Sure Start Children's Centres

Financial Benchmarking to Ensure Value for Money

HEDRA

department for
children, schools and families

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Contents

1 Executive Summary

1.1 Purpose of the Study

This report summarises Hedra's research project into whether a benchmarking system would support the achievement of best value for money from Sure Start Children's Centres, and whether such a system would also contribute to ensuring that Children's Centres are in a position to support delivery of the DCSF's key objectives. It is based on work with seven local authorities (LAs) in different regions of England, and with 18 Children's Centres in those LAs during the summer of 2008.

1.2 Terms of Reference

The terms of reference for the study were to address:

- Whether there is demand for a benchmarking system;

- Which income streams it should cover;

- Which cost categories it should cover;

- How a benchmarking system would support the delivery of VFM;

- Which Management Information System and accountability regime would apply;

- Which skills and competencies would be required;

- Options for taking forward the implementation of the system.

1.3 Methodology

The methodology applied was as follows:

- Review of relevant documentation;

- Selection of seven local authorities which offered a reasonable cross section of the situation nationally;

- Design of templates to collect data held at both LA level and Children's Centre level;

- Contact with each LA to identify three Children's Centres in each, representing a range of different Centres in each LA;

- Visits to each LA to interview the officers responsible for the Children's Centres, and visits to each of the three Children's Centres in each LA;

- Collection of financial data from all of the Children's Centres in the seven LAs;

- Discussions with two organisations - Barnardo's and Action for Children - which manage multiple Children Centres across the country;

1.4 Key Findings

Our key finding is the extent of variability in management and financial arrangements and structures between the LAs and the Children's Centres we worked with. This reflects differences in local need and local approaches to service delivery more generally, and included: a wide variety of types of Children's Centre; major differences in the level of service provision; different levels and quality of data collection; differences in delegation levels; different approaches to commissioning; variations in operating and management structures; different levels and types of resources provided by partners (Jobcentre Plus and the NHS); and a wide range of different partnership arrangements.

All of the LAs and Children's Centre managers interviewed recognise the potential value for money (VfM) benefits of, and therefore the need for, benchmarking data. However, all were also of the view that the wide variety of current practice would make a benchmarking system difficult to implement at the present time. The key barrier to the development of a benchmarking system is the absence of consistent financial reporting across the Children's Centre network, which in our view makes broadly based comparison of service funding levels, costs and performance virtually impossible. In addition, LAs and Children's Centre managers were concerned about the additional work this might entail, particularly at a time when their key focus is on developing the full network of Centres and developing the full range of service provision.

1.5 Conclusions and Recommended Next Steps

In our view, a national financial benchmarking system is therefore not a viable option right now, as a number of basic requirements, such as consistency of structure, service offer and financial reporting do not exist. Recognising that a variety of structures and levels of provision is likely always to be a key element of the Children's Centres approach, we wish to emphasise that designing a system to cope with these variations would be a significant challenge. There is, however, a strong consensus that such a system would be of benefit, providing that it allows legitimate comparison of equivalent Children's Centres, and providing that it did not increase the administrative burden on LAs and Children's Centres unduly. We therefore conclude that the most appropriate way forward in the short term would be to work with one or more LAs to further develop the emergent systems which these LAs have already initiated, with a view to specifying a system that could operate nationally when the programme of Children's Centre implementation is complete, and when the provision of services is more firmly established. This would offer a much deeper understanding of the problems involved in achieving the uniformity and consistency of reporting that would be required, and of the technical system requirements.

2   Introduction

2.1   Context

Sure Start Children's Centres are integrated, multi-purpose centres which bring together a range of early childhood services which collectively work in partnership to improve the well-being of young children. The range and depth of the service offering varies according to the level of disadvantage in the area they serve, but all Children's Centres must provide a universal service which includes:

• Outreach services for isolated parents / carers and children at risk of social exclusion;

• Information and advice to parents / carers on a range of services including integrated early learning and childcare;

• Support to childminders;

• Activities for parents and children such as play groups, crèches and parent groups;

• Links with Jobcentre Plus to support parents / carers in identifying training and employment opportunities;

• Access to community and maternal health services.

All Children's Centres are required to provide the universal service, but many additionally provide a range of other services including benefits advice, adult relationship support, childcare and other services for older children. These additional services are not to be funded from the Children's Centres' revenue grant.

The National Audit Office (NAO) undertook a study of value for money in Sure Start Children's Centres in 2006. It visited 30 Children's Centres that had been established by September 2005 across 27 LAs. It reached a number of conclusions, most significantly in the context of this report that it was difficult to say at that time whether Children's Centres were using their funds cost effectively because of the immaturity of some services, and the fact that centres were still in transition, for example from being a Sure Start Local Programme or an Early Excellence Centre. The NAO concluded that Children's Centres would be in a better position to deliver their objectives in a cost effective manner if both the Centres and LAs had a better understanding of their costs, and how best to allocate their resources.

2.2   Terms of Reference

DCSF required a research project to consider whether:

• A benchmarking system would support the achievement of best value for money from the very considerable funding allocated for Sure Start Children's Centres;

• Such a system would also contribute to ensuring that the Centres are in a position to support delivery of the Department's key objectives.

The specific terms of reference were to address:

• Whether there is demand for such a system, at both Children's Centre and LA level;

• Which income streams it should cover;

- Which cost categories it should cover;

- How a benchmarking system would support the delivery of VFM from the perspective of the Department, the parent LA and the Centre itself;

- Which Management Information System (MIS) and accountability regimes would apply;

- Which skills and competencies would be required by staff in LAs and centres to maximise the potential benefits of the system;

- Options for taking forward the implementation of the system;

- Stakeholder views on the proposal, particularly at LA and Children's Centre manager level.

3   Methodology

The methodology applied was as follows:

- Review of relevant documentation including key Department policy papers, the National Audit Office (NAO) report of 2006 - 'Sure Start Children's Centres'; the 2007 DCSF guidance 'Sure Start Children's Centres - Phase 3 Planning and Delivery'; 'Together for Children Toolkit for Business Planning' July 2007; the PAC Select Committee Findings, June 2007; and the HM Treasury Minutes 38th Report on Sure Start Centres October 2007;

- Selection of seven local authorities (LAs) which offered a reasonable cross section of the situation nationally. They included one from each of the following Government Office regions - London, East, South East, South West, North East , East Midlands and West Midlands;

- Design of templates to collect data held at both LA level and Children's Centre level;

- Contact with each LA to identify three Children's Centres in each, representing a range of different Centres in each LA;

- Visits to each LA to interview the officers responsible for co-ordinating delivery of the Children's Centres, and visits to each of the three Children's Centres in each LA to interview the managers;

- Collection of financial data from all of the Children's Centres in the seven LAs, to allow researchers to get an overview of the financial arrangements across the LA;

- Discussions with two organisations - Barnardo's and Action for Children - which manage multiple Children Centres across the country;

4 Findings

4.1 Summary

The most striking overall finding for us is the extent of variability in management and financial arrangements and structures between the seven authorities we worked with. This is to a large extent a function of the freedoms LAs have been given to take local decisions on the most appropriate structures to implement, and the most appropriate locations to select for Children's Centres, based on local need and circumstance.

This variability was anticipated to some extent in the design of the study, particularly with regard to the data collection and interview templates. It was known, for example, that some Sure Start Children's Centres would be linked to nursery, primary and secondary schools, that others would be run by voluntary / charitable organisations, and that there would be some mix of central and devolved service provision, but the extent of the variability was far greater than previously appreciated.

Across the seven LAs we worked with there were:

- Differences in delegation levels;

- Limited cost data available at Children's Centre level and in some instances at LA level;

- Strong potential for cross subsidisation from, for example, linked school activities or health centre provision;

- Variations in operating and management structures. For example, in some LAs all of the Children's Centres were commissioned from third parties, in others they were managed directly by the LA. In some LAs there was extensive centralisation of services and limited devolution; in others the converse applied. In some LAs there were two tiers of management - overall LA management and a locality structure, in others just one. In LAs that had a locality structure, different activities were managed at the locality level;

- Although all of the Children's Centres ran similar core services, there was a wide variety of types. This was not just a difference between those in rural and urban areas. For example some Centres provided all the services in-house and on site whereas others worked on a 'hub and spoke' method, where most of the activities were delivered at locations other than the Centre itself in order to facilitate access for parents;

- Different levels and types of resources provided by partners; even within the same LA some Centres received health support that others did not. For example one Children's Centre interviewed was dissatisfied with the level of Health Visitor support provided, and therefore used its resources to employ its own Health Visitor. Another LA arranged a contract for speech language therapy centrally, as local provision would otherwise have been patchy. Across all the LAs in the study the support from Job Centre Plus was universally present, but ranged from a basic link facility to provision of staff for up to half a day a week;

- Major differences in the level of service provision arising from the fact that services have been developed very quickly, that many are still developing and, maturity of service provision is some way off;

- Very different levels and quality of data collection at both Children's Centre and LA level;

- A wide range of different partnership arrangements.

Sure Start Children's Centres are of course designed to provide a 'core' set of services flexibly, to reflect levels of need and demand in each community, and to deliver those services in a way that is appropriate for the individual families in the community. Partnership working with private, voluntary and independent providers of childcare and family support services is a key feature of the delivery model.

The extent of the variability is set out in relation to the seven participating authorities in section 4.2, below.

