

Committee/Meeting: Cabinet	Date: 8 September 2010	Classification: Unrestricted	Report No:
Report of: Corporate Director, Children, Schools and Families Originating officer(s) Anne Canning, Service Head, Learning & Achievement.		Title: Childcare Capital Projects Wards Affected: Bow West and Weavers	

Lead Member	Cllr Shiria Khatun
Community Plan Theme	A Prosperous Community
Strategic Priority	Priority 3.1: Supporting excellent learning opportunities for all

1. **SUMMARY**

- 1.1 The report seeks Cabinet approval for two capital development projects as part of the Early Years Service Capital Funding (Childcare Quality and Access) programme 2008-11: Bow Wharf Montessori School (£400K) and Allen Gardens Nursery & Playgroup (£450K).

2. **DECISIONS REQUIRED**

Cabinet is recommended to:-

- 2.1 Approve the award of a grant of £400,000 to Bow Wharf Montessori School to contribute to the conversion of a large warehouse into a 78-place day care and educational facility and 32-place playgroup.
- 2.2 Approve the award of a grant of £450,000 to Allen Gardens Nursery & Playgroup to support the development of a disused caretaker's house at Thomas Buxton School; to allow the setting to move from its current building, which is in a very poor state of repair.

3. **REASONS FOR THE DECISIONS**

- 3.1 Both of the projects have been selected by the Early Years Capital Funding Panel (comprising: the Childcare Sufficiency Manager and Childcare Development Manager from the Early Years Service and an independent

representative of a private/ voluntary sector childcare provider) based on their strategic fit with the priorities of this capital funding programme.

- 3.2 These projects are the final two major allocations of capital funding to be made from the Early Years Service Capital Funding (Childcare Quality and Access) programme; all previously agreed allocations are detailed at Appendix 1- Early Years Service Capital Funding (Childcare Quality and Access) programme - Funding Allocations.

4. ALTERNATIVE OPTIONS

- 4.1 The report addresses the way in which options were considered by the Early Years Capital Funding Panel. The selected projects are recommended on the basis that they meet the strategic priorities of the funding programme, offer value for money, support the borough's duty to ensure sufficiency of quality childcare, and are viable for completion before the end of 2010/11.

5. BACKGROUND

- 5.1 This report advises members of two further projects that have been awarded funding through the Early Years Service Capital Funding (Childcare Quality and Access) programme.
- 5.2 The Early Years Service Capital Funding (Childcare Quality and Access) programme is an allocation of capital funding (£1.57 m per year for three years, equating to a total allocation of £4.7m for 2008-11); that aims to: i) improve the quality of the environment in early years settings to support the delivery of the Early Years Foundation Stage, with a particular emphasis on improving play and physical activities; and ICT resources; ii) ensure all children, including disabled children are able to access provision, and iii) enable private, voluntary and independent providers to deliver the extension to the free offer for 3 and 4 year olds and to do so flexibly.
- 5.3 The Council is limited in its discretion to award funding in line with the strategic priorities of the capital programme, within the allocated funding.
- 5.4 All funding must be spent and all projects funded through this programme completed by March 2011.
- 5.5 The Government expects that the majority of this capital grant should be used to improve the environment in private, voluntary and independent sector (PVI) early years and childcare settings; although spending on the maintained sector is not precluded.
- 5.6 A global works estimate has already been adopted by Cabinet for this funding programme. Applications for funding are considered by the Early Years Capital Funding Panel, comprising: the Childcare Sufficiency Manager and Childcare Development Manager from the Early Years Service and an independent representative of a private or voluntary childcare provider. Once

these projects have been agreed they are then passed on for formal agreement either by the Corporate Director (projects awarded less than £250K funding) or by Cabinet (projects awarded more than £250K funding).

- 5.7 Major capital funding allocations previously agreed by Cabinet have been included in the Children, Schools and Families Capital Programme report; please see Appendix 1- Early Years Capital Funding (Childcare Quality and Access) programme – Funding Allocations, for details of when these were agreed by Cabinet.
- 5.8 From the commencement of the capital programme, the Business & Finance Officer with the Early Years Service has worked with childcare providers from the private, voluntary and independent sectors to identify potential capital development projects that fit with the strategic aims of the funding programme. Once projects were identified, the providers were supported in refining and developing their projects, incorporating ongoing feedback from the Funding Panel.
- 5.9 The funding application process follows a grant-based model in that the provider will apply for either all or a proportion of the total costs of the project. The Funding Panel bases its decisions on the projects to award funding upon consideration of the following factors: the number of new childcare places that would be created as a result of the project; how essential the proposed building works are; whether the childcare provider is from the private or voluntary sector; other potential sources of funding available to the childcare provider; the childcare provider's location and the impact upon other childcare settings within the local area; the affordability and quality of childcare provision; value for money; and the completion deadline and timescale.
- 5.10 DfE is currently reviewing all capital allocations through the Sure Start Early Years and Childcare Grant in terms of projects that are committed and those that are not (uncommitted projects are where a contract has not been signed). These two projects are currently considered to be uncommitted although an appeal has been raised with DfE.
- 5.11 Cabinet approval is being sought to ensure that should these projects be agreed by DfE, they will be able to be delivered by the March 2011 deadline. Should the projects not be approved by DfE, they will not progress.
- 5.12 Once a project has been awarded funding, the delivery of the project by the provider is managed and overseen by the Early Years Service's Business & Finance Officer. While the provider is not necessarily required to adhere to the Borough's procurement rules; the provider is required to follow a clear and transparent procurement process, which ensures value for the money invested through competitive tendering by at least 3 contractors.

