



9.2 CHILDREN'S SERVICES POLICY DEVELOPMENT PROCESS

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1. PURPOSE

1.1 For Council to consider the process to develop a Children's Services Policy that delivers quality outcomes for children and families and informs the future direction of children's services in Port Phillip.

2. EXECUTIVE SUMMARY

2.1 In 2017, as part of Strategic Direction 1: "We embrace difference, and people belong," Council committed to improving access to services that support the health and wellbeing of our growing community. To work towards this outcome, Council endorsed a review of children's services as a key priority to determine Council's future role in early childhood education and care.

2.2 Council has agreed that the Childcare Policy adopted in 2006 no longer meets the expectations of community; is no longer aligned to the changing legislative framework; and will not support population growth statistics and forecasts, trends in contemporary practice or the changing needs of working families.

2.3 In February 2018, Council adopted an Interim Childcare Policy until a new childcare policy is adopted, to immediately respond to the Australian Government funding changes which affect Council childcare subsidies.

2.4 The interim policy will come into effect on 1 July 2018 for a 12-month period, to coincide with the new Australian Government childcare funding scheme while the Children's Services Policy is being developed.

2.5 The new Children's Services Policy will be based on a review of children's services and will outline Council's role in relation to four services: childcare, kindergartens, toy libraries and playgroups.

2.6 The policy development process will consider:

- Population growth challenges
- Victorian and Australian Government policy
- Victorian Child Friendly Cities and Communities Charter
- Council Plan directions



- Ageing infrastructure
 - Council and community managed centres
 - Contemporary service delivery
 - Legislative compliance
- 2.7 A communications and engagement plan has been developed to facilitate consultation during the policy development process. The policy development process consists of two stages:
- Stage1: Development of key policy objectives for Children’s Services.
 - Stage 2: Development of a draft service response that outlines Council’s future role in early childhood education and care in the City of Port Phillip.
- 2.8 Three options with varying levels of engagement have been developed for Council consideration. Option 1, the recommended option, enables community engagement at both Stage 1 and 2 of policy development.
- 2.9 Council must be future ready to accommodate population growth, agile to mitigate the risks associated with the evolving children’s services landscape and continue to put community first by working as a trusted partner with local service providers.
- 2.10 This report describes why the Childcare Policy (2006) needs to be substantially revisited and outlines the proposed steps to engage with community as part of the Council decision-making process.
- 2.11 This report aims to place Council in a strong position to make informed decisions regarding the future direction of children’s services in the municipality that deliver quality outcomes for children and families in the City of Port Phillip.



3. RECOMMENDATION

That Council:

- 3.1 Endorses the Children's Services Policy development and decision-making process that engages community at both Stage 1 and Stage 2 of the policy development process (Attachment 1 – *Children's Services Policy Development Timeline*). A summary of the steps in that process are:
- a) Commence community engagement on Stage 1 in June 2018.
 - b) Preparation of a draft report based on Stage 1 engagement by officers in August 2018.
 - c) Review and decision by Council on Stage 1 draft report in September 2018.
 - d) Development of a service response (Stage 2) to the key policy objectives in October 2018.
 - e) Commence community engagement on Stage 2 in November 2018.
 - f) Council officers to revise a draft report outlining the future policy direction of Children's Services.
 - g) Council to endorse the draft Children's Services Policy in February 2019.
 - h) Council officers to develop a draft Implementation Plan and Facility Strategy for approval by Council.
- 3.2 Approves the community engagement approach for Stage 1 which includes:
- a) targeted discussion groups at toy libraries, playgroups, kindergartens and with families of Council and community managed childcare centres;
 - b) a final workshop to consolidate discussion and feedback;
 - c) a Have Your Say online consultation component;
 - d) an article in DiverCity magazine; and,
 - e) content on the Council website.