The significance of this variability can be seen if we compare the circumstances of Children's Centres with those of the schools sector, where a benchmarking system has been in operation for some time. Although many schools believe they are unique, there is very significant commonality that enables a benchmarking system to operate effectively. They teach a national curriculum; they are open for broadly the same number of weeks per year and for similar hours each day; their activities are mainly confined to the premises, and there is virtually no contracting out of core activities such as teaching. Moreover there is an agreed structure to the reporting of expenditure - Consistent Financial Reporting (CFR) - which means that all schools are reporting expenditure across the same headings. CFR has been in place for a number of years, and the cost headings and definitions are therefore well-understood. The implication of this is that comparability between schools' expenditures is based on strong, consistent underlying data.

None of the above applies to Children's Centres, which have developed in many different ways with different management arrangements and structures. For example:

- Some LAs have commissioned third parties to deliver all of their Children's Centre services, whereas others deliver all or some of the services from internal resources. Most have formal Service Level Agreements (SLAs) in place through which performance is monitored, and all have that or some form of reporting on service delivery and expenditure;

- Some LAs delegate the entire funding for service delivery to their Children's Centres, whereas others retain some funding centrally to commission some of the services. This picture varies from LA to LA and from service to service.

- Where LAs delegate/devolve all or a proportion of the grant to their Children's Centres (often via third parties) this can result in them having no visibility of key financial. This arises in cases where they have not made this level of reporting a requirement of the delegation framework. Consequently, they may be unable to provide a total income and expenditure budget for each individual Children's Centre. Children's Centres make local arrangements to account for other elements of income and expenditure (e.g. fees and charges for day care) and make a quarterly return for funding which is entered in the LA's financial management system to form the basis for the grant claim. The external auditor will expect the LA to have systems in place to audit the Centres operated by third parties, and will test these systems as it is the LA that is accountable for the grant.

The Sure Start Early Years and Childcare Grant (SSEYCG) is one of the grants that is subject to external audit. Each LA is issued a list of the grants to be audited, together with the evidence the authority must provide to substantiate the grant claim. Such evidence includes actual expenditure / income from the LA's financial management system, Service Level Agreements / contracts where they are in operation, performance management arrangements and, in terms of capital, evidence that proper LA approval processes have been followed. In addition, all Children's Centres would be subject to a regular inspection by an LA's internal audit service.

- In addition, LAs are free to decide on the level of detail or the classification of income or expenditure as they see fit. This means that there is no consistency of treatment of financial information between Children's Centres nationally at present.

The implication of this variety of arrangements, and of lack of consistency of data, is that the essential preconditions of a benchmarking system are not present.

4.2 Individual Authority Findings

Case studies of the LAs that participated in the study are attached at Appendix 1. They are summarised in the following sections.

4.2.1 LA1 (Shire County)

- All Children's Centres are commissioned from third parties until 2010.

- Approximately 54% (excluding teachers) of the SSEYCG is delegated;

- There are a variety of providers, including schools, charities and community associations;

- The Children's Centres are formula funded with each Centre receiving a lump sum plus an element based on its reach, plus further funding based on levels of deprivation and rurality. No funds are held centrally, and no services are delivered centrally, other than the funding for teachers which is managed by the LA;

- The LA holds relatively little financial data other than the total spent at a high level of detail, such as the overall costs of employees, premises, supplies and services, and cannot therefore quantify how much is spent on each service provided by the Centres;

- There is a formal performance management process through the annual conversation between the LA and the Children's Centre manager, where each Children's Centre's development plan is compared with the outcomes;

- The LA uses eStart to collect their non-financial performance data.

4.2.2 LA2: (Metropolitan Borough Council)

- Children's centres built around the early Sure Start Local Programmes (SSLP) are managed by a charity, by the Primary Care Trust (PCT) and by a private sector contractor (which manages two). Other Centres are managed by school governing bodies under the community power facilities. (Schools and Standards Framework Act 1998 Section 48);

- The SSLPs are funded in accordance with the allocations within the SSEYCG, which is 'ring-fenced';

- The new Children's Centres are funded on the basis of the each Children's Centre's fixed costs, expenditure in respect of service delivery, and a further sum that recognises the different needs of each Centre including deprivation;

- Details of expenditure are collected from the new Children's Centres using the same financial management system as schools, and therefore following the CFR definitions. The centres based on former SSLPs do not use this system and expenditure information is therefore much less detailed. The assumption appears to be that the ring-fenced grant allocated to the centre as an ex-SSLP is spent fully on the services and that expenditure and income are therefore the same;

- Each Children's Centre has to produce a three year financial plan, but this is in the early stages of development, the LA is therefore accepting a one year plan at this stage, and treating the funding as indicative. The performance assessment of each Children's Centre will be through the annual conversation with the Children's Centre manager;

- The LA uses eStart to collect non-financial performance data from the Children's Centres.

4.2.3 LA3: (Unitary Authority)

- This City Council has used its Childcare Sufficiency survey and its gap analysis to determine the needs of each Children's Centre;

- Many services are provided by third parties, and remotely from the main Children's Centre, on a 'hub and spoke' basis;

- As a consequence, Service Level Agreements (SLAs) with each Children's Centre determine differential levels of funding and differential staffing levels;

- The Council has a strong partnership with the PCT and the local University hospital in delivering services in the Children's Centres, including midwifery, dentistry, oral health, sexual and contraception advice and GP services;

- The LA also works with training organisations such as the YMCA and Workers Education Association (WEA), as well as its own community education service;

- Performance management is through the annual discussion based on an annual report that each Children's Centre is required to produce, setting out its performance against a range of key indicators. Each Children's Centre also has a parents' forum to oversee its work;

- The LA has joined a group of similar LAs (based on its Ofsted statistical neighbours) to consider the possibility of benchmarking certain key services.

4.2.4 LA4 (Shire County)

- All Children's Centres are to be commissioned from third parties until 2010, but at the time of the survey only 50 out of 82 were operational.

- Over 80% of the SSEYCG is delegated;

- There is a variety of providers, including schools, PCT's, charities and community associations;

- The Children's Centres are formula funded with each Centre receiving a lump sum plus an element based on its reach, plus further funding based on levels of rurality. The LA holds relatively little financial data other than the total spent on each category of costs, such as the overall costs of employees, premises, supplies and services, and cannot therefore quantify how much is spent on each service provided by the Centres. The LA is concentrating its efforts on the 'roll-out' of the new Centres and the services they offer. However, officers were very conscious of the need to have more data to demonstrate VfM, and it is hoped that performance and funding will be linked in the second round of commissioning.

- There is a formal contract between the LA and each lead agency which includes performance expectations;

- The LA uses eStart to collect non-financial performance data.

4.2.5   LA5: (Unitary Authority)

- The LA has 16 Children's Centres - they directly manage 14 of which three were former SSLPs, and Action for Children manage the other two (one of which was a former SSLP);

- The centres based on former SSLPs are funded in accordance with the allocations within the SSEYCG, which are 'ring-fenced' for the time being. The other Children's Centres receive some funding based on historic costs, some formula based staffing costs, and a delegated lump sum for activities;

- The LA operates with both central and locality management arrangements, and other Children's Centre staff costs held centrally, so only about half the grant is actually delegated;

- Therefore, the LA holds most of the available financial data, which is currently of insufficient detail to permit quantification of the costs of each service delivered by its Children's Centres. The LA is aware that it needs to collect better performance and financial data, and is taking steps to do so, but it is unlikely that the two will be linked at individual service level, at least initially.

- The partnership arrangements with the PCT are strong, and that with Job Centre Plus improving;

- Quarterly financial reports are submitted with action plans linked to each Centre's Self Evaluation Form (SEF) to ensure that overall targets are being met, and to determine future funding profiles.

4.2.6   LA6: (Metropolitan Borough Council)

- The LA has eleven Children's Centres. All but one of the Centres (which is run by Barnardo's) are managed by the LA (or school governing bodies) through a strategic management structure and three locality managers covering the LA area;

- As in the case of LA5, the former SSLPs are funded in accordance with the allocations within the SSEYCG, which are 'ring-fenced' for the time being, with the other Centres receiving funding based on historic costs, a small amount of formula staffing costs and a delegated lump sum for activities;

- The LA operates with both central and locality management arrangements. The budgets for teachers and family support workers at all Centres are held centrally, such that only a relatively small percentage of the grant is delegated. The main reason for this is that the LA's top priority is to ensure that all areas have a Centre that can deliver the universal service. An important subsidiary reason is that, in a relatively small authority, it is considered that some services (e.g. speech and language therapy, nutrition support) can be better managed at LA level, and that other services (e.g. family support) can be better managed at locality level, rather than at each individual Centre;

- Therefore, the LA holds most of the available financial data, which is of insufficient detail to permit quantification of the costs of each service delivered by the Children's Centres;

- Quarterly financial reports are submitted with action plans linked to the SEF. One locality is developing its own system of activity analysis.

