



Report Children's Services Service Delivery Review

May 2019



Executive Summary

As part of Wingecarribee Shire Council's Service Delivery Review Program a service delivery review has been undertaken on Children's Services, using in-house resources.

The Service Delivery Review Program aims to ensure that Council delivers services that are appropriate, effective and efficient. More specifically the review will:

- Assess Council's suitability to deliver Children's Services
- Assess the impact of changes to funding model and impact of alternatives
- Assess the capability for the service to meet the changes to market demand and competition
- Assess the current and future availability of Family Day Care Educators.

Council's Children's Services aims to provide safe, localised, regulated and responsive education and care for their children whilst they are at work or unable to care for them. This service is targeted at the Shire's working families.

Whilst it is not mandatory for council's to directly provide Children's Services, historically Council has provided this service to the community. The FDC service has been in operation since 1985 and the Out of School Hours (OOSH) since 1994.

Council's Children's Services aim to provide a suite of suitable education and care related services that support the families of the Shire.

Council is an approved provider of both FDC and OOSH, inclusive of Before and After School Care and Vacation Care services.

Children's Services is operated from a coordination unit situated in the East Bowral Community Centre, supporting educators throughout the Shire.

The Before and After School Care service is located in the hall at Mittagong Public School, Pioneer Street, Mittagong. Vacation Care also operates from the school hall at Mittagong Public School during most weeks of school vacation periods.

The Children's Services programs offered by Council are funded through a user pays agreement with the families who access the education and care services. Most families using the services are in receipt of the Child Care Subsidy (CCS), which subsidises their fees.

Financials

While historically the service has been financially sustainable through ensuring operating expenditure does not exceed grant funding and parent/educator levies, the loss of the Commonwealth Support Program has serious implications on the viability of the service.

Over several years, Council has established a reasonable level of cash reserves to manage any unexpected budget variations. The balance held in this reserve as at 30 June 2018 was \$225,000. As part of the 2019/20 budget and forward estimates, this reserve will be utilised to offset the reduction in operating revenues from the loss of the CSP.

Provided in the table below is a summary of financial projections for the service (Family Day Care Only) for the period 2019/20 – 2022/23.

Family Day Care	2019/20	2020/21	2021/22	2022/23
Operating Revenue	\$888,400	\$875,700	\$867,500	\$884,800
Operating Expenses	\$990,400	\$1,011,100	\$1,032,400	\$1,054,100
Net Result	(\$102,000)	(\$135,400)	(\$164,900)	(\$169,300)
General Fund Cont.	\$56,000	\$56,000	\$56,000	\$56,000
Transfer from Reserve	\$46,000	\$79,400	\$99,600	-
Net Benefit / (Cost) to Council	-	-	(\$9,300)	(\$113,300)

While over the past two years, Council has realised operating surplus' from it's out of school hours care service, this surplus has not been factored into future budgets. This is primarily due to the conservative approach Council has adopted for forecasting revenue from parent levies. This can be extremely volatile and Council cannot adequately ensure that revenue levels will remain at 2017 and 2018 levels in the long term.

There are essentially three options Council could consider to address the funding gap within the Family Day Care Service.

Increase level of funding from General Fund

If the direction of Council was to continue to provide a family day care service with no significant increase in educator/parent levies, the estimated cost to General Fund is approximately \$110,000 per annum. This would be required from the 2022/23 financial year and onwards.

The primary reason this level of General Fund subsidy is not required during 2019/20 – 2021/22 is due to the utilisation of cash reserves and the additional funding which is sourced through the Community Child Care Fund Program.

Council would need to carefully consider its funding priorities in future years to accommodate this increased cost to General Fund.

Increase Educator/Parent Levies

If the direction of Council was to continue to provide a family day care service with the funding shortfall to be passed onto educators/carers, this would require a significant increase in levies over the next 3-4 years. Parent and educator levies in the 2017/18 financial year generated approximately \$100,000 in revenue. It is reasonable to assume that parent and educator levies would need to double over the next three year period to address the funding shortfall identified in 2022/23 and onwards.

Careful consideration would need to be given as to what impact such a significant fee increase would have on the attractiveness of the service to families and educators.

Other Options

Council could consider a blend of increasing the level of subsidy provided by General Fund and a moderate increase in the levies charged to educators and parents. This would require detailed modelling and an indication as to what level of funding would be appropriate from General Fund.

The final option would be to cease providing family day care services. This would obviously have no long term financial impact on General Fund.

Issues

It has been identified that a major barrier or constraint to attracting and registering new educators is the State Environmental Planning Policy (Educational Establishments and Child Care Facilities) 2017. This Policy is prescriptive regarding bushfire affected areas and can restrict or prevent potential educators, particularly in some villages where there is a need for child care options. As shown in Appendix 6 a large area of the Wingecarribee Shire is classified as bushfire prone. This means that establishing child care facilities in these areas may be subject to appropriate protection measures, including asset protection zones, higher levels of construction standards and design, access, water and utility requirements as well as emergency management.

FDC could be a model for these (bushfire prone) areas that may not be able to sustain centre based care, including OOSH. This issue has been and will continue to be prohibitive to Council growing educator numbers.

Options

Direct service delivery role

Option 1: Continue in direct service delivery for OOSH and FDC, with focus on the following:

- Develop appropriate funding model.
- Develop workforce plan for the OOSH service.
- Develop strategy for increasing FDC educator numbers.

Option 2: Continue with FDC and withdraw from OOSH service.

If Council wishes to continue providing FDC as a community service, a funding model should be adopted to ensure ongoing financial sustainability. A long term plan to grow educator levels to meet demand will be critical, as the 0-4 population is predicated to decline slightly over time.

The OOSH market is well serviced by the Not-for-profit (NFP) sector. It is likely a NFP would be interested in providing this service, as it is well utilised. This would absolve Council of the resourcing issues. In light of recent government announcements, Council should monitor its current position with further policy details expected.

Option 3: Continue with OOSH service and withdraw from FDC. There is a steady demand for the OOSH service. Whilst the service presents challenges in terms of staffing it is well attended. As with Option 1, a workforce plan for the OOSH service should be developed.