- 5.13 To date a total of £1,128,779 of the total funding has been spent, with a further £3,582,709 allocated to be spent by March 2011 (including the funding awarded to the two projects detailed in this report).

6. **BODY OF REPORT**

- 6.1 The following projects have been agreed by the Early Years Service Capital Funding Panel:
- 6.2 **Bow Wharf Montessori School** – the project consists of the conversion of a large warehouse owned by British Waterways into a 78-place day care and educational facility for children aged three months to five years. In addition, there will be three classes for 48 children aged six to eleven. This facility is a private facility, in order to ensure benefit for local families and those on lower incomes:
- ⇒ 25% of the 78 full daycare places (19.5 places in total) are capped at £220 per week (rising by 3% per annum) for 5 years after the launch of the provision. (This fee rate is based on benchmarking against the London average).
 - ⇒ A minimum of 50% of the 78 full daycare places (39 places) are reserved for use by Tower Hamlets residents only, for 5 years after the launch of the provision.

The project will also create a new 32 place playgroup to benefit local residents, funded entirely through funding from the Department for Education.

Total start-up costs = £788,582

Bank Loan = up to £250,000 (the provider is entering into this loan arrangement, and it only affects the Council, in that the Council is not contributing funding for the total costs of the project.)

Investor = £150,000 (Mark Payne)

EYS Capital Funding requested = £400,000

Total Funding secured = £800,000

- 6.3 **Allen Gardens Nursery & Playgroup** – the nursery & playgroup has occupied a Parks building on the Allen Gardens site for a number of years following their relocation from another Council building.

Early Years has looked at the possible development of Allen Gardens Nursery & Playgroup's current building, which is in a very poor state of repair. Remedial works to the building would not be cost effective and if the current site were to be used demolition and rebuild would be the only option.

However, Children, Schools and Families been advised that the land occupied by the current building is Public Open Space and redevelopment of this land

would not be an appropriate use and would lead to a disposal of public open space which is currently contrary to the Council's Open Space Strategy.

Early Years have, consequently, looked at other options for the nursery & playgroup. The best available is to develop a disused caretaker's house at Thomas Buxton School, next door to Allen Gardens.

The anticipated cost of this development is £450,000; this would be fully funded through the capital grant.

7. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 7.1 The recommendations involve the allocation of Early Years Capital monies that have already been agreed by Cabinet as part of the Children Schools and Families Capital Programme. The Bow Wharf scheme costs £0.400m and is expected to be completed before 31st March 2011. The Allen Gardens scheme costs £0.450m and would only be able to proceed if the plan demonstrated that it could be completed by 31st March 2011. This capital expenditure would be supported by government capital grant for Early Years and Childcare. Unspent grant at the end of March 2011 would be lost.

There are no additional revenue costs for the Allen Gardens Playgroup, as it is currently operational. The 32 place Bow Wharf playgroup will run alongside the day-care at Bow Wharf and will offer the Free Entitlement for 3 and 4 Year Olds, 15 free hours of childcare per week for all 3 and 4 year olds for 38 weeks per year. This is funded exclusively through the Early Years Single Funding Formula, which is a component of the Dedicated Schools Grant.

8. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

- 8.1 It is proposed that Cabinet agree capital estimates for two projects to provide early years provision in the form of day care, education and a play group.
- 8.2 The Council has a duty under section 18 of the Children Act 1989 to provide appropriate day care within Tower Hamlets for children who are aged 5 or under and not yet attending school. The Council has broad discretion as to how it gives effect to that duty.
- 8.3 The Council has separate obligations under the Childcare Act 2006 to secure the provision of integrated early childhood services, sufficient childcare to enable parents to work or undertake education or training and free early years provision (childcare). Childcare includes education and any other supervised activity.
- 8.4 The Council is specifically empowered to enter into arrangements with providers of childcare that include financial assistance. Where such arrangements are made, the Council is required under the Childcare Act

2006 to exercise its functions to ensure compliance by the provider with the requirements of the arrangement.