4.2.7   LA7 (London Borough)

- This local authority has 16 Children's Centres with eight more planned. Most are in schools and two are former SSLPs. All are managed by the LA thorough locality arrangements;

- The funding of each Centre is based on premises costs, resources (mainly based on historical allocations but also adjusted for size) and staffing (based on size and service expectations). Staffing includes management, outreach and administration / reception with locality arrangements for others;

- The locality budgets pay for health staff (two health visitors, a midwife, two nursery nurses, and a speech and language therapist plus assistant), family support workers and other services such as parenting programmes or support for domestic violence;

- The LA holds most of the high level financial data, although the costs of services at Children's Centre level cannot be quantified from this;

- The partnership arrangements with the PCT are, in general, strong;

- Every Centre has an SLA with the LA that sets out in detail overall aims and expectations, and outcomes for that Centre, in exchange for the resources provided;

- As part of this SLA, all Centres have to use the eStart system to record performance data, and to establish systems to encourage and monitor customer feedback. The LA has taken steps recently (nominated input officers, etc) to 'clean-up' the e-Start data. The Foundation Stage Profile has been used to benchmark performance and there is some evidence of improved outcomes in areas where Children's Centres are present;

- Children's Centres must provide financial returns (as determined by the Locality Reference Group) and an annual self-assessment of the services delivered, which is used at an Annual Service Review.

4.3   Demand for a Benchmarking System

All of the LAs recognise the potential benefits of, and therefore the need for, financial benchmarking data. However, all were also of the view that the wide variety of current practice would make a nationally based system difficult to implement and to use, and that a system based on smaller groups, such as statistical neighbours, would be preferable. Most also were of the view that an initial focus on a relatively narrow range of services, such as the core offer, would be advisable. They also expressed concerns about the need for the underlying data to be collected easily, and for any increase in workload to be avoided, although this clearly needs to be balanced against the legitimate requirement for LAs to ensure that they and each of their Children's Centres are delivering value for money, and the need for the Department to ensure that the Children's Centres network as a whole is delivering value for money.

Children's Centre managers' views were basically the same as the LA officers, but with greater emphasis on not increasing the administrative workload, and an even greater awareness of the need for consistency in the data.

Some LAs have already tried to establish informal benchmarking 'clubs' with statistical and geographic neighbours, but even with 'similar' authorities they have experienced problems of data interpretation and definition. There is, therefore, some existing local capacity and appetite for benchmarking, and DCSF may therefore wish to build on this to test the problems involved in benchmarking Children's Centre activities, before extending any service more widely.

4.4   Income Streams

The main source of Children's Centres' income is from the SSEYC allocation from the DCSF. Some Children's Centres also receive allocations from their own local authority, for example the historic running costs of centres and support for Children in Need. Other income includes:

- Fees and charges from parents;

- Support in kind from a range of other bodies including health authorities, charitable and voluntary organisations, adult education, and Job Centres Plus, usually in the form of personnel paid for by the parent organisation.

We have not been able to quantify these other income sources, as, from the experience of the seven LAs in the research, there is neither consistent structure between LAs, nor often within LAs for collecting the data. Although each Children's Centre manager can quantify the resources under their control, there is no consistent financial reporting mechanism to permit easy aggregation of data or comparison of one Children's Centre with another. Effective comparison of expenditure would also be complicated by the different mix of services offered by Children's Centres over and above the universal 'core' services, and by the different levels of service and financial delegation.

4.5   Expenditure

Many of the same issues that apply to income analysis also apply to expenditure i.e. the absence of a consistent structure against which data is captured. Furthermore, many Children's Centres are managed by third parties, and the contracts between the LA and the provider do not require the provider to provide any cost data. Indeed, some such providers may see the provision of detailed cost data as commercially sensitive. Any requirement to provide data would therefore have to be built into the commissioning / contracting arrangements between the LA and the provider. This would also have to apply to any individual services within a Children's Centre which are provided by a third party.
Our impression is that the centres based on former SSLPs seem to be less 'regulated' in terms of financial management than newer Children's Centres, and to be more generously funded, and to have developed a range of services which fully utilises the grant level.
Action for Children, which runs a large number of Children's Centres across the country, has attempted to cost individual services provided at Children's Centre level. This has not been straightforward as apportionment of staff time and other costs between different activities is required, and there is no simple basis for doing this. This is particularly pertinent in Children's Centres where individual staff may work on a number of different activities and services.
So far, Action for Children has undertaken the costing analysis in two Centres only - one in Exeter and other in Wales (which is not covered by the Sure Start, Early Years and Childcare Grant (SSEYC) for LAs in England). The Centres were allowed to develop their own basket of services and are therefore not directly comparable with each other. The approach was devised to help spread good practice. Exeter is regarded as a centre of excellence, and it was therefore felt that information on how they were delivering services could be of benefit to other Centres. The system will be rolled out over the next 12 months to all Centres in Action

for Children's Central and South West region, but it is likely to be on a similar basis i.e. each Centre to define its own basket of services and to cost their delivery.

4.6   VFM Benefits

Benchmarking systems are developed to assist managers in improving service effectiveness, service quality and service delivery. They enable an organisation to compare its existing performance and approach with other comparable organisations, and identify areas of potential improvement. By understanding what other organisations do differently in delivering the same or similar services, managers can focus on changes they can make to their own services to improve - whether that be through reducing cost, increasing the quantum of outputs, or improving the quality of service. But for these benefits to be available, the information used in any benchmarking system must be consistent, collectable and measurable.

As noted above, both LA officers and Children's Centre managers in the seven LAs studied believe that a benchmarking system would help them to understand better the cost of service provision, and the relative mix of income and expenditure and outputs between their Children's Centre(s) and other comparable Children's Centres elsewhere. Comparative data of this kind has the clear potential to support improved VfM because it raises questions, for example, about how other Children's Centres can offer services at lower cost levels, or how they attract higher income for apparently similar services.

From DCSF's perspective such a system would allow it to pose similar questions at LA level, and also enable it to take a much clearer view about the pattern of service provision and service costs across the country as a whole. It would be able to identify areas of apparent good practice, which could be used to encourage LAs to improve VfM in other, apparently lower performing, areas.

Clearly, however, such a national system would have to be able to differentiate very clearly between Children's Centres with different characteristics, including:

- Centres serving areas with differing levels of deprivation;

- Centres serving areas with different geographical characteristics (for example town and rural areas)

- Centres offering different ranges of service;

- Centres with different levels of delegated funding and service provision.

As with the schools benchmarking system, the system would therefore have to have the capability of allowing Children's Centre managers or LA officers, to specify the characteristics of their own Children's Centre(s) against agreed definitions, and to be given comparative data for a selected group of similar Children's Centres. Given the wide variability described above, this will not be easy to achieve. The DCSF may therefore wish to consider concentrating on the key performance indicators / core offer in reflecting on what option to adopt, as these will apply to all Children's Centres.

It should also be noted that for many LAs, the key priority for the programme to date has been to ensure that they meet their target for opening Children's Centres, and they have therefore been focussing heavily on undertaking sufficiency studies, planning provision, and opening new Centres. Thus, although all LAs and all individual Children's Centre managers that we interviewed, appreciated the need to achieve efficiency and value for money, their immediate priorities have been to get services up and running, and to ensure, in particular,

that the most vulnerable families have access to, and continue to receive, these services. Nevertheless, they realise that they need to be able to demonstrate more widely that these services are effective and offer VfM.

In its report Sure Start Children's Centres (19 December 2006) the National Audit Office published a model for measurement of performance, suggesting long and short term outcomes, outputs and inputs and potential sources of data. Although they appreciated that the full effectiveness of Children's Centres would only be measurable in the long term, it was important that Centres and LAs decided their priorities and targets, particularly around the core offer, and how to monitor performance against them. There is some evidence of this happening. Nonetheless, all involved believe that a benchmarking system could help to achieve this.

With regard to levels of support and sustainability required by Children's Centres and LAs, this is difficult to judge. Children's Centres have very limited administrative capacity, and the staff who work in them do not typically come from backgrounds which have expertise in quantified analysis. They would therefore need training and guidance to operate a benchmarking service effectively.

4.7   Management Information

As we have noted at various stages in this report, a successful, universal benchmarking system would require the centralised collection of management information from every Children's Centre in the country on a consistent basis. This is inconsistent with DCSF's current position, which is that it has a strategic role, and leaves LAs free to manage their own programmes. In essence such data, should DCSF decide to implement a benchmarking system, would consist of income and expenditure, by Children's Centre, by service delivered, broken down by income source and expenditure type. Where possible this should be supported by non-financial data such as the quantum and quality of service delivered, and key performance indicators KPIs which measure service impact.

The minimum requirement for capturing income and expenditure on a consistent basis would be as follows:

Income	£
Local Authority Resources	
Government Specific Grants	
Other Grants etc.	
Fees and Charges	
Other Income	
Total Income	
Expenditure	
Employees (Direct) include all on-costs, training and other staff related expenditure	
Premises	
Transport (e.g. Staff Travel)	
Supplies and Services	
Third Party (e.g. Health Authority, Voluntary orgs.)	
Support Services	
Total Expenditure	

Accountability for data accuracy both in terms of total expenditure and accuracy of reporting against income, cost and service classifications would lie at LA level.

The closest analogy to this is the schools benchmarking system, which has been developed over a number of years in a much more mature, stable and consistent environment. In this context, it is worth noting that a number of LAs in this study have specifically asked that DCSF provide more guidance on the forms of financial reporting required.