FDC makes up a small percentage of the child care market. However, with the reduction of government funding, models show option for addressing this gap be met by Council or users.

FDC could continue within the Shire, utilising coordination units within neighbouring Local Government Area's (LGA's).

Policy role

Option 4: Move away from direct service delivery to a policy model by withdrawing from Children's Services. This would absolve Council of the risks associated with the industry and of a highly regulated environment.

This could enable reallocation of Council resources to further develop its policy role through the creation of a children and family development officer within the Community Development branch. This position could be involved in identifying the needs, issues and concerns of children (aged 0-13) and families in the Southern Highlands and may be of assistance in providing information and

referrals. This element could be further explored in the Community Wellbeing Service Delivery Review.

Current FDC Educators could be transitioned to neighbouring Coordination Units within one hour's drive (Units exist within Wollondilly Shire and across the Illawarra region).

Council's ability to attract new carers is limited due to the impact of planning laws.

Projections around steady but decreasing population numbers of children in the Shire show the demand will steadily decline for these services.

Recommendations

Option 4 is the recommended option to this report, due to the following considerations:

- Challenges in expanding the educator base
- Recruiting and retaining OOSH staff.
- Servicing a small segment of the child care market.
- Diminishing population projections shows a reduction in potential supply of families/customers.
- Reducing Council's risk exposure.
- Reallocation and focus of Council's budget and resources.

Next steps

Develop an exit strategy from the services would need to be developed, considering the following:

- Communication with stakeholders.
- Transition to alternate FDC coordination unit/s.
- Process to withdraw from OOSH service.
- Staffing arrangements.

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The information contained in this report is current as at date of release, June 2019.



Introduction

Objectives and scope

As part of Wingecarribee Shire Council's Service Delivery Review Program a service delivery review has been undertaken on Children's Services, using in-house resources.

The Service Delivery Review Program aims to ensure that Council delivers services that are appropriate, effective and efficient. More specifically the review will:

- Assess Council's suitability to deliver Children's Services
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- Assess the capability for the service to meet the changes to market demand and competition
- Assess the current and future availability of Family Day Care Educators.

Review Process

The methodology for the review adopts the process and principles as outlined in the *Wingecarribee Shire Council Service Delivery Review – Program Overview v2.1*. This methodology is based on the Australian Centre for Local Government, *Service delivery review: a how to manual for local government* (Hunting, Ryan, Robinson 2014).

Background

About the service

Council's Children's Services aims to provide safe, localised, regulated and responsive education and care for their children whilst they are at work or unable to care for them. This service is targeted at the Shire's working families.

The service delivers education and care, primarily catering to working, studying or training families or children at risk. This reflects the federal government intention to help families who are most in need and support the safety and wellbeing of children at risk.

The core business of the service, as defined in the Children's Services service statement is (Appendix 1):

- Provide affordable child care services to meet market demand to support families
- Provide a co-ordination role for family day-care services throughout the Shire
- Provide recreational-based activities to complement development goals of young children aged 5 to 12 years.

Whilst it is not mandatory for council's to directly provide Children's Services, historically Council has provided this service to the community. The FDC service has been in operation since 1985 and the Out of School Hours (OOSH) since 1994.

Council's Children's Services aim to provide a suite of suitable education and care related services that support the families of the Shire.

Council is an approved provider of both FDC and OOSH, inclusive of Before and After School Care and Vacation Care services.

Children's Services is operated from a coordination unit situated in the East Bowral Community Centre, supporting educators throughout the Shire.

The Before and After School Care service is located in the hall at Mittagong Public School, Pioneer Street, Mittagong. Vacation Care also operates from the school hall at Mittagong Public School during most weeks of school vacation periods.

The Children's Services programs offered by Council are funded through a user pays agreement with the families who access the education and care services. Most families using the services are in receipt of the Child Care Subsidy (CCS), which subsidises their fees.

In partnership with external funding bodies this service provides a suite of care-related and educational activities that support families within the Shire.

Corporate and legislative framework

Children's Services operates in a highly regulated environment. The National Quality Framework (NQF) is a quality standard introduced in 2012 to improve education and care across long day care, family day care and outside school hours services. The NQF includes:

- National Law and National Regulations: sets the national standards and supporting regulations providing detail on a range of operational requirements for children's education and care across Australia
- National Quality Standard: Sets national benchmarks for early childhood education and care and outside school hours care services in Australia. The NQS include seven quality areas which are assessed and rated by their regulatory authority and given a rating on each area and overall. The seven areas are:
 - Quality Area 1 – Educational program and practice
 - Quality Area 2 – Children's health and safety
 - Quality Area 3 – Physical environment
 - Quality Area 4 – Staffing arrangements
 - Quality Area 5 – Relationships with children
 - Quality Area 6 – Collaborative partnerships with families and communities
 - Quality Area 7 – Governance and leadership
- Assessment and quality rating process: Education and care services are assessed and rated by their state and territory authority against the seven quality areas of the NQS. Following are the NQS ratings:
 - Excellent
 - Exceeding NQS
 - Meeting NQS
 - Working Towards NQS
 - Significant Improvement required
- National learning framework: Under the National Law and Regulations, services are required to base their educational program on an approved learning framework. This should focus on addressing the development needs, interests and experiences of each child, while taking into account individual differences.

Approved providers must also ensure a Quality Improvement Plan (QIP) is in place for each service. The QIP helps providers self-assess and regulatory authorities assess the quality of the service. A QIP must:

- Include an assessment of the programs and practices at the services against the NQS and National Regulations
- Identify areas for improvement
- Include a statement about the service's philosophy;

And be:

- Updated at least once a year
- Available on requests by the regulatory authority or parents of a children enrolled or looking to enrol at the service
- Available at the principle office for family day care services.

In response to the legislative operating framework, Children's Services have developed the Governance and Management of WSC Children's Services Policy, Guidelines and Procedures incorporating the relevant laws and regulations in line with industry standards as well as community expectations. (<http://www.wsc.nsw.gov.au/policy-guidelines-and-procedures> accessed 29/11/18).

