include the educational attainment of Cared for Children;
- Transforming Learning Communities (TLC) – this was currently being undertaken by a Task/Finish Panel who were reviewing the County Council's TLC programme of school reorganisation and also their Scrutiny Review of the TLC process;
- Family Support Services – to be undertaken by a Task/Finish Panel to begin when the Scrutiny Review of TLC had completed its work.

(b) that the issue of Transport for Young People be classed as a Medium Priority and reconsidered at a later stage; the issue of school admissions policy be considered in due course when a policy is developed for Cheshire East and Scrutiny is a consultee and all other possible items for the Work Programme be not pursued at the moment;

(c) that a one day Training event be held in September for all Members of this Committee on Corporate Parenting, to be immediately followed by a session on the Children's Trust subject to adequate time being available;

(d) that the draft Children's Plan be considered by the Committee at the appropriate stage in the consultation process;

(e) that a report on the detail of the Early Years Funding Reform be submitted to the next meeting of the Committee in September;

(f) that training be provided on the role and purpose of Children's Centres to include a visit to a Centre; and

(g) the report and recommendations of the Teenage Pregnancy National Support Team following their visit to Cheshire East in June 2009, be submitted to a future meeting of the Committee.

## **23 FORWARD PLAN - EXTRACTS**

The Committee considered extracts from the Forward Plan that related to Children and Families services. The Committee was advised that the Scrutiny Chairman's Group was currently considering the content and format of the Forward Plan and its usefulness and relevance as a tool for Scrutiny.

RESOLVED: That the current Forward Plan be noted.

## **24 CONSULTATIONS FROM CABINET**

There were no consultations from Cabinet for consideration at the meeting.

The meeting commenced at 10.30 am and concluded at 1.00 pm

Councillor R Westwood (Chairman)

## CHESHIRE EAST COUNCIL

### REPORT TO: Children and Families Scrutiny Committee

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**Date of Meeting:** 3 August 2009  
**Report of:** John Weeks , Strategic Director People  
**Subject/Title:** Draft Single Funding Formula for Early Years Provision

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#### **1.0 Report Summary**

- 1.1 This report seeks to inform members of a matter going before Cabinet on the 8<sup>th</sup> September regarding the draft single funding formula for early years provision to be implemented in Cheshire East from April 2010.

#### **2.0 Recommendations**

- 2.1 That members consider whether they have any comments or advice on the draft report to Cabinet which is attached at Appendix 1.

#### **3.0 Reasons for Recommendations**

- 3.1 This recommendation will ensure that the views of the Scrutiny Committee are taken into account by the Cabinet in advance of its meeting on the 8<sup>th</sup> September 2009.

#### **4.0 Access to Information**

Background papers and further information can be obtained from:  
Judith Thompson, Principal Manager Integrated Services on 01244 973304 or  
Gill Betton Extended Services Strategy Manager on 01244 972609

## Appendix 1

### CHESHIRE EAST COUNCIL

#### REPORT TO: Cabinet

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**Date of Meeting:** 8 September 2009  
**Report of:** John Weeks , Strategic Director People  
**Subject/Title:** Draft Single Funding Formula for Early Years Provision

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#### **1.0 Report Summary**

- 1.1 This report sets out proposals for the delivery of the single funding formula for funding the free early years provision for 3 and 4 year olds to be implemented in Cheshire East from 1<sup>st</sup> April 2010.

#### **2.0 Recommendations**

- 2.1 That Cabinet approve the draft single funding formula to go out to consultation with stakeholders in the autumn 2009

#### **5.0 Reasons for Recommendations**

- 3.1 This recommendation will ensure that the local authority carries out a full impact assessment and implements a single funding formula for early years providers that has considered all views, in line with Department for Children, Schools and Families (DCSF) guidance.

#### **6.0 Wards Affected**

- 4.1 Early years providers across all wards will be affected.