4.8 Skills and Competencies

We have already commented tangentially on this issue, but in summary we believe that, whilst there may be requirements to train staff in the techniques of using a benchmarking system, the fundamental issue is less about skills and competencies than capacity and structures:

- LAs are fully engaged in the roll-out of the Children's Centres network, and regard that as their key priority;

- Children's Centres have very limited management and administrative capacity, and would therefore find both the data capture and data analysis aspects of a system very challenging;

- There is no consistent basis or structure for the capture, recording and reporting of the data required to support a benchmarking system.

4.9 Options

4.9.1   In this section we set out a number of options for the development of a benchmarking system.

4.9.2   Option One: A Mandatory National System (akin to the Schools system)

This option would involve the specification, design and implementation of a benchmarking system, to be used compulsorily by every Children's Centre in England. It would, necessarily be based on standardised data reporting of all income and expenditure, together with relevant non-financial data. It could, conceptually, involve either data reporting by Children's Centres to LAs, followed by data validation and data entry, or direct data entry by the Centres into a web-based system.

This has the obvious attraction of uniformity, consistency, and comprehensiveness, but would involve DCSF in a range of activities including defining the required outputs, specifying the data requirements which would support the required outputs, specifying, designing and implementing a benchmarking system. It would also involve extensive discussion and agreement with LAs on the reporting mechanisms and the workload implications.

This option was considered by virtually all of the LAs and Children's Centres managers involved in the study to be inappropriate to the current state of development of the Children's Centres network

4.9.3 Option Two: A Non-mandatory National system

This option would have the same characteristics as Option One, other than being non-mandatory. It therefore loses the benefit of universality, although it is arguable that if the system offered sufficient benefit to LAs and Children Centres, the level of optional participation would be sufficient to support an effective system.

4.9.4 Option Three: A National System built on an Existing Reporting Model

Option Three would involve the identification of an existing data reporting model which offered the level of income, cost and non-financial data reporting that would support the outputs required from a benchmarking system. This option has the benefit of capitalising on any existing work that has been done in order, for example on consistent cost reporting, so as to avoid the necessity of designing and implementing such mechanisms.

This option was prompted by awareness of the costing model that has been developed by Action for Children. However, further exploration of this model revealed (as set out in Section 3.5) that the model was relatively immature, and based on different service combinations at each of the two locations where it has been implemented. It is therefore unlikely to enable DCSF to avoid the requirement of specifying and designing a standardised reporting framework.

4.9.5 Option Four: A Subscription System Developed and Operated by a Third Party

Option Four would involve DCSF inviting a third party to develop and operate a benchmarking system to which LAs subscribe on an optional basis. It was prompted by awareness of the benchmarking clubs operated by CIPFA Commercial Services on a similar basis.

Although this could conceptually be self-funding in the way that comparable systems are, the key difference between Children's Centres and other LA activities for which benchmarking clubs operate, is the absence of common structures and reporting frameworks. DCSF would therefore have to invest in the time and effort to establish such structures, before inviting providers such as CIPFA Commercial Services to develop a system to sell back to LAs.

4.9.6 Option Five: Locally Based Systems, Built on Existing Good Practice

Option Five involves DCSF building on work already undertaken by LAs to benchmark their services with statistical/geographic neighbours. Our research encountered three such examples, and there may well be others.

The work undertaken by these LAs has already begun to develop structures, and to address the barriers we have set out above, albeit on a localised basis. We therefore see significant merit in working with one or more of these LAs to continue their development, as precursors to the development of a more wide-reaching system. DCSF could offer funding and consultancy support to a small number (or alternatively to the most advanced) of the current examples with a view to:

- Identifying the required out puts from a benchmarking system;

- Defining the data requirements to support these outputs;

- Specifying the technical requirements of a nationally based system;

- Identifying the barriers to successful implementation and an implementation plan;

- Identifying the costs and benefits of a benchmarking system at Children's Centre, LA and national levels.

In **Local Authority 1**, Action for Children has carried out work on costing each of its services within a Centre, calculating the cost of staff used to deliver each of its activities on an annual/session/hourly basis. They undertook the exercise initially to be able to challenge the LA when additional work was requested at a price less than it cost to deliver.However, they run a large number of Children's Centres across the country, and would like to expand this approach to other Centres to both disseminate good practice and to compare costs across their Centres.

The costing exercise has not been straightforward as apportionment of staff time and other costs between different activities is required, and there is no simple basis for doing this. This is particularly pertinent in Children's Centres where individual staff may work on a number of different activities and services.

So far, Action for Children has undertaken the costing analysis in two Centres only - one in Exeter and the other in Wales (which is not covered by the SSEYC Grant for LAs in England). The Centres were allowed to develop their own basket of services and are therefore not directly comparable with each other. They hope, over the next 12 months, to be able to include all Action for Children's centres within their Central and SW region, and with additional resources might be persuaded to encourage some form of standardisation in the way the information is collected.

Local Authority 6 has tried benchmarking with its geographic neighbours, but, even with close neighbours, has come across definition and interpretation problems. However, one location manager (the LA is divided into three locations) has encouraged Children's Centres within the specific location to develop their own databases to analyse, for example,

- Visits;

- Various activities taking place in the Centre;

- The amount of time spent on supervised visits and child protection reviews;

- Aspects of work on Health Promotions and the results of such work.

Although the work is in its infancy, the manager intends to analyse results across Centres and with additional resources believes that the work could be expanded across the LA, and then to geographic neighbours.

Local Authority 5 has co-ordinated some experimental working sessions with both statistical and geographic neighbours. A workshop was organised for staff from both the LA and individual Children's Centres, covering issues such as performance management, school evaluation forms, speech and language services, and family support. Relevant personnel can share information with their equivalents in other authorities, and discuss problems and possible solutions. The sessions to date have been used to encourage participants from each LA to return and discuss alternative practice within their authority. With some additional resources the LA could build on this exploratory work and document the results for a wider audience.

Local Authority 3 is one of Local Authority 5's Ofsted statistical neighbours and has been involved in the experimental work with LA5 in developing benchmarking data in respect of activities within a Children's Centre. LA3 believes benchmarking would be a positive initiative, but that it is essential for participating authorities to understand each other's arrangements, hence its support for the LA5 work. LA3 considers that an activity benchmarking exercise would be more meaningful than benchmarking children's centres per se. It also believes that any system must be non-mandatory to encourage LAs to be more open in the sharing of information.

4.10   Barriers

Whilst all the above options are conceptually possible, we consider there to be very significant barriers to their development. These are:

- The absence as yet, of a clear specification as to what a benchmarking system should offer in terms of analysis of Children's Centre performance, and therefore what data must be reported. For example, would it be restricted to the 'core services' only, or would it seek to embrace all services? Would it simply offer insights to Children's Centre managers on the performance of their Centre relative to their peers, or would it have a wider objective of monitoring performance locally or nationally? In our view the variability of service provision, structure and management arrangements described above argue strongly that any benchmarking system should cover core services only, as outside of the core service range, the extent of variability increases significantly. We also believe that the purpose of a benchmarking system should be to encourage LA and Children's Centre managers to investigate their overall cost base and the costs of specific services, so as to inform resource allocation and to enable VFM analysis.

- The inconsistency of existing operational and financial structures in the Children's Centres network;

- The absence of a standardised income and expenditure reporting framework;

- The relative paucity of financial and operational data held by those LAs whose commissioning policy is to outsource Children's Centre operations to third parties;

- Stakeholder opposition;

- The relative immaturity of the Children's Centres network, and the consequent lack of understanding of service and cost structures in LAs which are only just beginning to introduce their full range of Children's Centres;

- Relative lack of understanding at Children's Centres manager level of the data requirements of a benchmarking system, and reluctance to accept any system that increases their administrative workload;

- The very significant current burden at LA level in meeting the demanding targets involved in opening the required number of Children's Centres;

In essence, therefore, the fundamental preconditions of a benchmarking system are not present, and in particular, the absence of consistent financial reporting makes broadly based comparison of income and expenditure patterns and of Children's Centres' performance virtually impossible.

4.11 Summary

Given the barriers we have identified to the implementation of a benchmarking system, and in particular to a nationally-based system, we believe that the only realistic options in the short term are those that build on existing work at local level, either by LAs or by providers who manage a number of Children's Centres, and have therefore introduced their own consistent reporting arrangements. Development of a locally-based system, working with one or more of the LAs that have already explored these issues, would offer a much deeper understanding of the problems involved in achieving consistency of reporting, and of the issues in scaling-up such a system on a national basis. Three of the LAs involved in this study have already engaged in the development of some form of benchmarking system, and we believe could, at a relatively low cost and with significant benefit, be encouraged and supported to develop their work further.

5   Conclusion

Our most fundamental conclusion is that a national financial benchmarking system for Children's Centres is not at present a viable option, as the essential requirements of consistency of structure, service offer and financial reporting do not currently exist.

Having made this point, it should be emphasised that LAs and Children's Centre managers are broadly supportive of the concept of a benchmarking system to support analysis of their performance in relation to their peers. However, all are also very clear that:

- Any increase in the administrative burden must be avoided;

- Any attempt to introduce a system while they are engaged on meeting short term targets of opening Children's Centres would be very unwelcome;

- A mandatory system would be unwelcome;

- Effective comparison of performance between Children's Centres will be difficult until the network is more mature, and the service offer of the Centres is more firmly established.

