



**9.1 CHILDREN'S SERVICES POLICY IMPLEMENTATION -  
REPORT ON PUBLIC INTEREST REGARDING COUNCIL-  
OPERATED SERVICES**

**EXECUTIVE MEMBER: TONY KEENAN, GENERAL MANAGER, COMMUNITY AND  
ECONOMIC DEVELOPMENT**

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**1. PURPOSE**

- 1.1 To consider a report regarding what public interest, if any, is met by Council directly operating four early education and care (childcare centres and what risks, if any, to public interest would there be if Council transitioned out of its four early education and care (childcare) services.

**2. EXECUTIVE SUMMARY**

- 2.1 At the Ordinary Council meeting on 20 May 2020, Council requested that officers prepare a report outlining what public interest, if any, is met by Council directly operating the four centres and what risks, if any, to public interest would there be if Council transitioned out of the centres.
- 2.2 The attached report represents the outcome of this analysis which concludes that it is in the public interest for Council to continue operating services for the following reasons:
- 2.2.1 The Council policy objective of ensuring access to quality early education and care services for vulnerable children may not be achieved if Council transitioned out as Council-operated services provide accessible care and quality education for vulnerable children in the municipality at greater levels than other providers.
- 2.2.2 The ongoing COVID-19 pandemic has highlighted the importance of early education and care as an essential service. It has also generated market uncertainty for early education and care providers in the short to medium term. Continuing to operate will contribute to the stability of services available in the City of Port Phillip and ensure children, particularly those who are experiencing factors associated with higher levels of vulnerability, have access to quality early education and care providers.
- 2.2.3 Any direct subsidy by Council has been substantially reduced through a range of measures and Council's pricing model is comparable within the local market.
- 2.3 The report recommends that this finding be reviewed annually to ensure there have been no material changes to whether it is in the public interest to remain in direct service delivery.

**3. RECOMMENDATION**

That Council:

- 3.1 Endorse the finding in Attachment 1 that it is in the public interest for Council to continue operating early education and care services at Bubup Nairn Family and Children's Centre, North St Kilda Children's Centre, Clark Street Children's Centre and Coventry Street Children's Centre because:



- 3.1.1 The Council policy objective of ensuring access to quality early childhood education may not be achieved if Council implemented further competitively neutral measures as the services provide greater levels of accessible care and quality education for vulnerable children in the municipality than other providers.
- 3.1.2 The ongoing COVID-19 pandemic has highlighted the importance of early education and care as an essential service. It has also generated market uncertainty for early education and care providers in the short to medium term. Continuing to operate will contribute to the stability of services available in the City of Port Phillip and ensure children, particularly those who are experiencing factors associated with higher levels of vulnerability, have access to quality early education and care providers.
- 3.1.3 Any direct subsidy by Council has been substantially reduced through a range of measures and Council's pricing model is comparable within the local market.
- 3.2 Note that this finding will be reviewed annually, at a minimum, to ensure that the continued operation of early education and care services minimise any direct subsidy by Council, the services continue to provide places for children whose families are experiencing factors associated with vulnerability and that the market continues to operate effectively in the City.
- 3.3 Amend the description to remove reference to a business case in Commitment 7a of *Every Child, Our Future: Children's Services Policy* as follows:
- "Operating childcare services that prioritise quality and accessible services for all children and families with a particular focus on those experiencing factors associated with vulnerability and minimise any subsidy by Council through affordable fee setting and careful management of costs".

#### 4. KEY POINTS/ISSUES

- 4.1 Council considered a report by officers on 20 May 2020 regarding the implementation of the *Every Child, Our Future: Children's Services Policy*.
- 4.2 This report recommended that work to progress Council's previous resolution on 4 September 2019 to prepare a business case regarding Council's continued operation of early education and care services be delayed by a minimum of one year because of the ongoing and uncertain impacts of the COVID-19 pandemic.
- 4.3 At the meeting on 20 May 2020 Council moved: "That, to allow Council to make an informed decision as to whether it is in the public interest for Council to continue to directly operate the four centres, Council:
- 4.3.1 Requests officers undertake an analysis on what public interest, if any, is met by Council directly operating the four centres and what risks, if any, to public interest would there be if Council transitioned out of operating the centres;
- 4.3.2 Receives a report on the outcomes of this analysis at the Council meeting of 5 August 2020.
- 4.4 Officers have prepared this report and it is provided as Attachment 1 to this report.
- 4.5 The analysis concludes that continuing to operate Council's four early education and care services (Bubup Nairn, Clark Street, Coventry Street and North St Kilda Children's Services) is in the public interest.