#### **5.0 Local Ward Members**

- 5.1 All

#### **6.0 Policy Implications including - Climate change - Health**

- 6.1 None

#### **7.0 Financial Implications for Transition Costs (Authorised by the Borough Treasurer)**

- 7.1 None



## **8.0 Financial Implications 2009/10 and beyond (Authorised by the Borough Treasurer)**

- 8.1 The single funding formula will continue to be funded through the Dedicated Schools Grant. Based on the 2009/10 budget, Cheshire East's notional budget for 2010/11 is £9,697,000. The extension to the free entitlement from 12.5 hours to 15 hours to the most disadvantaged areas from September 2009 and to all providers from September 2010 will be funded through the ring fenced Standards Fund revenue grant. An indicative allocation of £1.8m Standards Fund is available for 2010/2011 when the 15 hours is available to all families.
- 8.2 Based on the projected costs of the draft funding model, the 2010-11 budget would not be used in full. This is so that there is flexibility within the budget to incentivise providers, ie, if all providers were to meet one of the quality factors, this budget would be almost spent in full. In addition, it is expected that a number of private, voluntary and independent (PVI) and maintained providers will require some transition support during 2010-11 and these costs will be met from within the unallocated budget.
- 8.3 A financial impact assessment of the draft formula has been carried out based on the budget variances between 2009/10 and the proposed 2010/11 for all early providers. This has identified a number of early years providers who are likely to experience a significant negative budget variance. The majority of these are maintained nursery units that are operating significantly under capacity. All of these have been visited and it is proposed that transition plans be put in place to offer financial support to those that need it over the 2010/11 financial year, in line with the local authority's childcare sufficiency duties. In the longer term, some early years providers where there is an oversupply of childcare may not be sustained.
- 8.4 If the proposed formula were applied to PVI and maintained providers across Cheshire East there would be a number who would experience either an increase or decrease based on their existing budget. There are currently 203 early years settings and the table below sets out the impact on their budget should this formula be implemented. Officers have met with those providers who, based on this assessment, would have the greatest budget variances to establish options for the future and levels of support required.

Variance	Number of providers compared to		
	2009/10 rate of £3.50	2008/09 rate of £3.36	Sector cost analysis* <sup>1</sup>
- £6001 and above	9	7	7
- £3001-£6000	17	5	2
- £1001-£3000	35	20	1
+ or - £1000	78	59	6
+ £1001-£3000	32	44	28
+ £3001-£6000	16	29	58

+ £6001 and above	16	39	101
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\*<sup>1</sup> The sector cost analysis report was published in June 2008 and based on data from 2006/2007 and 2007/08.

## **9.0 Legal Implications (Authorised by the Borough Solicitor)**

- 9.1 The single funding formula is intended to fund, across the maintained and PVI sector, the free entitlement to early years provision for 3 and 4 year olds across all sectors which is the authority's statutory duty under Section 7 of the Childcare Act 2006. It will also assist with the authority's delivery of its duty to secure sufficient childcare under Section 6 of the Childcare Act 2006 by supporting the requirement to deliver the free entitlement flexibly and to address inconsistencies in how the offer is currently funded. The authority will commission PVI and maintained sector early years providers to deliver the extended flexible entitlement under the terms of contracts which will be approved by the Borough Solicitor.

## **10.0 Risk Management**

- 10.1 The application of the Single Funding Formula could overspend its allocated budget should participation increase beyond that forecast. Control measures have been put in place to reduce this risk by setting aside a contingency budget equating to approximately 5% of the total indicative allocation.
- 10.2 Administering the Single Funding Formula could place a significant additional burden on certain staff and IT systems with the Authority's Children and Families Service. There is currently a shared service project team whose remit is to ensure that there will be two new IT systems in place to hand over to Cheshire East Council and Cheshire West and Chester Council when the shared service ends. The systems are being developed to meet the new requirements of the single funding formula. Currently the administration also sits within the shared service and a Project Board is working to establish two separate administration teams - East and West and a months training for handover has been allocated.