There is a strong consensus that any system must be able to allow comparison with equivalent Children's Centres, and statistical neighbours. Some LAs believe that this means that any system must be developed locally, to reflect varied local practice. We do not consider this is necessarily the case - the schools benchmarking system, for example, is a nationally based system which allows individual schools to compare themselves against wider groups of similar schools. But it is the case that local children's centres practice is far more varied than in the schools system, and that design of a benchmarking system must therefore take that wide variability into consideration.

We therefore conclude that, given the high levels of funding committed to the Children's Centre network, and the potential VfM benefits available to LAs and Children's Centres managers from a benchmarking system, DCSF should pursue the development of such a system. However, we believe that the prudent way to do so would be to work with one or more LAs to further develop the emergent systems they have themselves developed, with a view to:

- Developing a specification for a system that could operate nationally when the programme of Children's Centre implementation is complete, and the provision of services more firmly established;

- Understanding better the costs, benefits and implementation issues involved in developing such a system.

We also recommend that:

- In reflecting on what option to adopt, the DCSF should consider which key performance indicators it wishes to use, particularly for the core offer, as these will influence the choice of option, and in the case of the core offer will apply to all Children's Centres

- DCSF should consider the training and development needs of staff working in Children's Centres, if they are to be expected to operate a benchmarking service effectively.

Appendix - Case Studies

LA1 Case Study

Background

Number of Children's Centres

There are 33 operational Children's Centres as at 31 August 2008 (Phase 1 and 2). A further ten will be developed under Phase 3. This does not include Neighbourhood Nurseries as these have not been designated as Children's Centres.

Organisational Structure:

Out of the 33, thirteen are stand alone centres, and 20 are linked to primary schools. Twelve are complete new builds. Six were originally a part of the Sure Start Local Programme.

Management Arrangements

All of the Children's Centres are commissioned and subject to competitive tendering procedures through LA1's commissioning unit. All are to be re-commissioned in 2010, including the new centres in Phase 3. None of the Children's Centres is managed by LA1, and this is likely to remain the policy. The managing organisations are as follows:

- Ten are managed by Action for Children;

- Nine are managed by Barnardo's;

- Two are managed by The Children's Society;

- Six are managed by school governing bodies;

- Six involving a variety of other organisations including one PCT.

The responsibility for all buildings occupied by the Children's Centres remains with LA1. All are on non-repairing leases.

Resourcing

Finance

A proportion of the total funding is centrally retained, with the remainder devolved:

- The centrally retained element is for the Early Years management team and for the funding for teachers in Children's Centres who are employed to meet statutory requirements;

- The devolved funding is allocated to each centre by a formula with the following elements: a lump sum (£20,000); a sum based on the reach for the centre; a sum based on deprivation using the Index of Multiple Deprivation IMD (stepped funding); and a sum for rurality based on the average distance of reach of children. Each Centre has to submit quarterly returns and this triggers the next cash advance. The Children's Centres that were originally part of the Sure Start Local Programme have their funding ring-fenced to the level of funding within the SSEYCG.

LA1 considers there is a need to review the formula and link it to the Centres' development plans.

Workforce

As with the funding there is both a central and a devolved element to the manpower arrangements:

- The central manpower consists of management team and teachers;

- Each centre is responsible for setting the devolved manpower staffing levels in accordance with the development plan and the budget;

- All three Centre managers interviewed indicated they rely on additional support from volunteers or their own organisations

Partnerships

All centres work in partnership with the following bodies below if they are present in the Children's Centre locality. In the case of Children's Centres based on former Sure Start Local Programmes they work with all of them.

- PCT;

- Job Centre Plus;

- Voluntary Organisations;

- Adult Education;

- Other parts of the LA.

All three Children's Centre managers worked with the above where they are available.

Services Covered

Each Centre's development plan sets out the services to be provided over six main headings:

- Early Years Provision: includes integrated early learning and childcare for a minimum of 5 days a week, 48 weeks a year, 10 hours a day. Childcare places are open to all, with priority given to disadvantaged families (not just in the immediate areas). Other services include support for childminders, early identification of children with SEN and disabilities, and links to local schools/ out of school activities;

- Outreach: includes visits to all families in the catchment area within two months of the child's birth, systems for referring / signposting families to further services and a co-ordinated programme of home visits;

- Family Support: includes information for parents/carers about the range of family support services, access to specialist, targeted services for those families which need them, and specific strategies/activities which increase the involvement of fathers;

- Child and Family Health Services: includes antenatal advice/support, child health promotion, promoting positive mental health, speech and language support;

- Links with Jobcentre Plus: includes encouraging and supporting parents/carers who wish to consider training and employment.

Governance Arrangements

Each Centre has its own board, managed by the organisation responsible for the Centre (e.g. Barnardo's). The Children's Centres are linked to locality teams as part of the Every Child Matters (ECM) agenda, which in LA1 is called AXS pathways. These pathways will be usually based on the catchment area of two or more secondary schools.

Performance Management

Service Level Agreements: there are no service level agreements.

Contracts/ commissioning: all Centres have a contract with LA1 through their commissioning process. Performance is measured against targets in the Centre's development plan at the annual conversation between LA1 and the Children's Centre manager. Paper copies of the plans of the three Centres interviewed are available.

Action Plans / SEF: LA1 uses a Centre's Development Plan as an action plan for review and for self evaluation.

Benchmarking: all Centres use the eStart system to record performance data. Payment is linked to the submission of quarterly financial returns. eStart is not linked to the County's finance system, but this is something LA1 wishes to develop. LA1 also wants the annual performance conversation to be linked to payment, but this requires changes in the current contracts.

Action for Children has carried out work on costing each of its services within a Centre, calculating the cost of staff used to deliver each of its activities on an annual / session / hourly basis. One of their objectives is to be able to challenge the LA when additional work is requested at a price which is less than the cost

Conclusion

All parties interviewed agreed that it would useful and beneficial to have benchmarking information. All stated that they did not want this to be mandatory, and that it would probably be more beneficial to carry out any comparisons locally or using a comparable statistical group.

Whatever the way forward, all indicated that the data must be capable of being collected easily without increasing the administrative burden.

LA 2 Case Study

Background

Number of Children's Centres

There are five Centres based on Sure Start Local Programme (SSLP) centres and ten Children's Centres.

Organisational Structure:

The five centres based on former SSLPs are still operated under their original terms of reference and are treated differently to phases 1 and 2 of the Children's Centres programme. All ten of the other Children Centres are based on primary school sites, and managed under the auspices of the schools' governing bodies.

Management Arrangements

The five SSLP based Centres are managed by four different organisations - Spurgeons (a charity), the local PCT, a community association, and a private sector contractor (which manages two).

The ten Children's Centres are managed by the governing bodies of the primary schools under the Community Powers Facilities of LA2's Finance Scheme for Schools (section 48 of the Schools Standards and Framework Act 1998).

Resourcing

Finance

The five Centres based on former SSLPs are financed by the SSEYCG, ring fenced as per the grant notification.

There are three elements to the funding for the ten Children's Centres:

- Each Centre receives funding for its fixed costs;

- Further funding to meet the expenditure incurred in respect of service delivery

- A sum that recognises the different needs of each centre, including deprivation.

The budget for each Centre is indicative at this stage as this is a relatively new process, and the full cost of operation is not yet well understood. Each centre has to produce a 3 year financial plan (legal requirement under the community powers facilities) but to date the LA has received plans covering the first year only. The ten Children Centres use the LA's schools accounting system which uses the Consistent Financial Reporting (CFR) headings, and the LA finance team provides financial support through a traded service.

Workforce

The five centres based on ex-SSLP's set their own staffing levels within the ring fenced grant.

The governing bodies of the schools which host the ten Children's Centres set the staff levels in accordance with their Centre's plan, although the LA sets minimum staffing levels - for example that there should be a minimum of 2.5 FTE family support staff.

Partnerships

The Centres are building up partnerships with the local PCT, Job Centre Plus and local community groups.

Services Covered

Each Centre provides a range of integrated services depending on the need of the area it serves. These include:

- Early years learning
- Child Care services
- Play sessions
- Toy Libraries
- Crèche facilities
- Extended Services (as the children's centres are based on school sites, the authority encourage schools to use the centres as an extra resource in delivering a range of extended services especially around the core offer of childcare, parenting and specialist services e.g. speech therapy)
- Outreach services
- Training sessions
- Speech & Language Development
- General Information and advice services
- Services for parents
- Services for fathers
- Services for teenage parents
- Support for children and parents with special needs
- Services for minority ethnic groups
- Support to childminders
- Jobcentre Plus
- Signposting Employment Opportunities
- Health Checks
- Ante-natal and postnatal services
- Baby Weighing

Governance Arrangements

The five Centres based on SSLP each have their own management committee.
The other ten co-located Children Centres are governed by the schools' governing bodies, in accordance with their three year plan and the terms of reference included in the Community Powers Facilities approval.

Performance Management

Service Level Agreements: all centres are delivered through SLAs.

Contracts/ commissioning: N/A

Action Plans / SEF: The core offer is subject to annual review against the three year plan through the annual conversation with the Centre manager. The first review is due.

Benchmarking: none as yet. The LA use eStart to record performance data.

Conclusion

All parties interviewed agreed that it would useful and beneficial to have benchmarking information. All stated that they did not want this to be mandatory. The LA indicated that the data must be capable of being easily collected and consistent without increasing the burden on the LA / Centres.