- 4.6 Officers recommend that this finding be reviewed annually, at a minimum, to ensure the services continue to be accessible for vulnerable children, that any subsidy provided by Council is minimised and have regard for any changes to the early education and care market in the City of Port Phillip.
- 4.7 Given the outcome of the analysis, officers believe Council can make a determination to continue to operate its four early education and care services.

## **5. CONSULTATION AND STAKEHOLDERS**

- 5.1 The attached analysis has regard for the views and preference expressed during Council's consultation with service users, service providers and the broader community in March 2019.
- 5.2 The attached analysis has been informed by discussions with staff at the Commission for the Office of Better Regulation to ensure it meets requirements under National Competition Policy.

## **6. LEGAL AND RISK IMPLICATIONS**

- 6.1 The attached report summarises the legal and risk implications of Council remaining in direct service delivery or transitioning out to community-managed model.

## **7. FINANCIAL IMPACT**

- 7.1 This report is consistent with Council's draft Budget 2020/21. Financial impacts of the options considered have been canvassed in the attached report.

## **8. ENVIRONMENTAL IMPACT**

- 8.1 There are no environmental impacts relevant to this report.

## **9. COMMUNITY IMPACT**

- 9.1 Council-operated services provide quality and accessible care for all children in the municipality and are particularly accessible to children who are more vulnerable. By continuing to operate early education and care services, Council can ensure vulnerable children have access to quality early education and care services which will help the achievement of its policy objectives.

## **10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY**

- 10.1 Council's *Every Child, Our Future: Children's Services Policy* describes Council's role in children's services and what Council will do to support the well-being and development of children and families in our community in line with its commitments in the Council Plan 2017-2027.
- 10.2 The policy has seven objectives:
- Objective 1 - Council will work with partners to ensure that every child, regardless of their abilities or background, will have access to affordable, safe, accessible, quality Early Years' services to support development to their full potential.



Objective 2 - Council will understand current and future needs of families in the city and influence the provision of early years services to meet those needs.

Objective 3 - Early years' services will be financially sustainable and consistently aligned with relevant policies and legislation at the local, state and federal level.

Objective 4 - Council will encourage collaboration across all early years' services.

Objective 5 - Families will have access to the services and information they need, at the times they need it, to make choices appropriate for their needs.

Objective 6 - Early years services will be supported by safe, accessible, contemporary, fit-for-purpose, sustainable facilities and environments.

Objective 7 - Children will have access to natural environments that allow them to learn about and experience play in nature. This includes natural environments within early years' services.

10.3 The policy sets out 16 commitments to achieve these objectives.

10.4 Commitment 7 of the policy, requires Council to "Support a thriving early education and care sector in Port Phillip that provides quality service options enabling choice and accessibility for all children and families" including "Operating childcare services where there is a business case that Council-run compared with community-run is the most effective way to ensure quality and accessibility for children in Port Phillip and encourage a thriving early education and care sector.

10.5 If Council accept the findings of the report, officers recommend that commitment 7 be modified remove the reference to the business case and emphasise the focus of Council- operated services providing quality early education and care for children who are experiencing factors associated with vulnerability.

## 11. IMPLEMENTATION STRATEGY

### 11.1 TIMELINE

11.1.1 Officers will continue to internally monitor the performance of its early education and care services monthly to ensure they continue to meet the objectives of providing care to children experiencing vulnerable circumstances and costs are managed carefully.

11.1.2 Any material changes that impact the findings in the attached report will be presented to Council for consideration.

### 11.2 COMMUNICATION

11.2.1 Staff and families whose children attend a Council-operated service will be notified of Council's decision in writing.

11.2.2 Stakeholders who have expressed interest in the *Every Child, Our Future: Children's Services Policy* will notified of Council's decision.

11.2.3 Council's website and the *Every Child, Our Future: Children's Services Policy* will be updated to reflect Council's decision.



## ORDINARY MEETING OF COUNCIL 5 AUGUST 2020

### **12. OFFICER DIRECT OR INDIRECT INTEREST**

12.1 The officers involved in the preparation of this report have the following (direct / indirect delete where not applicable) interest in the matter. The author of the report has a child attending a community-managed kindergarten in the City of Port Phillip.

**TRIM FILE NO:** 16/17/13

**ATTACHMENTS** 1. Report on public interest of Council operating early education and care