- 8.5 The projects will have to be carried out consistently with the legislative framework established by the Children Act 1989 and the Childcare Act 2006. The Council will also have to comply with the conditions of any grant.
- 8.6 The Local Government Act 1999 requires the Council as a best value authority to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”. The process followed in respect of the Bow Wharf project appears to be appropriately competitive and consistent with the Council’s procurement procedures.
- 8.7 The Allen Gardens project is dependent upon the chosen site being suitable for use as a nursery and playgroup, including by reference to planning law and any restrictions on the land. There will be a need to investigate these matters, including by obtaining a title report.

9. ONE TOWER HAMLETS CONSIDERATIONS

- 9.1 The successful implementation and delivery of the Early Years Service Capital Funding (Childcare Quality and Access) programme offers a key contribution under the ‘A Prosperous Community’ theme of the Tower Hamlets Community Plan.
- 9.2 Improving the quality of childcare provision and facilities throughout the borough will support the creation of excellent learning opportunities for all by investing in the under 5’s whose development provides the best possible foundation for long term success.
- 9.3 Unemployment levels in Tower Hamlets are higher than both the London and national averages, due mainly to a comparatively low level of basic skills but also because of a range of other factors which affect worklessness. The availability of accessible, quality childcare is seen as a key factor in supporting parents of very young children in developing their skills and in (re)entering the labour market, and ultimately as a means of addressing child poverty.
- 9.4 The take-up of childcare by families from black and minority ethnic communities is noticeably lower in Tower Hamlets than the London and national averages. It is anticipated that a key impact of increasing the availability of accessible, quality childcare through the projects funded through the Early Years Service Capital Funding (Childcare Quality and Access) programme will be an increase in the take-up of the newly created places by families from black and minority ethnic groups.

9.5 Both projects are focused on increasing the capacity of provision and will incorporate mechanisms for ensuring that places are reserved for Tower Hamlets residents and those on lower incomes.

10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

10.1 The proposed capital projects aim to improve, enhance and preserve the quality of the facilities within which childcare is provided within the borough. Sustainability considerations will be incorporated, as far as possible, into all elements of the design and build processes and the materials used.

11. RISK MANAGEMENT IMPLICATIONS

11.1 The individual projects will be closely monitored to ensure that programmes are completed on time and within the budget provision.

12. CRIME AND DISORDER REDUCTION IMPLICATIONS

12.1 There are no specific implications arising.

13. EFFICIENCY STATEMENT

13.1 The capital works identified in the report will seek to improve energy efficiency and reduce ongoing maintenance.

14. APPENDICES

Appendix 1 – Early Years Capital Funding (Childcare Quality and Access) programme – Funding Allocations.

Local Government Act, 1972 Section 100D (As amended) List of “Background Papers” used in the preparation of this report

Brief description of “background papers”	Name and telephone number of holder and address where open to inspection.
None	N/A

Appendix 1 – Early Years Capital Funding (Childcare Quality and Access) programme – Funding Allocations

Completed Projects

Provider	Project Description	Funding Allocated	Approval Details
Limehouse Arches	Expansion of capacity and improvement of outdoor play area.	£509,100	Approved by Cabinet (over £250K) 3/11/08.
My Nursery LLP	Creation of an outdoor play area and installation of signage.	£49,942	Approved on RCDA form (under £250K) 16/12/08.
Montessori on the Park	Series of minor repairs and refurbishment.	£20,033	Approved on RCDA form (under £250K) 16/12/08.
Mile End Nursery & Playgroup	Improve outdoor play area.	£7,260	Approved on RCDA form (under £250K) 16/12/08.
Poplar Play Centre	Repairs and refurbishment.	£37,013	Approved on RCDA form (under £250K) 16/12/08.
Precious Kids Day Nursery	Installation of an intercom.	£6,015	Approved on RCDA form (under £250K) 16/12/08.
Overland Children's Centre	Improvements to security and fencing.	£12,200	Approved on RCDA form (under £250K) 16/12/08.
Island House Playgroup	Development/ enhancement of outdoor play area.	£67,541	Approved on RCDA form (under £250K) 16/12/08.
Pillar Box Gardens Nursery	General refurbishment of premises.	£12,651	Approved on RCDA form (under £250K) 16/12/08.
The Nursery @ St Paul's Church	Replacement of roof and improvement/ enhancement of outdoor play area.	£122,912	Approved on RCDA form (under £250K) 16/12/08.
Pillar Box Montessori Nursery	Refurbishment and remodelling of reception area.	£25,000	Approved on RCDA form (under £250K) 21/4/09.
Montefiore Children's Centre/ Precious Kids Nursery	General repairs and improvements to daycare area.	£23,964	Approved on RCDA form (under £250K) 21/4/09.
Weavers Adventure Playground	Construction of an extension with age-appropriate WC's to allow use by under 5's.	£70,330	Approved on RCDA form (under £250K) 21/4/09.
Scallywags Playgroup	Improvement/ enhancement of outdoor play area.	£49,582	Approved on RCDA form (under £250K) 21/4/09.
Montessori on the Park	Further series of general repairs and refurbishment.	£30,666	Approved on RCDA form (under £250K) 21/8/09.
Gatehouse School	Replacement of toilets.	£54,595	Approved on RCDA form (under £250K) 21/8/09.
Lincoln & Burdett Children's Centre	To move the toilets in the crèche room and carry out some refurbishment works.	£29,975	Approved on RCDA form (under £250K) 15/4/10.