LA3 Case Study

Background

Number of Children's Centres

There are eleven operational Children's Centres as at 31 August 2008 (Phases 1 and 2). A further three will be developed under Phase 3.

Organisational Structure:

All the Centres are linked to primary schools and act as hubs for services in respect of the core offer. Three are complete new builds. Three were originally Sure Start Local Programmes.

Management Arrangements

All of the Children's Centres are managed by LA3. One site is owned by the YMCA and the City Council is a joint user. However, the majority of services are provided by other bodies: PCT (e.g. midwifery team and oral health team), day care providers (e.g. pre-school, childminders, and crèches), community learning and LA3 services (e.g. portage and play team). These services are managed through service level agreements (SLAs).

Resourcing

Finance

There is no formula to allocate resources, and the allocations have therefore been built up as the services develop. The majority are fully funded by the SSEYCG, but a few are not, and any deficit at a Centre is met by the City Council. The budget for each Centre is set to deliver the specified service, based on agreed staffing levels. Where third parties provide services, the SLA is for a set 'price' (i.e. for this service LA3 will pay £x). Officers agree that there needs to be a review of the funding of the Centres given that resources are finite.

Workforce

The staffing in respect of City Council provided services is determined centrally, using the Council's Childcare Sufficiency Assessment and the subsequent gap analysis carried out in November 2007. For other bodies, the staffing is based on their SLA with the authority. There is also staffing in kind from the PCT and the Workers Education Association (WEA).

Partnerships

LA3 has formed joint working with the local PCT at each of its Centres, and the range services provided by the PCT depends on the need in each area. The PCT provide midwifery services, health visitors, oral health services, sexual and contraception services. The LA provides a number of services from its own departments, including community education (Adult Education). The authority has also formed partnerships with the YMCA (day nursery provision) and the WEA (adult education).

Services Covered

Each Centre provides a range of integrated services depending on the need of the area each Children's Centre serves and includes:

- Non-maintained Day nurseries;

- Pre-school groups;

- Creches;

- Childminders;

- Breakfast Clubs;

- After School Clubs including sport after school;

- Holiday play schemes;

- Midwifery services including outreach;

- Community Education;

- Oral Health Services;

- Sexual and Contraception services;

- Health visitors;

- Speech & Language Therapy;

- Toy and Sport Library

- Family Support Workers;

- GP services; and

- Training facilities.

Governance Arrangements

The Children's Centres are based on 14 designated areas within the city. Each Centre has a parents' forum which meets every eight weeks to represent the ideas, views and issues raised by local families. The forum consists of 15-20 parents. Each Centre has a manager, who may manage more than one Centre, and the manager is responsible for the delivery of the SLA(s) for each centre.

Performance Management

Service Level Agreements: all Centres are delivered through SLAs. The Centre's performance is measured against the targets in the SLA. The view of the Council is that, provided the SLA has been delivered, then the Centre is providing good value for money.

Contracts/ commissioning: commissioning of services is through the SLAs and it is based on a fixed price for a defined range of services.

Action Plans/ SEF: each Centre produces an annual report showing the current outcomes against the base data relating to their need. For example, one of the central area Centres reported on six areas of work as follows:

- Reaching more Children;

- Breastfeeding;

- Parents getting into training;

- Low birth weights;

- Mothers quit smoking; and

- Foundation Stage Results.

Benchmarking: none as yet, but LA3 has joined a group of Ofsted statistical neighbours to compare costs of certain Children's Centres services.

Conclusion

All parties interviewed agreed that it would be useful and beneficial to have benchmarking information. All stated that they did not want this to be mandatory, and that it would probably be best to carry out any such comparison using a comparable statistical group.

As was the case with other LAs in the study, all participants indicated that the data must be capable of being collected easily without increasing the burden on Children's Centre managers.

LA4 Case Study

Background

Number of Children's Centres

There are 50 operational Children's Centres as at 31 August 2008 - 14 of these are Phase 1 although since no Centre qualifies under the original definition for Phase 1 this is a local definition of the most deprived agreed with the DCSF. Only six of these were fully operational for all of 2007/08. A further 32 will be developed under Phase 3.

Organisational Structure

Out of the total 82 planned, 22 will be stand-alone centres, and 60 are linked to schools. Twelve are complete new builds. Six were former Sure Start Local Programmes.

Management Arrangements

All of the Children's Centres are commissioned and subject to competitive tendering procedures through the LA's commissioning unit. All are to be re-commissioned in 2010, including the new centres in Phase 3. None of the Children's Centres are managed directly by the LA, and this is likely to remain the policy. The managing organisations are expected to be as follows:

- Sixty school governing bodies;

- Thirteen charitable organisations (e.g. Action for Children, Barnardo's);

- Three by other Local Authorities;

- Six involving a variety of other organisations including PCT's.

The responsibility for most of the buildings occupied by the Children's Centres remains with the LA, although the other Local Authorities and PCT manage their own.

Resourcing

Finance

Less than 20% of the total Sure Start, Early Years and Childcare Grant 2008/9 funding is centrally retained, with the remainder devolved:

- The centrally retained element is for the Early Years management team, staff development costs, ICT, learning and development for Children's Centre staff and £300K for capital feasibility work for the phase 3 programme;

- The devolved funding is allocated to each Centre by a formula which takes into account the 0-4 population of its catchment area (the reach for the Centre), deprivation and the level of rurality. Each Centre has to submit quarterly returns and this triggers the next cash advance. There is no protection for any previous allocations of funding and any day care is presumed to be self funding from income. There are no specific allocations for children in need although it is recognised that this could be a problem in the future. Bad debts could be another problem. An example of the rates charged for day care at one Centre is attached as an annex.

The LA hopes to review the formula for the 'second round' of commissioning to link funding to key performance indicators for the centres.

Workforce

As with the funding there is both a central and a devolved element to the manpower arrangements:

- The central manpower consists of the management team and central support staff;

- Each Centre is responsible for setting the devolved manpower staffing levels in accordance with the development plan and the budget but it is expected that they will employ a manager, administrative staff and outreach workers and a ring fenced part of the grant is for a qualified teacher at 0.5 FTE (Full Time Equivalent);

- Many Centres work on a 'hub and spoke' model where the Centre forms the hub and many of the services are delivered by third parties either at the 'hub' or at remote locations;

- In interviewing those Centre managers linked to schools it is apparent that staff cost allocations between school and Centre budgets is relatively imprecise, and in all Centres the use of volunteers and parents is widespread.

Partnerships

All centres work in partnership with the following bodies

- PCT;

- Job Centre Plus;

- Voluntary Organisations;

- Adult Education;

- Other parts of the LA.

But the level of support from each varies from Centre to Centre. For example one Centre employs a health visitor from is devolved budget and additionally raised funds. Another Centre, managed by the PCT and on the site of a Child Development Centre, receives significant support from a range of health professionals. It also receives premises related funding for which other Centres usually have to pay from their own resources.
Job centre Plus support varies considerably from office to office but does seem to be on an improving trend.

Services Covered

Each Centre's development plan sets out the services to be provided over six main headings:

- Early Years Provision: includes integrated early learning and childcare for a minimum of 5 days a week, 48 weeks a year, 10 hours a day. Provision during school holiday periods is more costly (because of economies of scale) and tends to be subsidised by term time arrangements. Childcare places are open to all, with priority given to disadvantaged families (not just in the immediate areas). Other services include support for childminders, early identification of children with SEN and disabilities, and links to local schools / out of school activities;

- Outreach: includes visits to all new families in the catchment area, systems for referring / signposting families to further services and a co-ordinated programme of home and school visits between health and Centre employees. Sessions for parents are held at both the Centre and local health clinics;

- Family Support: includes information for parents/carers about the range of family support services, access to specialist, targeted services for those families which need them, and specific strategies/activities which increase the involvement of fathers. Citizens Advice Bureau. Works Solutions, Adult Education, etc run sessions facilitated by the Centre;

- Child and Family Health Services: includes antenatal advice / support, child health promotion, promoting positive mental health, speech and language support;

- Links with Jobcentre Plus: includes encouraging and supporting parents / carers who wish to consider training and employment.

Governance Arrangements

Each Centre has its own board, managed by the organisation responsible for the Centre (e.g. Barnardo's, school governing body), and involving all the stakeholders in the Centre. Board meetings try to be less formal (than other public bodies) to try and encourage parental involvement and this seems to be successful.

Performance Management

There is a written Designation Agreement between the lead agency of each Children's Centre and the LA setting out in Part A the terms and conditions of the agreement. Part B (of this Agreement) is a service specification setting out:

- The services the Children's Centre must deliver and how they should be recorded on the Together for Children web based system;

- The use of a Self Evaluation framework.

Part C sets out the monitoring arrangements which at present concentrate on self evaluation and financial monitoring although they do hope to be able to introduce some Key Performance Indicators in the future.

Conclusion

All parties interviewed agreed that it would useful and beneficial to have benchmarking information. All stated that they did not want this to be mandatory, and that it would probably be more beneficial to carry out any such comparison locally or using a comparable statistical group. Furthermore the introduction of Children's Centres across the LA had been rapid, all participants in the study considered themselves to be on a fast learning / growing curve, and therefore believed that any comparisons could be difficult or even meaningless, particularly in the short term.