Council also has a Children's Services Philosophy which outlines the beliefs and aims for children, families and communities as well as the service broadly, which was recently reviewed. Engagement with interested community members, staff, educators and families was undertaken in as part of this review. Children's Services Philosophy. (<http://www.wsc.nsw.gov.au/community/childrens-services> accessed 29/11/18).

Council had been receiving funding for this service through the Commonwealth Support Program (CSP). The CSP program provided a range of payments to eligible child care service providers, with the aim of establishing or maintaining services in disadvantaged or regional and remote areas.

This external funding supported the financial operation of the coordination unit, however the CSP was phased out and ceased 30 June 2018.

Council was able to allocate funds for 2018/19 and 2019/20 to meet the funding gap following the end of the CSP. However, a longer term funding model is yet to be identified to address the funding gap within the service.

With the cessation of the CSP foreshadowed, Wingecarribee FDC obtained a grant from the Community Child Care Fund (Commonwealth) for a Sustainable Business Plan and Marketing Strategy. The grant is for \$157,870 over three years, commencing in 2017/18.

This funding change was the driver for Council to undertake a service delivery review. Council's strategic commitment to Children's Services is demonstrated in its Integrated Planning and Reporting suite of documents.

Wingecarribee 2031, Council's long term community plan includes the following strategy relating to Children's Services, in which Council is identified as a partner, provider and supporter:

2.1 5 Plan and deliver appropriate and accessible local services to the community.

Council's own medium and short term corporate plans include the following commitments to Children's Services:

2017/2021 Delivery Program:

DP032 Provide children services to support family life.

2018/19 Operational Plan:

OP083 Provide out of school hours and family day care service

OP084 Continue to implement Children's Services Quality Improvement Plan

OP085 Undertake a Children Services service delivery review to identify barriers to service sustainability and where appropriate provide assistance to new family day care educators.

OP086 Undertake a needs analysis for potential expansion of the Out of School Hours care

Children's Services operates in a highly regulated environment, with the following applicable legislation:

- Education and Care Services National Regulations 2011
- National Quality Standards (NQS)
- Education and Care Services National Law Act 2010

Council also plays a policy role enabling the provision of children's services more broadly in the Shire. Through planning instruments and development controls Council provides a framework to enable private centres in new developments or within existing towns and villages.

Sub services

Family Day Care

FDC provides care in a home-based setting by self-employed registered educators, who operate under Council's license. Educators are recruited, monitored and supported by childcare professionals attached to the Council's Coordination Unit. Care is provided in small groups in a familiar setting with only one adult educator.

FDC is provided for children from birth to high school age (for out of school hours care). Wingecarribee Shire Council Children's Services is capped at 25 educators. As at October 2018 Council had nine educators.

There are around 25 long day care centres and preschools operating in Shire. Additionally there are two family day carers located in the Southern Highlands connected with coordination units outside the shire.

Out of School Hours

Before and After School Care

The Before and After School Service is located in the hall at Mittagong Public School, Pioneer Street, Mittagong. The service is open from 6:45am to 8:45am and 3pm to 6pm Monday to Friday.

Children who attend other schools in the district are welcome to utilise the service, provided parents can arrange suitable transport.

Care is provided in an informal setting with children able to participate in a variety of art, craft and sporting activities. Breakfast and afternoon tea is provided.

Before and After School Care is available for primary school aged children, with capacity for 45 children per day. Occupancy rates are high for the service.

There are a total of seven after school care services and five before school services operating in the Shire. These are a mixture of private centres and not-profit community based and managed services.

Additionally, there is a breakfast club offered at one primary school in the Shire (Robertson).

Vacation Care

Vacation Care also operates from the hall at Mittagong Public School during most weeks of school vacation periods.

The service offers supervised care for children who are enrolled from kindergarten to year six and is open from 8am to 6pm. Children can be cared for in an informal setting with a variety of art, craft, cooking, drama, music and sporting activities. The service also arranges excursions locally and out of the area as well as inviting various guest presenters.

There are a total of six vacation care services in the Shire. Another service is provided when demand arises.

Families using the above services may be eligible for the CCS.

Service analysis

Council's service is individualised and responsive to needs of the children and also based on demand of the community.

Service levels are reviewed when considering the data from:

- Service based satisfaction survey (annual)
- FDC entry and exit surveys
- Quarterly council reports
- Quality improvement plan (developed annually, reviewed quarterly)
- Seven quality areas

The following staffing levels have been established by Council in order to operate the Coordination Unit and operate OOSH services:

FDC/OOSH Coordination:

- Educator Support Officer (ESO) – 24hrs per week. Sub service allocation - 100% FDC
- Children's Services Coordinator – 30hrs per week. Sub service allocation 50% FDC/50% OOSH
- Children's Services Administrative Officer – 18hrs. Sub service allocation 50% FDC/50% OOSH

OOSH:

- Out of School Hours Supervisor – 38hrs per week.
- Out of School Care Assistant – 10.5hrs per week
- Out of School Hours Assistant – 7hrs per week
- Casual OOSH Assistants – six to 10 casuals at any one time. Employed as required to meet ratios and Vacation Care periods where additional hours of care are provided to families.

Family Day Care

FDC educators are agents of Council and considered contractors providing child care services to the families registered with Wingecarribee FDC. FDC educators enter into an educator agreement with Council, the approved provider under the Education and Care National Law and Regulations. Currently there are nine educators working between three to five days per week, between 24-60 hrs per week.

FDC was recently capped at 25 educators and a 1:25 coordinator to educator ratio. Each educator must not educate and care for more than seven children at any one time (including their own children). This includes no more than four preschool age or under.

Whilst educators numbers are low, seven from a potential 25 placements are near capacity. Demand exists for another carer in villages where preschools are offered but not long day care i.e. Robertson and Bundanoon. At the time of writing the report, there were two potential educators in training (one to offer before and after school care only). There are also a further four interested educators, however two of those will potentially be affected by the bushfire prone land zoning.

FDC operates a waitlist which fluctuates, as families will find care elsewhere if vacancies are not found.

