

Bannockburn Children's Service



Best Value Review Summary Report

September 2019

Bannockburn Children's Service - Best Value Review

Background

The Bannockburn Children's Service commenced operating in its current form in 2014 as a result of the integration of Bannockburn Kindergarten (formerly Russell's Bridge Kindergarten) and the extension of the Bannockburn Family Services Centre.

At that time, Council was responding to the needs of the community as there were no other Long Day Child Care Centres in Bannockburn.

The service had been growing in utilisation and had built a strong reputation for providing quality services in the community until 2018 when another child care centre entered the Bannockburn market. In 2019, yet another service opened in Bannockburn and this growth in services available to the community has provided families with enhanced service choice and has resulted in a substantial reduction in utilisation within the Council service.

In response to the changing operating environment of the Bannockburn Children's Service, Council commenced undertaking a Best Value Review including a comprehensive assessment of the current model of management, operations and services delivery with a view to the identification of efficiencies to develop a sustainable model of delivery. The Best Value Principles as articulated in the *Section 208B of the Local Government Act 1998* (as amended) have been applied to the completion of this review.

The Importance of Early Childhood Care and Education

"The first years of life are important, because what happens in early childhood can matter for a lifetime. Science shows us what children must have, and what they need to be protected from, in order to promote their healthy development. Stable, responsive, nurturing relationships and rich learning experiences in the earliest years provide lifelong benefits for learning, behaviour and both physical and mental health" (Shonkoff, 2009)

Positive early year experiences establish a foundation for a broad range of skills and learning capacities within a child, which are used in later life. According to international research into childhood development, children require positive experiences before the age of five to promote brain development for sensory, language and higher cognitive functions. Development grounded in the early years increases developmental, social and educational outcomes in children and equips them to confidently progress and participate later in community life. Long Day Child Care provides positive living and learning environments so important for children's development whilst providing care for children whilst their parents participate in the workforce.



Supply and Demand Analysis

Golden Plains Shire Council commenced the operation of the Bannockburn Children's Service in its current form in 2014. Since that time two other providers have entered the market resulting in 391 places being available each day. If all three centres are operating at capacity including Bannockburn Children's Service the market share held by Council would be 34%. As we do not know what level of capacity the non-council services are operating it is not possible to assess the market share based on current operations.

Bannockburn Child Care Market

Bannockburn Children's Service	Happy Feet	Bright Minds Early Learning Centre
Service Approval 05 / 2012	Service Approval 03 / 2019	Service Approval 10 / 2017
2a Pope Street, Bannockburn	1 Saffin Crt, Bannockburn	17 Archer Way, BANNOCKBURN VIC 3331
7.00am to 6.00pm	6.30am to 6.30pm	7.00am to 7.00pm
Working Towards NQS	Provisional NQS	Meeting NQS
146 Approved Capacity*	126 Approved Capacity	167 Approved Capacity

*The Service Approval and capacity of 146 places includes the Bannockburn Kindergarten. The Long Day Care Service has a capacity of 98 places.

Population and age structure - persons aged 0 to 4 years

Golden Plains Shire	2016		2036		Change between 2016 and 2036	
Area	Number	%	Number	%	Number	%
Golden Plains Shire	1,509	6.9	2,191	6.8	+682	+45.2
Bannockburn	478	9.3	704	7.0	+227	+47.4
Central East	397	6.8	564	6.8	+167	+42.0
Central West	158	6.1	248	7.7	+90	+57.1
North West	397	5.7	496	5.8	+99	+25.0
South East	79	5.3	178	7.4	+99	+125.1

Population and household forecasts, 2016 to 2036, prepared by .id, the population experts, November 2017.

Based on current service demand as self-reported by each of the service providers there are on average 255 children in care per day compared to a shared capacity of 391 places per day indicating that the current market is over supplied by 136 places. If Council, with 98 Child Care places was no longer in the market it appears that all children could be accommodated in the other two services.

However as the 0-4 year old population is anticipated to grow by 45% between 2016 and 2036 this may leave insufficient places to meet future demand. Another consideration is that due to the increasing part time nature of the work force and workplace flexibility such as RDO's, families often only require care mid-week (Tuesday, Wednesday and Thursday), this currently results in some families not being able to access care on these days whilst vacancies remain high on Monday and Friday.

Some highlights of the current usage of the Bannockburn Children's service include:

57% of families access the service live in Bannockburn or Gheringhap, about 30% are from the surrounding areas and across the Shire and 7 families are from outside the Shire.