As was the case with other LAs, all participants indicated that the data must be capable of being collected easily, without increasing the burden on LA staff or Children's Centre managers[

An example of Fees Charged for Day Care with effect from 1 September 2008

Group / Session	New Rate		New Sibling Rate
Pre-school	£7.00		N/A
Breakfast *	£3.00		£2.50
Lunch	£3.00		N/A
Wrap Around Care	£7.00		N/A
ASC till 4:30 p.m.	£3.00		N/A
ASC till 6 p.m. *	£7.50		£6.50
Holiday Club - All Day *	£25.00		£22.00
Holiday Club - Per Hour *	£3.00		£2.50

* Meals Included

LA 5 Case Study

Background

Number of Children's Centres

There are 16 operational Children's Centres as at 31 August 2008 - nine of these are Phase 1 and a further seven Phase 2 were added in 2007/08.

Organisational Structure

Eight Centres are linked to schools, of which four were originally part of the Sure Start Local Programme.

Management Arrangements

All but two of the Centres (which are run by Action for Children) are managed by the LA through a strategic management structure and three locality managers covering the LA area.

Resourcing

Finance

A proportion of the total funding is retained centrally for strategic and locality management functions, with the remainder devolved:

Phase 1 Centres were funded on a historic funding basis, but on the introduction of Phase 2 it was necessary to try and build up a consistent funding pattern. Deprivation was dismissed as a factor, since it is fairly consistent across the LA, so distribution has concentrated on the numbers of children in the catchment area to fund what are called generic staff. This is topped up by an allowance for a manager, an assistant, administrative staff, historic funding patterns for various running costs and a £20k office expenses fund for local initiatives. In addition, allocations are provided to subsidise day care, but since it is planned that this activity is self funding, each Centre's support it is being reduced year-on-year. Although there is a central allocation to support children in need, this is becoming a growing issue along with the sustainability of day care in general.

Each Centre has to submit quarterly returns and this, in theory, triggers the next cash advance.

There are no plans for the introduction of a funding formula as such, although the LA is aware that this may be necessary.

Workforce

There are central, locality and devolved elements to the manpower arrangements:

- The central manpower consists of the management team and central support staff covering performance management, workforce development, capital management, safeguarding and HR and Finance support;

- There are three locality managers covering the LA area;

- Each Centre is given funding to employ a manager, an assistant manager and administrative staff and a number of generic staff graded (at Level 1, 2 and 3 in accordance with a workforce reform study) based on the number of children in the Centre's catchment area. Action for Children is incorporating the LA's workforce study in their own staffing profiles. Staff previously employed by other organisations (e.g. midwifery assistants in the PCT) have been assimilated into the generic staff roles.

- Some Centres work on a 'hub and spoke' model where the Centre forms the hub and many of the services are delivered by third parties either at the 'hub' or at remote locations within the catchment area. Third parties often provide day care support but for other services, the use of other Centres facilitates hard to reach families who may otherwise not make the effort;

- Volunteers and parents are welcomed and encouraged in many activities, the varied and wide range of which would be impossible to manage without them.

Partnerships

All centres work in partnership with the following bodies

- PCT;

- Job Centre Plus;

- Voluntary Organisations;

- Adult Education;

- Other parts of the LA.

Relationships with the PCT in the city are very good and support in kind is provided to Centres from health visitors, midwifery assistants, speech and language workers, etc. Job Centre Plus support varies considerably from office to office but does seem to be on an improving trend - one Centre receives half a day per week local support.

Services Covered

Each Centre's development plan sets out the services to be provided over six main headings:

- Early Years Provision: includes integrated early learning and childcare for a minimum of five days a week, 48 weeks a year, ten hours a day. Day care is often provided by preferred third party providers, some of whom also provide 'extended school type activities. More commonly, these are co-ordinated with local schools. Although childcare places are open to all, Centre and locality managers are conscious that priority should be given to disadvantaged families (not just in the immediate areas) and considerable effort is expended to seek these out and encourage them to participate. Other services include support for childminders, early identification of children with SEN and disabilities, and links to local schools/ out of school activities;

- Outreach: includes visits to all new families in the catchment area, systems for referring / signposting families to further services and a co-ordinated programme of home and school visits between health and Children's Centre employees. Sessions for parents are held at both the Centres and local health clinics;

- Family Support: includes information for parents / carers about the range of family support services, access to specialist, targeted services for those families which need them, and specific strategies / activities which increases the involvement of fathers. Citizens Advice Bureau. Works Solutions, Adult Education, etc run sessions facilitated by the Centre;

- Child and Family Health Services: includes antenatal advice / support, child health promotion, promoting positive mental health, speech and language support;

- Links with Jobcentre Plus: includes encouraging and supporting parents / carers who wish to consider training and employment. Along with the Citizens Advice Bureau, welfare benefits support is provided.

A Centre's programme of activities is attached as an Annex.

Governance Arrangements

Each centre has its own advisory board with all the stakeholders involved - parental involvement is essential but a challenge to sustain. Apart from day-to-day activities the Boards are involved in such things as developing sustainability plans for the next few years and seeking funding for new initiatives, holiday activities, etc.

Performance Management

Each Centre has a Service Level Agreement with the LA, which defines targets e.g. language and literacy and levels of breastfeeding. All Centres have the same sort of targets (e.g. day care, outreach) but how they achieve them is decided on a Centre by Centre basis. Centres have developed self evaluation forms with action plans and these are important to test the universal provision. They report quarterly on spend, and future funding is dependent on receipt of this.

Action for Children insists on business plans for each Centre, and conducts annual reviews for each of their Centres.

The LA co-ordinates work with both statistical and geographic neighbours. At previous gatherings workshops have been organised for staff from both the LA and individual Children's Centres, covering such things as performance management, school evaluation forms, speech and language services, family support, where individuals can share information with their equivalents in other authorities and discuss problems and possible solutions.

Conclusion

All parties interviewed agreed that it would be useful and beneficial to have benchmarking information and the LA is keen to help develop any proposed system. Building on their work with geographic and statistical neighbours would be their preferred option, so that differences in interpretation could be minimised, although they realise that wider analysis could reveal other examples of good practice.

Although the LA did have a core of Sure Start Children's Centres, it has developed other Centres quite quickly, and considers effective performance measurement to be important, it still feel that it is 'early days' for the development of wider performance measurement based on benchmarking.

As with other Las there was also a strong view that data must be capable of being collected easily without increasing the workload, as managers and administrators are heavily involved in service development.

Example of one Sure Start Children's Centre's programme of activities

Autumn Term Weekly Programme of Activities

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MONDAY
Credit Union & FAS 9am - 5pm @ Minver Crescent
Stay and Story 10am-11.30am @ Aspley Library
St Teresa's Toddler Group 1.30-3pm @ St Teresa's Church Hall
(Coming Soon) Job Centre Plus Lunchtime Session @ Minver Crescent

TUESDAY
Cook & Eat 9.30am - 11.30am @ Amesbury Circus
Midwife Booking Clinic 9.30am - 12pm @ Minver Crescent
Health Visitor Baby Clinic 1pm - 2.30pm@ Minver Crescent

WEDNESDAY
Wiggle and Giggle 10am-11am @ Minver Crescent
(Coming Soon) Parents Group Afternoon @ Minver Crescent
(Coming Soon) - Computer Training (twice per month) @ Amesbury
Circus

THURSDAY
Health Visitor Baby Clinic 9-10.30 am @ Amesbury Circus
Tiny Tots (Babies under 1) 9.30-11am @Minver Crescent
Toy Library 10am-11.30am@ Amesbury Circus
Birth Registration 10am– 12pm @ Minver Crescent
Messy Play 1pm-2.30pm @ Amesbury Circus
Knitting Day - 10.00am - onwards@ Minver Crescent

FRIDAY
Credit Union & FAS 9am - 5pm @ Minver Crescent
Little Angels (1-2 yrs) 10am-11.30am @ Minver Crescent
Hop, Skip and Jump 10am-10.45am @ Amesbury Circus
Music Matters 11am-11.30am @ Amesbury Circus
Toy Library 1pm-2.30pm @ Aspley Library

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LA 6 Case Study

Background

Number of Children's Centres

There are eleven operational Children's Centres as at 31 August 2008. Eight of these cover catchment areas which are in the 30% most deprived, but only five of these at present provide on-site access to early years provision and are open for 10-hours a day with the remaining six providing the universal service.

Organisational Structure

Five are located on primary or nursery school sites, and four were originally part of the Sure Start Local Programme. Five of the Centres are new build.

Management Arrangements

All but one of the Centres (which is run by Barnardo's) are managed by the LA (or school governing bodies) through a strategic management structure and three locality managers covering the LA area.

Resourcing

Finance

A proportion of the total funding is retained centrally for strategic and locality management functions, with the remainder devolved.

The strategic budgets fund Qualified Teachers (the amount varies from Centre to Centre), Family Support Workers, Speech and Language / Nutrition, Child Minding co-ordination and an Early Intervention pilot for child care. Family Support was previously done by each Centre but it is now organised centrally with (rough) allocations to each Centre. The other services are organised centrally to achieve better value for money through commissioning with the PCT.

Full service Centres are funded on a historic funding basis, and receive about £400k of grant funding, with some receiving additional LA resources, for example to support children in need.

Standard service centres receive £87,300, to cover facilities (24k), admin/reception (24k), a contribution to running costs, leaving £15k for devolved activities.