	Completed Projects Sub-Total	£1,128,779	
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Committed Projects

Provider	Project Description	Funding Allocated	Approval Details
Matchbox Day Nursery Ltd	Creation of a new outdoor play area and expansion of the capacity of nursery.	£330,406	Approved by Cabinet (over £250K) 3/11/08.
Meath Gardens Children's Centre	Creation of a playgroup space within a new children's centre.	£228,500	Approved as part of overall Children's Centre Phase 3 project.
Lincoln Hall Playgroup	Construction of a transitional space and expansion of capacity.	£381,313	Approved by Cabinet (over £250K) 7/7/10.
Gatehouse School	Installation of a canopy on the roof which forms the outdoor play area.	£39,671	Approved on RCDA form (under £250K) 15/4/10.
Gatehouse School	Development/ enhancement of outdoor play area.	£115,350	Approved on RCDA form (under £250K) 15/4/10.
Mile End Nursery & Playgroup	Refurbishment of toilets and creation of additional storage space.	£13,225	Approved on RCDA form (under £250K) 12/7/10.
Step-by-Step/ Wapping Children's Centre	Improvements to premises and development/ enhancement of outdoor area.	£143,853	Approved on RCDA form (under £250K) 10/8/10.
	Committed Projects Sub-Total	£1,252,318	

Contractually Uncommitted

Provider	Project Description	Funding Allocated	Approval Details
Mudchute Nursery	Expansion/ development and improvement of facilities.	£590,750	Approved by Cabinet (over £250K) 7/7/10.
Mile End Children's Centre	Creation of a playgroup space within a new children's centre.	£198,600	Approved as part of overall Children's Centre Phase 3 project.
Vernon Playgroup	To develop and enhance the facilities in which the playgroup is based.	£150,000	Project still in development-not yet approved.
Wapping Playzone	Creation of a sensory garden.	£20,800	Project still in development-not yet approved.
Allen Gardens	To create new facilities within a site immediately adjacent to the provider's current building.	£350,000	Included in Cabinet Report 8/9/10 (over £250K).
Avebury Playgroup	To improve and enhance the facilities, specifically focusing on the outdoor area.	£75,000	Project still in development-not yet approved.
Ranwell Playgroup	To enhance the outdoor play area that serves the playgroup.	£25,000	Project still in development-not yet approved.
Weavers Fields Community Nursery	To expand the space available to the nursery by building into an unused corridor.	£75,000	Approved on RCDA form (under £250K) 10/8/10.
Headstart Nursery	To contribute to the fit out costs of a	£150,000	Approved on RCDA form

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	new custom-built nursery with a capacity of 100 children.		(under £250K) 10/8/10.
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Bow Wharf	To contribute to the fitting out of a large unused warehouse building to create a new 78 place nursery.	£400,000	Included in Cabinet Report 8/9/10 (over £250K).
Bethnal Green Montessori	Improvement of the facilities to improve transition from indoors to outdoor area and development of outdoor play area.	£100,000	Project still in development-not yet approved.
	Contractually Uncommitted Projects Sub-Total	£2,135,150	

Completed Projects	£1,128,779
Committed Projects	£1,252,318
Contractually Uncommitted	£2,135,150
Total Allocated	£4,516,247
Total Funding	£4,711,488
Unallocated funding	£195,241

With regard to the £195,241 unallocated funding, the following projects are on the reserve list:

Provider	Project Description	Potential Funding
Barkantine Community Nursery	Extension to the baby room, new flooring and other improvements	£50,000
Bow Childcare	Development/ enhancement of outdoor play area	£40,000
Pillar Box Montessori	Redecoration and refurbishment of building	£35,000
Bigland Children's Centre	Development of crèche's outdoor area	£50,000
Matilda Community Nursery	Replacement of windows and other refurbishment work.	£35,000
	Sub-Total	£210,000