## **11.0 Background and Options**

- 11.1 In June 2007 the government announced that all local authorities will be required to design and implement a single local formula for funding the free early years provision for 3 and 4 year olds in the maintained and private, voluntary and independent (PVI) sectors from April 2010.
- 11.2 This new single local formula is intended to support the extension of the free entitlement for 3 and 4 year olds from 12.5 to 15 hours per week to be delivered flexibly, by introducing a consistent method of distribution of funding across all sectors based on common principles and a more transparent approach. Maintained Nursery Units currently receive funding

based on 7/12 places and 5/12 occupancy, whereas PVI providers are funded based on occupancy alone. The new formula aims to ensure that funding is more reflective of participation and supports a level playing field between different maintained and PVI providers principally by ensuring providers are funded according to participation rather than places. While funding levels and funding methodologies do not have to be exactly the same for all providers, the local authority must be clear that any differences are justifiable.

11.3 An Early Years Reference Group (EYRG), a sub-group of the Schools Forum and made up of representatives from all early years provider sectors, has been meeting quarterly since December 2007 to work up recommendations for the development of the formula, in line with guidance from the DCSF. The DCSF set out the following core principles to which local authorities must have regard when considering the operation of the formula:

- The same factors should be taken into account when deciding the level of funding for each sector;
- Decisions must be transparent and any differences between the sectors should be justifiable and demonstrable;
- The level of funding should be broadly cost-reflective;
- The formula must be based on common cost information from both the PVI and maintained sectors;
- Settings should be funded on the basis of participation, not places;
- The formula must take into account the sustainability of all settings;
- Transition from the current funding mechanism to the future funding mechanism must be planned and managed carefully, and based on a clear impact assessment.

11.4 With reference to the principles set out above, the EYRG recommend the following factors to be part of the formula:

One base rate to be applied to all sectors – a cost analysis exercise suggests a variance of approximately +/- 5% from a median value across settings from all sectors and sizes.

Flexibility - the view was taken that all settings should be aiming to enable parents to exercise flexibility within the school day (minimum 9.00-3.00).

Deprivation - local authorities are required to take positive measures to address the outcomes gaps between their most disadvantaged children and the rest of the child population.

Quality - the government is committed to every setting employing an 'Early Years Practitioner' (EYP). In addition the EPPE (Effective Practice of Pre-school Education) project suggests that the presence of a Qualified Teacher leading the practice (as opposed to an owner/manager who happens to be a qualified teacher) further improves outcomes for children.

- 11.5 The proposed application of these factors in designing a formula are set out in the table below:

<b>Factor</b>	<b>Application</b>	<b>Additions £ per hour</b>
<b>Base rate</b>	To be applied to all children	3.20
<b>Flexibility</b>	No flexibility	0.00
	Flexibility within school day (6+ hours)	0.15
	Extended day (10+ hours)	0.20
	If providing over 50 weeks	0.05
<b>Deprivation</b>	Based on % of children attending setting from deprived area	0.005
<b>Quality</b>	If Early Years Professional (EYP) Status	0.15
	If Qualified Teacher Status (QTS)	0.25

- 11.6 Nationally, nursery schools have been shown to have the highest cost base. DCSF guidance indicates that local authorities must remain aware of the presumption against the closure of these schools. Westminster Nursery School in Crewe is the only nursery school in Cheshire East. Officers will undertake detailed work with Westminster Nursery School to ensure it can be sustained with a formula that is cost reflective.
- 11.7 Early years providers have been fully involved in the development of the single funding formula through the EYRG. The Schools Forum has been informally consulted and endorsed the draft strategy. The next step is to proceed with a further fully transparent consultation period that gives all stakeholders an opportunity to comment on the draft formula. It is proposed that this consultation takes place in the autumn term with a view to considering responses and finalising the formula in January/February 2010 for implementation on 1 April 2010.

## **12.0 Overview of Year One and Term One Issues**

- 12.1 None

## **13.0 Access to Information**

The background papers relating to this report can be inspected by contacting the report writer:

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 Email: Judith.thompson@cheshireeast.gov.uk

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