Full service Centres employ a manager, whereas this role is undertaken by, for example, a head teacher or a locality manager in some standard service Centres.

Each Centre has to submit quarterly returns and this, in theory, triggers the next cash advance.

There are no plans for the introduction of a funding formula as such although the LA is aware that this may be necessary.

Workforce

There are central, locality and devolved elements to the manpower arrangements:

- The central manpower consists of the management team and central support staff covering performance management, capital management and HR and finance support, as well as the staff mentioned above (e.g. family support workers, qualified teachers);

- There are three Locality managers covering the LA area;

- Each Centre is given funding to employ administrative/reception staff.

- Some Centres work on a 'hub and spoke' model where the Centre forms the hub and many of the services are delivered by third parties either at the 'hub' or at remote locations within the catchment area. Third parties often provide day care support and other locations are used to accommodate hard to reach families who may otherwise not make the effort;

- Volunteers and parents are welcomed and encouraged in many activities, the varied and wide range of which would be impossible to manage with out them.

Partnerships

All Centres work in partnership with the following bodies

- PCT;

- Job Centre Plus;

- Voluntary Organisations;

- Adult Education;

- Other parts of the LA.

Speech and language and nutrition support are commissioned centrally (by the LA) from the PCT to ensure better VfM and support to all centres. Other PCT support and that from Job Centre Plus, varies from Centre to Centre.

Services Covered

Each Centre's development plan sets out the services to be provided over six main headings:

- Early Years Provision: includes integrated early learning and childcare for a minimum of 5 days a week, 48 weeks a year, 10 hours a day although this is only provided at some Centres. Elsewhere, preferred third party providers, some of whom also provide 'extended school type activities, are used. More commonly these are co-ordinated with local schools. Although childcare places are open to all, Centre and locality managers are conscious that priority should be given to disadvantaged families (not just in the immediate areas) and considerable effort is expended to seek these out and encourage them to participate. Other services include support for childminders, early identification of children with SEN and disabilities, and links to local schools/ out of school activities;

- Outreach: includes visits to all new families in the catchment area, systems for referring / signposting families to further services and a co-ordinated programme of home and school visits between health and Centre employees. Sessions for parents are held at both the Centre and local health clinics;

- Family Support: includes information for parents / carers about the range of family support services, access to specialist, targeted services for those families which need them, and specific strategies / activities which increase the involvement of fathers. Citizens Advice Bureau. Works Solutions, Adult Education, etc run sessions facilitated by the Centre. Links with Adult Education are very good with positive results;

- Child and Family Health Services: includes antenatal advice / support, child health promotion, breast feeding, promoting positive mental health, speech and language support;

- Links with Jobcentre Plus: includes encouraging and supporting parents / carers who wish to consider training and employment. Along with the Citizens Advice Bureau, welfare benefits support is provided.

Governance Arrangements

Each Centre based on a former Sure Start Local Programme has its own advisory board with all the stakeholders involved - parental involvement is essential but a challenge to sustain. Some others link with school governing bodies and the LA manages one Centre directly.

Performance Management

The LA intends to introduce some form of Service Level Agreement with each Centre with targets which will be linked to a Centre's self evaluation form. These include action plans and are important to test the universal provision. Each Centre reports quarterly on spend, and future funding is, in theory, dependent on receipt of this.

The LA has tried benchmarking with its geographic neighbours, but, even with close neighbours, has come across definition and interpretation problems.

Some Centres have developed their own databases to analyse:

- Visits;

- A basket of activities in the Centre;

- The number of hours spent on supervised visits and child protection reviews;

- Work on Health Promotions.

Conclusion

All parties interviewed agreed that it would useful and beneficial to have benchmarking information - one locality manager is keen on developing the database approach mentioned above.

Although work with geographic neighbours has proved difficult the LA still believes that this, with statistical neighbours, would be their preferred option.

The LA, and Centre managers in particular, stressed the difficulty in introducing these services, although once they were accepted the results were very rewarding. They were adamant that data must be capable of being collected easily without significantly increasing the workload, as managers and administrators are heavily involved in service development.

LA 7 Case Study

Background

Number of Children's Centres

The LA has 16 centres under Phase 1 and 2 and will eventually have another eight under Phase 3.

Organisational Structure

Of the 16 centres, two were originally part of the Sure Start Local Programme, seven are linked to primary schools, three to nursery schools and the other four to other community centres. Only one is a new build, with the others receiving a varying amount of refurbishment as required.

Management Arrangements

All are managed by the local authority (or school governing bodies) through a locality and strategic management structure. The LA is divided into three locality areas which provide co-ordination and delivery of core services to Centres within their locality. Each locality has a Reference Group to develop a service plan, the various aspects of which are worked on in the locality by task groups.

The local authority, sometimes through school governing bodies, retains overall responsibility for all buildings, although funds are delegated for some day-to-day maintenance.

Resourcing

Finance

Children's Centres receive allocations of funds for maintenance, and resources, based on both past spending patterns and the size of the Centre, and a further formula allocation for staffing based on the reach of the Centre and the services which it is expected to deliver. This staffing allocation is to cover management, outreach and administration/reception. Although some funds are retained by the LA for the strategic management functions, most is devolved to the locality management function which employs a locality multi agency team to provide enhanced health services (e.g. each locality employs two health visitors, one midwife, two nursery nurses and a Speech and Language therapist plus assistant) and family support services. Other budgets held by the locality provide services such as parenting programmes and support for domestic violence, depending on the needs of the locality (and as agreed by the Reference Group).

Workforce

As noted above there are central, locality and devolved elements to the manpower arrangements:

- The central manpower consists of the management team and central support staff covering performance management, capital management and HR and Finance support;

- There are three Locality managers covering the LA area, and each is responsible for a multi agency team covering health and family support workers. Service level agreements with each Centre specify the level of support each centre can expect to receive from this team;

- There is a Children's Centre linked to a nursery school in each locality and this nursery school employs and manages all the teachers for all the Children's Centres in that locality. In addition to teachers at the nursery school, each locality is allocated one teacher, and, any Centre in the locality with low cost day care, is also allocated a 0.5 FTE teacher;

- Each Centre is given funding to employ a manager, an outreach worker or workers, depending on the reach of the centre, and administrative/reception staff.

Partnerships

All Centres work in partnership with the following bodies:

- PCT, which is coterminous with the LA, but operates through six clusters. From these clusters health visiting, school nursing etc are all delivered through the Centre, but GP practices are reported to be unhappy about this so there may be changes in these arrangements in the future;

- Job Centre Plus - the LA has an agreement which includes a named link for advice and guidance. This is reported to work very well ;

- Voluntary Organisations such as Citizens Advice Bureau , Primary Play, Family Action and Welcare;

- Lifelong Learning services at the local college ;

- Other services provided by the LA.

Services Covered

Each Centre's SLA sets out the overall aims and expectations of each Centre and the outputs which are expected from the resources that have been provided to that Centre. The former SSLP-based centres have all of the following services, but others may not include integrated early learning and childcare:

- *Early Years Provision*: includes integrated early learning and childcare for a minimum of 5 days a week, 48 weeks a year, 10 hours a day. Although childcare places are open to all, to access a place at an integrated Children's Centre nursery, a parent must be claiming Working Tax Credit, or be living in a disadvantaged area (as determined by postcode). Other services include support for childminders, early identification of children with SEN and disabilities, and links to local schools / out of school activities and are arranged on a locality basis;

- *Outreach:* includes visits to all families in the catchment area who have a new baby, systems for referring / signposting families to further services, and a co-ordinated programme of home visits;

- *Family Support:* includes information for parents / carers about the range of family support services, access to specialist, targeted services for those families which need them, and specific strategies / activities which increase the involvement of fathers and help teenage parents;

- *Child and Family Health Services:* includes antenatal advice / support, child health promotion, promoting positive mental health, speech and language support;

- *Adult Learning:* work with the lifelong learning service and the local FE college to increase, in particular, literacy, numeracy and ICT skills;

- *Links with Jobcentre Plus:* includes encouraging and supporting parents / carers who wish to consider training and employment.

Governance Arrangements

Each locality has its own Reference Group and local management boards, e.g. school governing bodies, are encouraged to participate in these Groups, as are parents and all stakeholders.

Performance Management

Service Level Agreements: every Children's Centre has a service level agreement with the LA, which sets out in detail overall aims and expectations and detailed outcomes expected from that centre in exchange for the resources provided.

Benchmarking: as part of this agreement, all Centres have to use the eStart system to record performance data, and must set up systems to encourage and monitor customer feedback. The LA has taken steps recently (nominated input officers, etc) to 'clean-up' the e-Start data. The Foundation Stage Profile has been used to benchmark performance and there is some evidence of improved outcomes in areas where Children's Centres are present. Children's Centres must provide financial returns (as determined by the Locality Reference Group) and an annual self-assessment of the services delivered, which is used at an Annual Service Review.

Conclusion

The LA agreed that it would be useful and beneficial to have better benchmarking information, but realised that this would be difficult as Centres are all delivering different services (depending on the needs of their locality) and were developing these at varying rates. Officers believed that the work they were doing with the Foundation Stage Profile was important, but needed more time to indicate whether this might be the way forward. Officers also made the point that data collection had to be easy - as noted above they had already had to take steps to ensure that data submitted through e-Start was of an acceptable and uniform quality.