There are currently two FDC services operating within the Shire that are not part of Council's Coordination Unit. This service is provided by a coordination unit out of the Shire, in Killarney Vale on the Central Coast.

Council's Coordination Unit is located within East Bowral Community Centre a Council owned asset, located on the corner of Boardman and Rowlands Roads, East Bowral. The unit has minor equipment such as office equipment. A toy library is also stored at the centre.

Due to the high level of regulation of the service procedures drive operation.

No process mapping has been undertaken within the service.

The focus for improvement to date has centred on attaining the national quality benchmarks. The service aim is to be cost neutral with local industry competitiveness.

FDC has been assessed twice since the introduction of the NQS, receiving the following ratings:

	October 2018	February 2013
Quality Area 1	Meeting NQS	Meeting NQS
Quality Area 2	Meeting NQS	Meeting NQS
Quality Area 3	Meeting NQS	Meeting NQS
Quality Area 4	Meeting NQS	Meeting NQS
Quality Area 5	Meeting NQS	Meeting NQS
Quality Area 6	Exceeding NQS	Exceeding NQS
Quality Area 7	Exceeding NQS	Exceeding NQS
Overall rating	Meeting NQS	Meeting NQS

Out of Hours School Care

Council operates OOSH in the Mittagong Public School Hall.

There is a licencing agreement with the Department of Education for the use of Mittagong Public School hall and facilities for Before, After and Vacation Care Periods. The existing licence expires in January 2021. With support of the school the Coordination Unit is in the process of working with the Department of Education to take up the continuation.

Equipment and resources for these services are stored on site.

Out of School Hours is licensed to cater to up to 45 children, a 1:15 educator to child ratio. Staffing is core to operation of the service and is the largest budgetary consideration. Appropriately qualified staff is paramount to meeting regulatory ratios and responsibilities.

Currently, casual staff fill vacancies or where child attendance numbers require additional staff to maintain appropriate ratios. Maintaining staffing levels and recruitment of appropriately qualified staff is one of the main challenges facing the service.

Another staff challenge is willingness to act in the responsible person role for the service. Under the NQF, *'Approved providers must continue to ensure that a responsible person is present at a centre-based service at all times that the service is educating and caring for children.'* A responsible person is:

- the approved provider or a person with management of control
- a nominated supervisor
- a person in day-to-day charge of the service

After School Care is almost at capacity, operating at around 42-44 of the approved 45 places.

Before School Care is operating near capacity at around 15 places, although can move beyond 15 to 30 with an additional staff member.

Vacation care operates on 20-25 placements daily.

In July 2016 OOSH received the following NQS ratings:

Quality Area 1	Meeting NQS
Quality Area 2	Meeting NQS
Quality Area 3	Meeting NQS
Quality Area 4	Exceeding NQS
Quality Area 5	Exceeding NQS
Quality Area 6	Exceeding NQS
Quality Area 7	Exceeding NQS
Overall rating	Exceeding NQS

Financials

Council was successful in obtaining Commonwealth grant as part of the Community Child Care Fund Program, as shown at Appendix 5 Executed CCCF Grant Agreement.

The purpose of the grant is to:

'Support Child Care Services to address barriers to child car participation, particularly targeting disadvantaged and vulnerable families and communities, and to support services to transition to and operate viably under the new child care system and to support their longer term sustainability.'

The total amount of the Grant is \$157,870 (GST exclusive). A breakdown by Financial Year is shown below:

Financial Year	Amount (excl. GST)
2018-2019	\$78,106
2019-2020	\$54,540
2020-2021	\$25,224

The grant was executed in July 2018 with the following deliverables:

- Develop and implement a strategic business and marketing plan, by 30 June 2019.
- Undertake activities as described in the application to support the longevity and sustainability of the community service, by 30 June 2021.

The priorities for developing the strategic business and marketing plan are to extend the educator pool to ensure that these services are provided to the families, especially those living in these outlying rural and small villages. A focus will be on attracting FDC educators to cater for the gaps in care in the outer lying villages such as long day care hours (beyond the preschool 9am-3pm), care for under two's and OOSH Care for school age children.

While this grant has assisted in funding the service for the 2018/19 and 2019/20 financial years, a longer term funding model is yet to be developed to address the funding gap within the service.

Provided within this report are the financial statements for the service and sub-services for the 2016/17 and 2017/18 financial years.

Children's Services

Income Statement

for the year ended 30 June 2018

Original budget 2018		Note	2018	2017
	Income			
553,500	Parent contribution		478,130	444,803
480,388	CCB payment received		445,174	449,358
70,125	Grant income		49,622	60,335
4,613	Enrolment fees		5,942	6,156
107,830	Other income		100,489	91,516
1,216,456	Total Income		1,079,357	1,052,168
	Expenses			
(308,121)	Employee expenses		(361,446)	(312,552)
(799,090)	Payment to educators		(586,149)	(634,795)
(8,495)	Materials		(10,994)	(10,875)
(5,125)	Training		(3,278)	(6,025)
(7,200)	Rent		(4,371)	(5,439)
(3,223)	Telephone & communications		(1,828)	(5,258)
(3,075)	Utilities		(3,179)	(2,604)
(5,637)	Advertising		-	(3,101)
(32,909)	Other expenses		(15,523)	(10,585)
(1,172,875)	Total Expenses		(986,768)	(991,234)
	Internal charges			
(63,000)	Administration		(63,000)	(63,000)
(11,967)	Workers compensation		(14,723)	(17,749)
(500)	Waste collection		(1,343)	(1,265)
-	Plant hire		(50)	-
(75,467)	Total Internal charges		(79,116)	(82,014)
(31,886)	Operating Surplus/(Deficit)		13,473	(21,080)
	Less:			
(23,237)	Transfer to reserve		(68,596)	(35,968)
	Add:			
-	Transfer from reserve		-	2,475
(55,123)	Net benefit/(cost) of service to Council		(55,123)	(54,573)