4. KEY POINTS/ISSUES

- 4.1 The 2016 Australian Bureau of Statistics census identified 4,893 children aged 0-4 years from more than 3,250 families living in Port Phillip. Of these families, 21.8% were on lower incomes (\$1,500 per week or lower [\$78,000 per year]). In 2018 there were an estimated 5,400 children aged 0-4 living in Port Phillip.
- 4.2 Children's services include childcare (also known as long day care), kindergarten, playgroups and toy libraries. Children's services are a subset of Early Years services, which also include Maternal and Child Health, child-friendly cities, parent information sessions, child safety, and community support and capacity building.
- 4.3 In addition to children's services, Council provides services and programs to families and youth including activities, recreation, and events for young people, and a Family Support service. Port Phillip accommodates transitional families in public housing for whom access to services is a key protective factor in minimising risk to the children's development in the early years and determining long term outcomes. Council services have played a significant role in supporting priority of access for these children.



- 4.4 In 2017, the Victorian Government released its Children and Families Research Strategy 2017 – 2019 to identify gaps and opportunities for the child and family services sector as a key deliverable under the Government’s Roadmap for Reform. The Research Strategy grants funding to front-line staff, researchers and policy makers to collaboratively implement innovative strategies to support vulnerable families and children based on evidence.
- 4.5 Child and family services will now be able to share their knowledge about the services and approaches that they know work, through the newly created Outcomes, Practice and Evidence Network (OPEN). OPEN is sector driven and managed by the Centre for Excellence in Child and Family Welfare.
- 4.6 These and other recent changes to Commonwealth and State legislation, policy and funding changes; trends in contemporary practice; and the challenges and goals of the growing Port Phillip community have effected a review of the Children’s Services Policy in Port Phillip.
- 4.7
- A. Port Phillip owns 16 childcare and kindergarten facilities
 - B. The average age of the buildings is 64 years old
 - C. The new Policy will address ageing infrastructure, accessibility, sustainability, maintenance and repair work and associated costs. It will also aim to enable compliance with relevant legislation and regulations.
- 4.8 Historically, Councils in Victoria have taken a variety of approaches to the provision of childcare. Some councils are heavily involved in service delivery, others provide support to Not for Profit (NFP) providers, some take a planning and leadership role, and a few councils play no role in this space. Often council involvement has occurred where market forces have failed to deliver (e.g. in cases of large population growth or significant demographic change).
- 4.9 Council acknowledges its ongoing commitment to the Victorian Child Friendly Cities and Communities Charter and intends to maintain alignment with these principles when considering and developing policy objectives for children’s services.
- 4.10 Council has responded to market failure by both increasing direct service delivery, and supporting more NFPs to provide childcare. As demand has risen, more places have been funded by Council. Until recently, between Council and community-managed centres, Council has supported the provision of about 50% of childcare places in the municipality.
- 4.11 There are currently 15 independent childcare centres within the municipality. Of the 15, one is not-for-profit (55 childcare places) and 14 are for profit centres (1,148 places).
- 4.12 Childcare is a full-day program (typically 10-12 hours) that charges full-day fees. The Commonwealth is the primary funder, with families typically topping up the costs. Family contributions are based on a sliding scale of household income.
- 4.13 Council’s current approach to childcare (long day care) has three components:



- Eight community-run childcare centres supporting 580 places.
 - Four council-run childcare centres supporting 362 places.
 - The 2006 Childcare Policy which provides subsidies and levies for the 12 centres (to be replaced by the Interim Childcare Policy 2018/19 from 1 July 2018).
- 4.14 Council has supported a local governance approach with each of the eight-community run centres operating from a Council owned facility by an independent committee of management that takes responsibility for the quality, safety and viability of their service and employs staff directly. None of these facilities have opted to adopt the State Government's Early Years Management approach (also known as cluster management) which is becoming more common in other municipalities.
- 4.15 The Childcare Policy 2006 maintains a focus on quality, affordability, funding to cover the cost of maintenance, renewal and replacement of current Council-owned buildings.
- 4.16 Since 2006 Council has provided a Quality Subsidy to all 12 council and community run centres. Over the last decade, Council has spent \$7.68 million into the 12 centres through the Quality Subsidy program. This investment, combined with Commonwealth funding for quality childcare, has enabled increased staff-child ratios and more qualified staff – higher than the minimum requirement. In 2017/18 Council spent \$1,034,020 to administer the Quality Subsidy.
- 4.17 Since 2006 Council has provided an Affordability Subsidy to households attending any of the 12 centres, which in 2015/16 was available for households earning up to \$125,000, and slightly more in 2016/17. The Affordability Subsidy was calculated as one-third of the Commonwealth CCB subsidy received by each family. In 2017/18 Council spent \$592,018 to administer the Affordability Subsidy.
- 4.18 Council provides operational funding to the four Council-run centres. In 2017/18, Council spent \$1,297,000 on the Operations Subsidy.
- 4.19 The Children's Services Policy 2006 also included a Maintenance Levy to pay for the cost of maintenance, renewal and replacement of buildings for each centre. This levy is based on 2005/06 maintenance costs divided by the total number of places across the centres, then attributed to centres as a cost-per-child rate. The annual Childcare Infrastructure Levy is calculated at 5 per cent of the assessed Building Replacement Cost in 2005/06. Both levies increase by CPI each year. The forecasted ~~expenditure~~ **balance** in 2017/18 is \$5.14 Million.
- 4.20 The Council *Early Years Plan: Creating a child-friendly city 2012-2015* placed an emphasis on coordinated service delivery, and a long-term commitment to working in partnership with the community to design and deliver services.
- 4.21 The *Family Youth and Children Strategy 2014-2019* (FYC Strategy) is an internal document that provides guidance to Council officers to address integrating services, provision of high quality services, and inequality and accessibility. The strategy includes priorities such as:



- a) Strengthening health and wellbeing outcomes by building capacity in education and care services and the delivery of early years' programs
 - b) Promoting flexible models of service delivery that respond to the changing needs and expectations of the community
 - c) Acting to strengthen a community culture that understands and cares for children, young people and their families
 - d) Continuing to provide infrastructure for community based services
 - e) Investigating all opportunities to expand or build new services to meet the growing demand for education and care services
 - f) Taking a leadership role in encouraging a cross sector response including community, not for profit and commercial, to ensure a diverse market place that will meet the changing needs and expectations of the community
 - g) Advocating at a local, state and federal level to increase awareness of the changing needs of families, young people and children.
- 4.22 The Collaborative Practice Framework 2016 was developed as a practical tool for assisting council staff to integrate service delivery by working closely with other agencies to provide “wrap around” support and co-ordinated services for clients who use multiple services.
- 4.23 All 12 Council centres now meet or exceed quality standards. Childcare fees for the 12 centres are currently amongst the most affordable in the City. The Commonwealth’s increased funding to childcare will make fees at all childcare centres even more affordable from 1 July 2018. Although the Interim Policy has removed the Affordability Subsidy in response to the Commonwealth’s increase to childcare subsidies, the new policy should consider how the funds can be used to continue to improve children’s services.
- 4.24 Despite the positive outcomes in quality and affordability for childcare centres in the municipality, the challenges for Port Phillip children and their families are:
- a) Several childcare facilities are ageing and not fit-for-purpose.
 - b) Children’s developmental scores are below the state average in South Melbourne and St Kilda.
 - c) Port Phillip has higher levels of families with mental illness, drug and alcohol addictions than our region. Combined with the increasing prevalence of homelessness and family violence this increases the vulnerability of many children and therefore the range of support they require while in an education and care setting.
 - d) Four-year-old kindergarten participation has been reported as around 10% below Australia’s target of 95%.
 - e) Families associated with Child Protection and Child First often require more support from DHHS and support agencies, resulting in barriers to accessing children’s services.
 - f) Increasing transitional housing in Port Phillip will likely increase the lack of stable housing for children in the municipality.