There are 127 families with 156 children accessing the service. Ten of those families are accessing the service fulltime.

Bannockburn Children's Service Operations analysis

Since Council commenced the review of the Bannockburn Children's Service in 2018 there have been a number of efficiencies and cost saving measures implemented in line with reduced utilisation. Some of these efficiencies include reduced staff whilst maintaining legislated staff to child ratios and quality standards. Expenditure on food for meals has been reduced in line with lower number of children in care whilst maintaining quality and meeting nutritional requirements.

Service Quality

All approved Early Childhood Education and Care Services (ECEC) are assessed and rated by their State regulatory authority against National Quality Standards, and given a rating for each of the quality areas and an overall quality rating based on these results.

The National Quality Standards set a high national benchmark for ECEC and Out of School Hours Services in Australia. The Quality areas (QA) are:

QA1. Educational Programs and Practice

QA2. Children's Health and Safety

QA3. Physical Environment

QA4. Staffing Arrangements

QA5. Relationships with Children

QA6. Collaborative Partnerships with Families and Communities

QA7. Governance and Leadership

The Bannockburn Children's Service participated in a Rating and Assessment review in May 2018 and received a rate of 'Meeting' against 6 of the 7 quality areas. Unfortunately Quality Area 1 was rated as 'working towards' and therefore the overall rating was given as 'Working Towards'. This rating is publically available and is not changed until the Department of Education and Training conduct a further assessment which is due within three year of the last review.

It is likely that some families will take the 'Working Towards' status into consideration and not select this service when choosing a service for their child without understanding that the service is still fully compliant with Regulations and offering quality care. The 'Working Towards' result was due to an administrative detail that was over looked by the service and has impacted on the final assessment and potentially the services reputation.

Customer Satisfaction

A Survey of families utilising the Bannockburn Children's Service was undertaken in 2019, with 39 respondents, indicates high levels of customer satisfaction with 72% of respondents reporting to be very satisfied and 29% being somewhat satisfied. 79% of respondents stated that they were very likely to recommend this service to a friend or colleague.

As detailed above 'Relationships with children' and 'collaborative partnerships with families and communities' are important to the delivery of quality early childhood education and care. The results below indicate that the service continues to perform well in these areas;

How much sense of belonging does your child feel at BCS?

A tremendous amount - 25%
Quite a bit - 56%
Some belonging -19%
Only a little or no sense of belonging - 0%.

How important do the staff at BCS make you feel (as a parent/carer)?

Extremely important – 25%
Very important – 37.5%
Somewhat important – 37.5%
Not very or not at all – 0%

What does Bannockburn Children's Service do really well?

- *Listen to concerns and needs of children*
- *Creates a healthy environment for my child, allow them to be creative and help them to develop balanced social skills*
- *Very caring*
- *Made my child feel included and help out due to her separation anxiety*
- *Interaction with children is wonderful they are very kind and helpful*
- *Staff take a real interest in all members of the family. Forming strong bonds with educators*
- *Always receive full report of the day's events.*
- *Very welcoming and friendly. Always give courtesy calls when required*
- *Provides a great environment for my child to learn and prepare for school*
- *Drop off and pick up runs smoothly.*

Fees and Charges

The 2019/20 approved budget for the Bannockburn Children's Service Long Day Care Program includes a daily fee of \$123 and a fulltime weekly fee of \$565 per child per place. Analysis of the out of pocket child care expenses paid by the average family revealed an average of \$107 per family/week after the child care subsidy is applied. The average total weekly charge for families including the child care subsidy is \$274 (\$13,426 per annum – 49 weeks).

A further analysis of the fees has been undertaken which identified a number of opportunities to increase fee income without increasing the daily fee and if they are to be considered by Council they could come into effect from January 1, 2020 (or the first day of operation for the year).

This includes:

- a) Charging families for public holidays
- b) Reducing or removing the discount for fulltime care.

The two other Child Care Providers in Bannockburn have a daily fee of 5% and 3% lower than the Council daily rate. It is understood that they do charge for public holidays and don't have a weekly fee but do have some other pricing structures that increase affordability such as new enrolment incentives and sessional rates.

Financial Modelling

The 2019/20 Operating budget for the Bannockburn Children's Service was developed based on the assumption that it would operate at 80% of 92 places or 84 places per day. This would have seen the service operate at a loss of \$97,511.

Important points on 2019/20 budget

It is important to note that this budget also includes the Bannockburn Kindergarten which is outside the scope of the Best Value Review.