Children's Services - Family Day Care

Income Statement

for the year ended 30 June 2018

Original budget 2018		Note	2018	2017
	Income			
425,375	Parent contribution		316,510	324,373
369,000	CCB payment received		264,853	322,096
66,625	Grant income		42,308	53,981
2,768	Enrolment fees		2,184	1,854
107,830	Other income		100,470	91,395
971,598	Total Income		726,325	793,699
	Expenses			
(147,815)	Employee expenses		(130,468)	(127,752)
(799,090)	Payment to educators		(586,149)	(634,795)
(820)	Materials		(660)	(914)
(4,100)	Training		(1,969)	(5,965)
(2,692)	Telephone & communications		(1,127)	(2,151)
(3,075)	Utilities		(2,224)	(2,604)
(5,125)	Advertising		-	(2,388)
(14,054)	Other expenses		(6,167)	(5,042)
(976,771)	Total Expenses		(728,764)	(781,611)
	Internal charges			
(56,000)	Administration		(56,000)	(56,000)
(6,202)	Workers compensation		(5,970)	(7,951)
(500)	Waste collection		(896)	(898)
(62,702)	Total Internal charges		(62,866)	(64,849)
(67,875)	Operating Surplus/(Deficit)		(65,305)	(52,761)
	Less:			
-	Transfer to reserve		(2,451)	(13,950)
	Add:			
	Manual adjustment	1	12,633	12,138
(67,875)	Net benefit/(cost) of service to Council		(55,123)	(54,573)

Children's Services - Out of School Hours Care
Income Statement
for the year ended 30 June 2018

Original budget 2018		Note	2018	2017
	Income			
128,125	Parent contribution		161,620	120,430
111,388	CCB payment received		180,321	127,262
3,500	Grant income		7,314	6,354
1,845	Enrolment fees		3,758	4,302
-	Other income		19	121
244,858	Total Income		353,032	258,469
	Expenses			
(160,306)	Employee expenses		(230,978)	(184,800)
(7,675)	Materials		(10,334)	(9,961)
(1,025)	Training		(1,309)	(60)
(7,200)	Rent		(4,371)	(5,439)
(531)	Telephone & communications		(701)	(3,107)
-	Utilities		(955)	-
(512)	Advertising		-	(713)
(18,855)	Other expenses		(9,356)	(5,543)
(196,104)	Total Expenses		(258,004)	(209,623)
	Internal charges			
(7,000)	Administration		(7,000)	(7,000)
(5,765)	Workers compensation		(8,753)	(9,798)
-	Waste collection		(447)	(367)
-	Plant hire		(50)	-
(12,765)	Total Internal charges		(16,250)	(17,165)
35,989	Operating Surplus/(Deficit)		78,778	31,681
	Less:			
(23,237)	Transfer to reserve		(66,145)	(22,018)
	Manual adjustment	1	(12,633)	(12,138)
	Add:			
-	Transfer from reserve		-	2,475
12,752	Net benefit/(cost) of service to Council		0	0

Long Term Funding Options

While historically the service has been financially sustainable through ensuring operating expenditure does not exceed grant funding and parent/educator levies, the loss of the Commonwealth Support Program has serious implications on the viability of the service.

Over several years, Council has established a reasonable level of cash reserves to manage any unexpected budget variations. The balance held in this reserve as at 30 June 2018 was \$225,000. As part of the 2019/20 budget and forward estimates, this reserve will be utilised to offset the reduction in operating revenues from the loss of the CSP.

Provided in the table below is a summary of financial projections for the service (Family Day Car Only) for the period 2019/20 – 2022/23.

Family Day Care	2019/20	2020/21	2021/22	2022/23
Operating Revenue	\$888,400	\$875,700	\$867,500	\$884,800
Operating Expenses	\$990,400	\$1,011,100	\$1,032,400	\$1,054,100
Net Result	(\$102,000)	(\$135,400)	(\$164,900)	(\$169,300)
General Fund Cont.	\$56,000	\$56,000	\$56,000	\$56,000
Transfer from Reserve	\$46,000	\$79,400	\$99,600	-
Net Benefit / (Cost) to Council	-	-	(\$9,300)	(\$113,300)

While over the past two years, Council has realised operating surplus' from it's out of school hours care service, this surplus has not been factored into future budgets. This is primarily due to the conservative approach Council has adopted for forecasting revenue from parent levies. This can be extremely volatile and Council cannot adequately ensure that revenue levels will remain at 2017 and 2018 levels in the long term.

There are essentially three options Council could consider to address the funding gap within the Family Day Care Service.

Increase level of funding from General Fund

If the direction of Council was to continue to provide a family day care service with no significant increase in educator/parent levies, the estimated cost to General Fund is approximately \$110,000 per annum. This would be required from the 2022/23 financial year and onwards.

The primary reason this level of General Fund subsidy is not required during 2019/20 – 2021/22 is due to the utilisation of cash reserves and the additional funding which is sourced through the Community Child Care Fund Program.

Council would need to carefully consider its funding priorities in future years to accommodate this increased cost to General Fund.

Increase Educator/Parent Levies

If the direction of Council was to continue to provide a family day care service with the funding shortfall to be passed onto educators/carers, this would require a significant increase in levies over the next 3-4 years. Parent and educator levies in the 2017/18 financial year generated approximately \$100,000 in revenue. It is reasonable to assume that parent and educator levies would need to double over the next three year period to address the funding shortfall identified in 2022/23 and onwards.

Careful consideration would need to be given as to what impact such a significant fee increase would have on the attractiveness of the service to families and educators.

Other Options

Council could consider a blend of increasing the level of subsidy provided by General Fund and a moderate increase in the levies charged to educators and parents. This would require detailed modelling and an indication as to what level of funding would be appropriate from General Fund.

The final option would be to cease providing family day care services. This would obviously have no long term financial impact on General Fund.

Children's Services Service Provision – The Broader Context

Children's Services operates in a highly regulated and legislated environment. The service is subject to the following:

- Education and Care Services National Regulations 2011
- National Quality Standard
- Education and Care Services National Law Act 2010

It is a requirement of educators to have a minimum of or be actively working towards a Certificate III in Children's Services.