- g) There is shortage of childcare places for children under 3 years of age in the municipality. This is consistent in centres throughout Australia.
- 4.25 Furthermore, an estimated 80,000 people will move into Fishermans Bend over the next 30 years. Council has recently invested in a 44-place long day care kindergarten for children aged over three years within a new school in the Montague precinct. Council has agreed to transition this centre to become a not for profit or community-run facility by 2020.
- 4.26 More children's services will be required to support anticipated population growth and Council must plan to sustainably support this growth.
- 4.27 The new Childcare Policy will consider key policy objectives to inform a robust service response to set the future direction of children's services in Port Phillip. The new policy will be informed by:
- a) Comprehensive community engagement.
 - b) A literature review on the benefits, challenges and trends in children's services.
 - c) A parents' survey on the need for children's services.
 - d) Interviews with coordinators and directors of childcare and kindergarten centres, and the presidents of local committees, toy libraries and playgroups about the benefits, challenges and future direction of children's services.
 - e) An independent financial assessment of the cost of childcare.
 - f) A financial assessment of the costs of kindergartens, toy libraries and playgroups.
 - g) Benchmarking with 10 other councils.
 - h) An assessment of changes to legislation, policy and funding from State and Federal governments.
 - i) Local vulnerability and outcome data for children obtained through state government.
 - j) Investigation of best practice models for building new children's infrastructure in Melbourne's growth corridors
 - k) Population projections and planning for Fisherman's Bend.
 - l) Initial assessments of buildings (condition and if they are fit for purpose).
- 4.28 Ideally, the future direction set by Council will address issues with ageing and inadequate childcare facilities, changing legislation and fee structures of Federal and State governments as they relate to Council subsidies, the increasing population of the municipality, increasing complexity of children's needs in socially disadvantaged and vulnerable families, and the lower kindergarten participation and developmental scores of children.

5. CONSULTATION AND STAKEHOLDERS

- 5.1 The benefits of investing in early human development are now well known.



- 5.2 Children growing up in situations of socioeconomic disadvantage or special needs significantly benefit from early learning programs prior to school. However, many families experience problems with access, uptake, cost and quality of services
- 5.3 Centre staff, individuals and families in the community have joint ownership of the issues outlined and can develop innovative solutions to these complex issues in partnership with informal community groups, NFPs, private sector, and other levels of government.
- 5.4 Council officers have prepared a plan outlining the opportunities for community involvement in developing the Children's Services Policy.
- 5.5 There are two distinct stages to develop the Children's Services Policy:
- Stage 1: Development of key policy objectives for children's services.
 - Stage 2: Development of a draft service response that outlines Council's future role in early childhood education and care in the City of Port Phillip.
- 5.6 Community engagement and consultation with stakeholders in Stage 1 will assist to identify changing community needs and make clear to Council which policy areas require focus.
- 5.7 In Stage 2, the draft service response will consolidate community feedback and provide community and Council with options and recommendations on a policy approach and way forward that is based on strong evidence and research.
- 5.8 Three options have been considered which have varying levels of engagement and therefore different timeframes:

Option 1 (Attachment 1 – *Children's Services Policy Development Timeline*):

- a. Commence community engagement on Stage 1 in June 2018.
- b. Preparation of a draft report stemming from Stage 1 engagement by officers in August 2018.
- c. Review and decision by Council on Stage 1 draft report in September 2018.
- d. Development of a service response (Stage 2) to the key policy objectives in October 2018.
- e. Commence community engagement on Stage 2 in November 2018.
- f. Council officers to revise a draft report outlining the future policy direction of Children's Services.
- g. Council to endorse the draft Children's Services Policy in February 2019.
- h. Council officers to develop a draft Implementation Plan and Facility Strategy for approval by Council.

