

Wards Affected:

Stony Stratford

ITEM 10**CABINET****25 JULY 2012****INTEGRATION OF THE ROWANS AND RUSSELL STREET DAY NURSERIES**

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Executive Summary:

Milton Keynes Council had to cease operation of a 22 place day nursery at Russell Street due to serious building condition issues. As a result the provision was temporarily relocated in December 2010 to The Rowans Children Centre where it has been accommodated alongside the existing Milton Keynes Council operated 48 place day nursery located within the children's centre.

Following a period of further and detailed consideration, this report recommends the integration of both day nurseries to be based at The Rowans Children's Centre. This move should secure the current level of high quality childcare within the area as well as achieve greater economies of scale which will reduce the level of financial subsidy required from Milton Keynes Council.

1. Recommendation

- 1.1 That the integration of day nursery provision at The Rowans and Russell Street within The Rowans Children's Centre building from September 2012, be agreed.

2. Background

- 2.1 These two day nurseries had been operating independently from Fullers Slade (The Rowans Children's Centre) and Stony Stratford (Russell Street) sites prior to serious condition issues with the Russell Street building which necessitated its vacation in December 2010. The most appropriate immediate solution was to transfer the day nursery at Russell Street to The Rowans Children's Centre.
- 2.2 This arrangement has continued with the two day nurseries operating separately but within the same building. Maintaining two organisations has impacted on their viability, with relatively high staffing costs and overheads requiring a subsidy from Milton Keynes Council of £137k in 2011/12.
- 2.3 It is recognised that a longer term solution is now needed to secure the future of this provision, reducing the operating cost whilst maintaining the current level of high quality childcare available in the area.
- 2.4 Following the report to Cabinet on 15 February 2011 it was agreed that prior to any decision on the integration of the two nurseries, further discussion between Milton Keynes Council and the users of the Russell Street day nursery should take place in an attempt to identify the costs of bringing the building up to the required standard and consider the viability of maintaining the day nursery provision at Russell Street.

- 2.5 As part of the wider day nursery consultation programme conducted by Milton Keynes Council (commencing in April 2011) activity has taken place to consider the future options for the day nurseries at Russell Street and The Rowans Children's Centre. Parents, carers and staff have been offered the opportunity to contribute during consultation meetings, through questionnaires or through representation at council meetings. Through this process it was clear that parents and carers of children who had been attending the day nursery at Russell Street wanted to see it return to the immediate area and continue to be operated by the council. The relevant ward councillors have also been kept up to date as to progress and views sought.
- 2.6 Further work has taken place to assess the feasibility of renewing the facilities at Russell Street. Reports indicate that an investment programme of £185k would be required to bring the existing building at Russell Street up to an acceptable standard to meet Ofsted requirements and enable five further years of use. In addition, additional maintenance costs can be anticipated. Alternatively, the demolition and replacement of the building at Russell Street with a modern equivalent is indicated to cost in the region of £378k and would take significant period of time to complete. There is no provision made within the current capital programme and, given the relatively small scale of the day nursery operation at Russell Street the return on investment would be limited to a relatively small number of beneficiaries.
- 2.7 Officers have also researched other potential sites (York House, Stony Stratford Play Centre and the local library) with regard to full day care provision in Stony Stratford. However, all such options to date have been considered as unsuitable as they have failed to meet Ofsted requirements and appropriateness to deliver the Early Years Foundation Stage.
- 2.8 During this period, full time equivalent (FTE) occupancy levels have fluctuated as a result of a number of factors including the introduction of 15 hours of free nursery education for three and four year olds and the complex interaction between the sessional and full day care. Uncertainty over the future will have also had an impact and as a result full time equivalent occupancy levels have reduced at both nurseries. Integration offers the opportunity to rebuild confidence in the future of the local day nursery provision and increase take up.

	Overall FTE occupancy	
	2010/11	2011/12
Day nursery at The Rowans Children's Centre	48%	34%
Day nursery at Russell Street	81%	45%

3. Alternative Options

- 3.1 Milton Keynes Council could close both the day nurseries. This would remove the financial subsidy (£137k in 2011/12). This option is not recommended as it would have an adverse impact on the availability of childcare in the local area now and into the future. Furthermore, the removal of childcare from The Rowans Children's Centre may leave the local authority liable to make a capital repayment to the Department of Education (the funder of the facility).

- 3.2 Milton Keynes Council could continue to operate the day nurseries as separate organisations within the same building. This would require an ongoing financial subsidy around or at the level of 2011/12. This option is not recommended as it is inefficient and does not offer value for money.
- 3.3 Milton Keynes Council could replace (or refurbish) the building at Russell Street. This option is not recommended due to the prohibitively high costs. Furthermore, the potential economics of scale that can be achieved through the operation of a single day nursery servicing the area would not be realised.

4. Implications

4.1 Policy

4.1.1 The proposed integration of day nursery provision will not destabilise the local childcare marketplace as it does not impact on the availability of provision from that currently offered. If agreed, following integration a review will be required to ensure that operating procedures and the staffing model in place are appropriate.

4.2 Resources and Risk

4.2.1 One-off financial resources may be required to cover any redundancies following the proposed integration and the costs of project delivery, both of which will be supported by the strategic restructuring fund. Restructuring activity would seek to retain a high quality leadership team with any redundancies minimised by releasing agency staff (seven FTE at the present time).

4.2.2 Milton Keynes Council is currently considering the retender of the contract for the operation of The Rowans Children’s Centre. The current contract to operate the Children’s Centre (excluding the day nursery) expires in March 2013. An additional risk, should the day nursery integration not proceed is that this may impact on the ability of Milton Keynes Council to include the operation of single, viable day nursery into the contract.

4.2.3 The proposed integration would be monitored and controlled by using appropriate project and risk management processes.

Y	Capital	Y	Revenue	Y	Accommodation
N	IT	N	Medium Term Plan	N	Asset Management

4.3 Carbon and energy management

4.3.1 No implications.

4.4 Legal

4.4.1 The proposed integration of the day nursery provision would not involve TUPE or any external building lease implications.

4.5 Other implications

4.5.1 If agreed, the proposed integration of the day nursery provision will bring forward a number of other linked issues for consideration, including options for the removal and disposal of building and land, future arrangements for the occupier of the remaining element of the building at Russell Street (Hobbyhorse Pre School). These issues will be addressed through the project management arrangements put in place should the recommendation be agreed.

4.5.2 In addition, Milton Keynes Council will need to continue to follow the progress of the Russell Street Parents Association who have secured Section 106 funding to explore a potential future location and initial funding for alternative full day care provision within Stony Stratford.

N	Equalities/Diversity	N	Sustainability	N	Human Rights
N	E-Government	Y	Stakeholders	N	Crime and Disorder

Background Papers: Cabinet Report of 15 February 2011