During the 2019 NSW State Government election, the Premier announced that, *'Before and after school care will be made available to all parents with children at public primary schools by 2021.'*

At this stage it is unclear how this position will directly affect Council's OOSH service. However, under the new policy, *'public primary schools in Sydney, Newcastle, Illawarra and the Central Coast as well as major regional centres, must open playgrounds, halls or classrooms for before and after school care and school holidays care from 7am to 6pm.'*

Population analysis

The Department of Planning NSW 2016 population projections show the Shire's age groups serviced by Children's Services are predicted to be steady, but with gradual decline over the next 15 years.

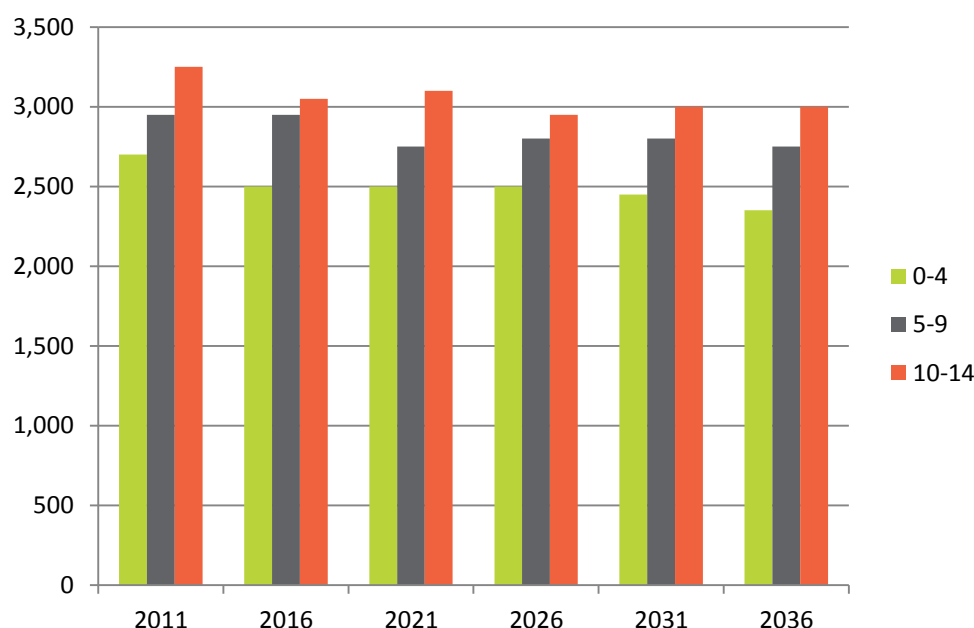


Figure 1: Source - 2016 NSW State and Local Government Area Population and Household Projection, and Implied Dwelling Requirements, Wingecarribee. Department of Planning and Environment, NSW.

Further analysis shows that apart from a projected small positive increase (+100) in the 35-39 age bracket between 2016 and 2036, all age brackets below 60 years of age are expected to decline by 2036. This differs greatly to the 60+ age group where large increases are expected in the population.

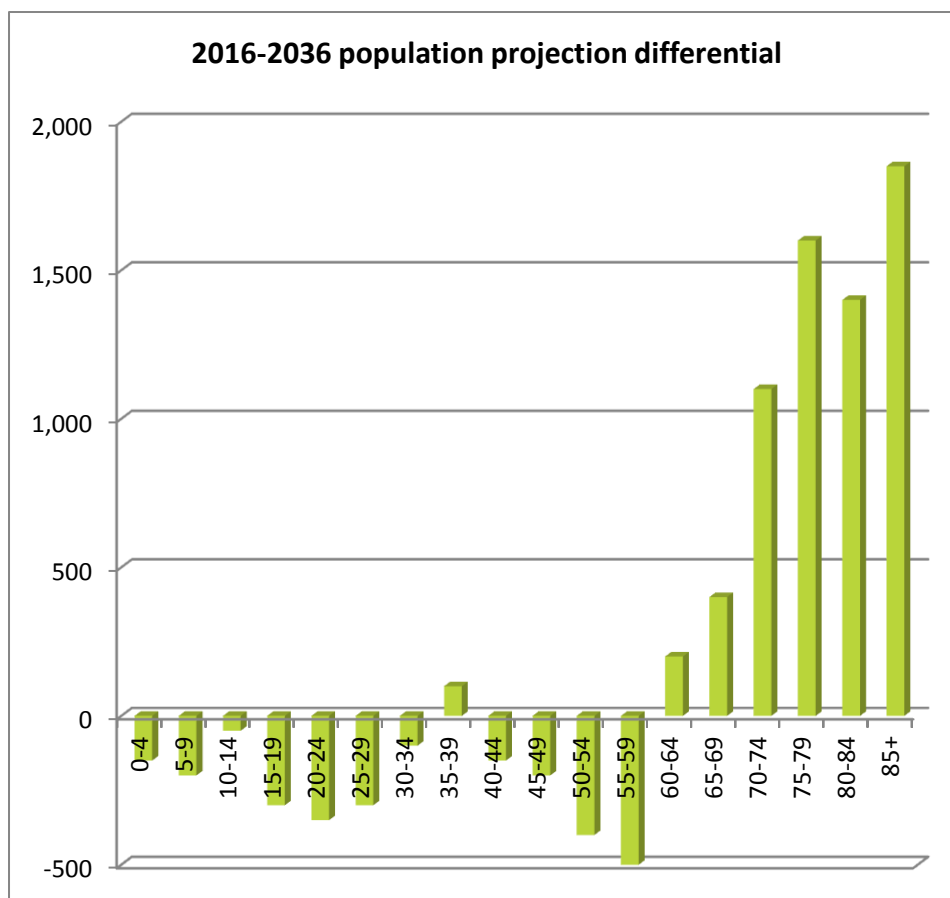


Figure 2: Source - 2016 NSW State and Local Government Area Population and Household Projection, and Implied Dwelling Requirements, Wingecarribee. Department of Planning and Environment, NSW.

These figures show there will be a higher/increasing demand on resources and for services for the 60+ age group. Whilst resources and services for population brackets decreasing will need to be reassessed for purpose and possibly consolidated in the future.

Market share analysis

Within the Shire there are around 25 long day care centres and preschools offering approximately 1,000 places.