It is also important to note that the budget does not include the total annual depreciation of \$47,000 or the annual maintenance costs of \$30,000 for the Bannockburn Family Services building in which the Long Day Child Care operates as these costs have been allocated under Council's community centres reportable area.

Child care is a financially vulnerable service due to the relatively high fees associated, if one child care place is lost the bottom line will be further reduced by \$30,135 (made up of \$123.00 per day times five days per week and 49 weeks of operation).

A further complexity to this matter is the need to maintain child and staff ratios at all times so a loss of a child care place does not equate to a reduction in staff costs.

Expression of Interest

In applying the *Best Value Principles 208B of the Local Government (Best Value Principles) Act 1999*, specifically factor— (a) the need to review services against the best on offer in both the public and private sectors 208C, Council undertook a non-binding Expression of Interest process to determine if there are other private or community based organisations who have the capability and interest in operating the Bannockburn Children's Centre at a standard and level of service greater than Council's operations.

The *Expressions of Interest for the Management and Operation of Bannockburn Children's Services at Golden Plains Shire* EOI No: GPSC- EOI-17-2019 was widely advertised in The Age, Geelong Advertiser and Ballarat Courier with an opening date of 19 August and closed at 12 noon on 12 September, 2019.

APPLICATION OF THE BEST VALUE PRINCIPLES

The following cost standards have been developed based on the current service model of 84 places.

Best Value Principles	Key Performance Indicator	Performance Targets		
		Year 1	Year 2	Year 3
Cost Standard	Net annual cost to Council per child care place of no greater than \$1,161*	\$1,000	\$800	\$500
Quality Standard	Achieve minimum of "Meeting" National Quality Standards. **	✓	✓	✓

*Based on 2019/20 adopted budget and 98 approved places

**Current standard is 'working towards'. Next assessment and rating should occur prior to May 2021.

Best Value Principles	Action taken to apply the principle

208B (a) all services provided by a Council must meet the quality and cost standards required by section 208D;	<p>A confidential review was undertaken by Community Child Care in late 2018, to assess the current model of management, operations and service delivery and to develop a sustainable model of delivery. The recommendations made by Community Child Care in their confidential report, together with a range of other service efficiencies have been implemented.</p> <p>Quality and Cost standards have been devised as detailed above.</p>
208B(b) subject to section 6(1)(c), all services provided by a Council must be responsive to the needs of its community; 208B(b) 208C(c)	Service needs are determined through customer satisfaction surveys and an assessment of service supply and demand.
208B(c) each service provided by a Council must be accessible to those members of the community for whom the service is intended;	Accessibility to the program is governed by the Commonwealth Government's Priority of Access guidelines for Commonwealth funded childcare services. The Bannockburn Children's Service is compliant with these guidelines.
208B(d) (d) a Council must achieve continuous improvement in the provision of services for its community;	A confidential service review was undertaken in August 2018 by Community Child Care to assess the current model of management, operations and service delivery and identified a range of recommendations for improvement for the service to ensure high quality efficient standards are maintained and these recommendations have been implemented.
(e) a Council must develop a program of regular consultation with its community in relation to the services it provides;	Council undertakes community satisfaction surveys annually and the Bannockburn Children's Service undertakes regular communication with all service users including satisfaction surveys.
208B(f) a Council must report regularly to its community on its achievements in relation to the principles set out in paragraphs (a), (b), (c), (d) and (e).	Council reports on the progress of its Best Value service reviews in its Annual Reports. A copy of this report is located on Council's website, www.gplains.vic.gov.au

Conclusion

This review of the Bannockburn Children's Service has been undertaken over two years and has resulted in a comprehensive understanding of the service strengths and opportunities for further enhancement.

The review has identified that whilst the service was rated as 'working towards' against the National Quality Standards, the service is providing quality care and education and is well regarded by service users.

An analysis of the Bannockburn Child Care Market has identified that the introduction of two new services has resulted in more choice for families and a current oversupply of places.

A public Expression of Interest process was undertaken to review the service against the best on offer in both the public and private sectors in accordance with the *Local Government (Best Value Principles) Act 1999 Section 208C*. This process revealed that there is interest in the management and operation of the Bannockburn Children's Service including the Kindergarten.

The Best Value Review findings will be presented at its meeting in September 2019.

ⁱ Shonkoff, J. (2009) Investment in Early Childhood Development Lays the Foundation for a Prosperous and Sustainable Society. Encyclopaedia on Early Childhood Development. Retrieved from <http://www.child-encyclopedia.com/importance-early-childhood-development/according-experts/investment-early-childhood-development-lays>