Option 2:

- a. Council officers to prepare Stage 1 draft report in June 2018.
- b. Council to endorse the Stage 1 draft report and request officers to develop a service response (Stage 2) in July 2018.
- c. Council officers to develop a Stage 2 service response in August 2018.



- d. Community engagement on Stage 1 and 2 in September 2018.
- e. Council officers to revise a draft report outlining the future policy direction of Children’s Services.
- f. Council to set the direction for children’s services in February 2019.
- g. Council officers to develop a draft Implementation Plan and Facility Strategy for approval by Council.

Option 3:

- a. Council officers to prepare a consolidated Stage 1 and 2 draft report for Council consideration in August 2018.
- b. Community engagement of the draft report to occur in September 2018.
- c. Council officers to revise a draft report outlining the future policy direction of Children’s Services.
- d. Council to set the direction for children’s services in November 2018.
- e. Council officers to develop a draft Implementation Plan and Facility Strategy for approval by Council.

5.9 Option 1 is recommended for engagement as it optimises opportunities for community input, being at both Stage 1 and Stage 2 of policy development. Options 2 and 3 provide increased opportunity to expedite policy development.

6. LEGAL AND RISK IMPLICATIONS

6.1 Legislation has changed since the adoption of the substantive Childcare Policy in 2006. Current legislative requirements regarding children’s services are outlined in the table below.

TABLE 1. GOVERNMENT RESPONSIBILITY FOR CHILDREN’S SERVICES IN VICTORIA

	Federal	State	Local
Childcare	Funding Quality standards	Quality checks	None
Kindergarten	Funding	Funding Quality standards	Facility provision*
Playgroups	None	Funding (for Playgroup Victoria)	Facility provision^
Toy libraries	None	None	Facility provision^

* Local government’s responsibilities are based on an informal agreement with the state government.

^ Local government has traditionally provided facilities for these services, without which, the services would not exist.

6.2 The new policy will need to ensure compliance with a range of legislative and regulatory requirements, including:

- Building Code of Australia



- Occupational Health and Safety legislation
- Disability Discrimination Act
- National Education and Care Centre Regulations
- National Education and Care Quality Standards
- National Competition Policy

7. FINANCIAL IMPACT

7.1 Council officers have conducted a competitive procurement process to engage an independent, professional engagement consultant to assist and facilitate the first stage of community engagement process.

7.2 The cost of this engagement is estimated at \$40,000 in 2018.

8. ENVIRONMENTAL IMPACT

8.1 N/A

9. COMMUNITY IMPACT

9.1 Council has always maintained its commitment to Social Justice and continued support for vulnerable members of the community who are impacted by:

- Higher levels of drug and alcohol dependency, and mental illness
- Increase in transitional housing
- Issues with support in childcare centres
- Difficulty accessing children's services – despite research saying they gain the most benefit
- Difficulties associated with attending school without adequate English
- Difficulties with access and support for children with special needs

9.2 There is a strong and passionate connection between the community and the children's services provided and supported by Council, with the many of these services being delivered through a community managed model.

9.3 Council will continue to support vulnerable families and will seek the views of diverse sectors of the community to inform any decisions made in relation to the development of a new policy.

10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

10.1 This report aligns with Strategic Direction 1 in the Council Plan: "We embrace difference, and people belong."

10.2 This report progresses Council's commitment to providing access to children's services that support the health and well-being of our growing community.



- 10.3 One of Council's priorities is to "Complete the review of children's services to determine Council's role in early childhood education and care."

11. IMPLEMENTATION STRATEGY

- 11.1 A timeline of the proposed process for developing a Children's Service Policy is attached (Attachment 1).
- 11.2 A communications plan is in place to ensure the community and all relevant stakeholders are kept informed throughout the process.

12. OFFICER DIRECT OR INDIRECT INTEREST

- 12.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.

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ATTACHMENTS 1. Children Services Review Timeline Final