Council's FDC provides 133 placements with nine educators. However, with approval for 25 educators this figure has potential to increase.

Council's FDC services currently accounts for approximately 12%* of the market.

Additionally, there are three schools offering prekindergarten/transition classes that are not shown on the Australian Children's Education and Care Quality Authority website. <https://www.acecqa.gov.au/resources/national-registers/services> (accessed 10 January 2019). Placement numbers for these services are not available and therefore are not included in the FDC market share calculation.*

Within Council's FDC services there are 89 before and after school care positions available.

After school care is provided at Colo Vale, Bowral and Moss Vale, with approximately 170 places available. This number is reduced to around 100 places for before school care with one of the Bowral providers not providing this service.

There are approximately 150 vacation care places available, with one service in Bowral able offer the service (approved for 45 places) when demand arises.

Council's OOSH offers 45 places at Mittagong across the OOSH range of care. This accounts for around 32%** of the total OOSH market (using an average of the total figures for each of the OOSH services noted above).

Additionally, Robertson Primary School offers a breakfast club/before school care and two preschools (in Hill Top and Bowral) also offer OOSH services. As the placement numbers for these services are not available they are not included in the market share calculations.**

Benchmarking

Benchmarking of services is limited due to the level of regulation placed on the industry e.g. educator/children (1:15 OOSH), and staff/educator (1:25 FDC).

A benchmarking exercise of nearby Council's providing FDC show WSC FDC educators numbers are low in comparison to others, for example nearby councils such as Wollondilly are approved for 50 educators and Camden currently have 35 educators.

Stakeholder Engagement and Survey Information

Community consultation is undertaken on any new or revised Children's Services policies and procedures.

A Wingecarribee Children's Services Facebook page is also administered by the Coordination Unit. The page is used to promote the service and share events and information and provide feedback . The Coordination Unit also maintain a closed Facebook page '*WSC FDC Connect*', for communication with FDC educators.

Data on children's services in the Shire is available through an early development census undertaken by the federal government every three years.

Council also undertakes annual satisfaction surveys on both the FDC and OOSH services.

Council FDC and OOSH Satisfaction Surveys

Annual satisfaction surveys are carried out by the Coordination Unit for both OOSH and FDC. These surveys are undertaken online on Council's Your Say community engagement hub, the 2018 surveys and results are shown at Appendix 2 and 3.

In November 2018, FDC had 90 families, of which 28 completed the 2018 survey - a response rate of 31%. The 2017 survey had 27 respondents and 36 respondents in 2016.

Respondents were asked to provide the following response ratings of the following:

- High Quality
- Good Quality
- Satisfactory
- Unsatisfactory
- Not Sure

All surveys had a positive response, with a majority of 'High Quality' answers. Analysis of the 2016-2018 FDC satisfaction survey results are shown at Appendix 4.

Responses to both surveys were positive and provide the Coordination Unit with useful data, and a conduit for feedback for parents. However, with a relatively low response rate at around 30%, the survey results alone could not be a single source of data for decision making regarding the service.

Council complaint and compliment records have been reviewed with no records shown for Children's Services.

Australian Early Development Census Community Profile

The Australian Early Development Census (AEDC) Community Profile is a nationwide measure that looks at how well children across Australia are growing up or developing. The questionnaire is completed by teachers of children in their first year of full-time school based on their knowledge and observations. The AEDC looks at five different elements or domains that are important for children's development. These are:

- Physical health and wellbeing
- Social competence
- Emotional maturity
- Language and cognitive skills (school based); and
- Communication skills and general knowledge

The AEDC measures whether children are developmentally 'on track', 'at risk' or 'vulnerable' with respect to meeting age-appropriate developmental milestones as they begin school. The AEDC domains are linked with the Early Years Learning Framework (Australia's first early learning childhood education curriculum) and NQS, which are in turn based on developmental milestones. In 2015, 526 children from the Wingecarribee Shire were included in the census, with 29 schools and 43 teachers contributing to the results.

As shown in below, FDC represents nearly 3% of children in early education in the Shire. This figure would include the two educators that are not with Council's Coordination Unit. It would be reasonable to assume that there may be up to four children starting school from these services in any year. This could take the total number of FDC children from 15 up to 19, increasing the representation from 2.9% to 3.6%.

Wingecarribee AEDC Community Profile 2015

Early education	2009 (Number of children)	2009 (Percentage of children - %)	2012 (Number of children)	2012 (Percentage of children - %)	2015 (Number of children)	2015 (Percentage of children - %)
Playgroup	-	-	85	16.5	61	11.6
Day care	140	25.5	132	25.7	132	25.1
Preschool or kindergarten	343	62.6	320	62.3	449	85.4
Family day care	17	3.1	11	2.1	15	2.9
Grandparent	37	6.8	37	7.2	71	13.5
Other relative	24	4.4	13	2.5	15	2.9
Nanny	12	2.2	5	1.0	9	1.7
Other	17	3.1	7	1.4	15	2.9

Note: Percentage values have been rounded.

⁹ Includes only children where teachers knew they had a non-parental early childhood education and/or care experience in the year before entering full-time school.

The largest group is preschool or kindergarten which in 2015 represented 85% of children in early education, with 25% of children attending day care.

Other Issues for Consideration

FDC has potential to be a flexible service to offer care by providing non-traditional hours e.g. to cater to shift and weekend work. This could be explored as an opportunity for Educators to broaden their appeal to new families or expand the service to existing families.

The ability of FDC educators to maintain service in periods of absence (e.g. leave, illness) has been identified as challenge or opportunity for the service to be strengthened. As the service is provided by the educator in their place of residence a circumstance of illness and holidays would make the service inoperable. In order to address this, one educator has enlisted a relief educator. To support this, the Coordination Unit developed a *Relief Educator Procedure* which became effective in February 2018. This option may be considered by other FDC educators, however the service would need to continue within the educators residence, which may cause hesitancy or reluctance.

It has been identified that a major barrier or constraint to attracting and registering new educators is the State Environmental Planning Policy (Educational Establishments and Child Care Facilities) 2017. This Policy is prescriptive regarding bushfire affected areas and can restrict or prevent potential educators, particularly in some villages where there is a need for child care options. As shown in Appendix 6 a large area of the Wingecarribee Shire is classified as bushfire prone. This means that establishing child care facilities in these areas may be subject to appropriate protection measures, including asset protection zones, higher levels of construction standards and design, access, water and utility requirements as well as emergency management.

FDC could be a model for these (bushfire prone) areas that may not be able to sustain centre based care, including OOSH. This issue has been and will continue to be prohibitive to Council growing educator numbers.

Occasional Child Care (OCC) is another segment of the child care market. OCC services are responsive to the needs of families and provide flexible care which allows parents to meet their work-related and non-work related commitments. Families can access OCC regularly on a sessional basis, or irregular. OCC services do not offer full-time, all day care. OCC provides families with the flexibility to leave children in an early childhood learning environment on days and hours that best meets their needs. There are currently no OCC providers in the Shire.

Currently within Council's Community Development branch there is a gap in servicing the 0-12 age range together with families. The Community Wellbeing service which incorporates the Community Development branch will be the subject of a service delivery in 2019.

Risks

OOSH staff: Council has consistently had issues recruiting and retaining OOSH staff. Additionally, there is a limited number of staff willing to act in the responsible person role.

FDC Educator numbers: Ability to maintain or increase FDC Educator numbers.

Funding: Following the cessation of the CSP funding Council needs to determine a funding model to address the gap.

There are risks associated with service delivery of care and education services to children and young people in a highly regulated environment. Through the provision of child care (both indirectly through FDC Educators and OOSH) staff and Council as an organisation have potential exposure to many risks. Some of the risks include:

- **Social:** Child protection responsibilities, for both staff and educators. Council must be fully cognisant of the potential for allegations against an educator, the resulting process and potential liabilities to Council, staff or educators. Council also needs to consider risk to Council and/or staff if there is an allegation against a child.
- **Governance:** Onerous and resource intensive to maintain compliance within a highly regulated industry/environment. There are also potential legal risk implications for the council management staff (service and executive), should an incident occur to a child in care and the appropriate policies and procedures are not in place.

Findings, Options, Draft Recommendations and Next Steps

The changes in external funding have provided an opportunity to consider Council's services, structure and resourcing for Children's Services into the future.

In light of the information provided in this review, it is recommended Council should consider its role in Children's Services into the future. As detailed in the financial section of this report, the service is not currently financially sustainable.

Whilst Children's Services may not be considered a core business of Council, Wingecarribee Shire Council has provided this service to the community for many years.

The options provided in the following recommendations hinge around Council considering whether it wishes to continue in direct service delivery or take more of a policy direction.

Options

Direct service delivery role

Option 1: Continue in direct service delivery for OOSH and FDC, with focus on the following:

- Develop appropriate funding model.
- Develop workforce plan for the OOSH service.
- Develop strategy for increasing FDC educator numbers.

Option 2: Continue with FDC and withdraw from OOSH service.

If Council wishes to continue providing FDC as a community service, a funding model should be adopted to ensure ongoing financial sustainability. A long term plan to grow educator levels to meet demand will be critical, as the 0-4 population is predicated to decline slightly over time.

The OOSH market is well serviced by the Not-for-profit (NFP) sector. It is likely a NFP would be interested in providing this service, as it is well utilised. This would absolve Council of the resourcing issues. In light of recent government announcements, Council should monitor its current position with further policy details expected.

Option 3: Continue with OOSH service and withdraw from FDC. There is a steady demand for the OOSH service. Whilst the service presents challenges in terms of staffing it is well attended. As with Option 1, a workforce plan for the OOSH service should be developed.

FDC makes up a small percentage of the child care market. However, with the reduction of government funding, models show option for addressing this gap be met by Council or users.

FDC could continue within the Shire, utilising coordination units within neighbouring LGA's.

Policy role

Option 4: Move away from direct service delivery to a policy model by withdrawing from Children's Services. This would absolve Council of the risks associated with the industry and of a highly regulated environment.

This could enable reallocation of Council resources to further develop its policy role through the creation of a children and family development officer within the Community Development branch. This position could be involved in identifying the needs, issues and concerns of children (aged 0-13) and families in the Southern Highlands and may be of assistance in providing information and referrals. This element could be further explored in the Community Wellbeing Service Delivery Review.

Current FDC Educators could be transitioned to neighbouring Coordination Units within one hour's drive (Units exist within Wollondilly Shire and across the Illawarra region).

Council's ability to attract new carers is limited due to the impact of planning laws.

Projections around steady but decreasing population numbers of children in the Shire show the demand will steadily decline for these services.

Recommendations

Option 4 is the recommended option to this report, due to the following considerations:

- Challenges in expanding the educator base
- Recruiting and retaining OOSH staff.
- Servicing a small segment of the child care market.
- Diminishing population projections shows a reduction in potential supply of families/customers.
- Reducing Council's risk exposure.
- Reallocation and focus of Council's budget and resources.

Next steps

Develop an exit strategy from the services would need to be developed, considering the following:

- Communication with stakeholders.
- Transition to alternate FDC coordination unit/s.
- Process to withdraw from OOSH service.
- Staffing arrangements.

Appendix 1

Service Statement

Service	Children's Services
Responsibility	Group Manager Corporate and Community
Description	In partnership with external funding bodies this service provides a suite of care-related and educational activities that support Shire families.
Service Delivery Type	External
Alignment to Community Strategic Plan	2.1 Our people have the opportunity for a happy and healthy lifestyle
Applicable Legislation	<ul style="list-style-type: none"> • <i>Education and Care Services National Regulations 2011</i> • National Quality Standard • <i>Education and Care Services National Law Act 2010</i>
Sub Services	<ul style="list-style-type: none"> • Before and After School Care • Family Day Care • Vacation Care
Core Business	<ul style="list-style-type: none"> • Provide affordable child care services to meet market demand to support families • Provide a co-ordination role for family day-care services throughout the Shire • Provide recreational-based activities to complement development goals of young children aged 5 to 12 years
Supporting Strategies and Plans	Nil