

**CONFIDENTIAL**

# Ordinary Council Meeting Agenda

Tuesday 8 October 2019  
Commencing at 7:00pm

Council Chamber  
Hobsons Bay Civic Centre  
115 Civic Parade, Altona

**HOBSONS  
BAY CITY  
COUNCIL**



## THE COUNCIL'S MISSION

We will listen, engage and work with our community to plan, deliver and advocate for Hobsons Bay to secure a happy, healthy, fair and sustainable future for all.

## OUR VALUES

Respectful

Community driven and focused

Trusted and reliable

Efficient and responsible

Bold and innovative

Accountable and transparent

Recognised

Council acknowledges the peoples of the Kulin nation as the Traditional Owners of these municipal lands and waterways, and pay our respects to Elders past and present.

### Chairperson:

Cr Jonathon Marsden (Mayor)

Strand Ward

### Councillors:

Cr Angela Altair

Strand Ward

Cr Peter Hemphill

Strand Ward

Cr Tony Briffa

Cherry Lake Ward

Cr Sandra Wilson

Cherry Lake Ward

Cr Colleen Gates

Wetlands Ward

Cr Michael Grech (Deputy Mayor)

Wetlands Ward

Aaron van Egmond  
Chief Executive Officer  
Hobsons Bay City Council

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## **AGENDA**

### **1 In Camera Business**

#### **Recommendation**

That Council considers the confidential report(s) listed below in a meeting closed to the public in accordance with Section 89(2) of the *Local Government Act 1989*:

#### **13.1 Confidential Report - Service Delivery**

This report is considered confidential under s89(2)(a) of the *Local Government Act 1989* as it relates to personnel matters.

## 13 In Camera Business

This report is considered confidential under s89(2)(a) of the *Local Government Act 1989* as it relates to personnel matters.

### 13.1 Confidential Report - Service Delivery

Councillor Portfolio: Social Wellbeing and Community Services - Cr Tony Briffa and Cr Colleen Gates

Appendices: Nil

#### Purpose

To seek direction on the future involvement of Council in the delivery of Family Day Care (FDC) as the market offering is growing and demand for Council-auspiced services is rapidly declining.

#### Recommendation

That Council:

1. Notes changes to the Family Day Care (FDC) sector, including a significant decline in demand for services auspiced by Council and an increase in total FDC educators in Hobsons Bay from approximately 400 to 800, over the last five years.
2. Transition out of the Council FDC Scheme by 31 January 2020, by supporting the remaining nine Council-auspiced educators and families to move to alternative schemes, and [REDACTED]
3. Notes that this will not result in any significant change in service to Hobsons Bay families including families currently served by the nine educators in the Council FDC Scheme.

#### Summary

The operational scope and performance of Council's FDC Scheme has experienced a consistent decline in recent years as a result of market and sector changes, which has led to FDC contractors increasingly moving to other providers.

A growing number and scale of alternative schemes and care options have attracted families and educators. Over the last five years the number of Schemes in the Hobsons Bay region have grown from four to 13, and the number of educators has increased from approximately 400 to 800. During this time, attempts to grow the Council's FDC Scheme towards financial sustainability and cost neutrality have been unsuccessful.

Only nine educators (a record low) have expressed interest in re-registering with Council for the next agreement period, making it increasingly unviable for the Council FDC Scheme to continue. Stakeholders require clarity on Council's future involvement in the service to ensure a seamless transition.

## Background

FDC is home-based child care for children from birth to 13 years, provided by educators contracted to the Council FDC Scheme under the terms of an annual agreement. Educators are supported and monitored by Council's Coordination Unit. As a non-mandatory Council service, it is a business choice for Council to operate a FDC scheme.

In April 2017 Council resolved to seek to increase Council's FDC offering and to achieve financial sustainability and cost neutrality for the Council FDC scheme. Despite efforts to attract new families and increase the total hours of care offered by Council, changes within the broader early years sector and family day care industry in general have led to a substantially reduced demand for Council's scheme.

Following the removal of regional restrictions by the Victorian Department of Education (DET) and Training, there has been a significant increase in the number of alternate FDC schemes in the Hobsons Bay region. There are currently at least 13 FDC schemes operating in the municipality (an increase from four in 2012), and 55 schemes within a 20km radius of Hobsons Bay. This saturation of FDC providers is coupled with decreasing demand for FDC nationally.

The market for childcare services has changed with centre based services, including kindergartens, offering more flexible care options and continuing to attract an increasing number of working families. The number of additional centre-based child care places in Hobsons Bay has increased by 800 in the past five years, offering families considerably more choice. In addition, federal funding to Council to support the delivery of FDC ceased in 2015 and the scheme has not been able to reach cost neutrality or financial sustainability.

## Discussion

Over the past four years there has been a steady decline of children and educators registered with the Council FDC scheme. In parallel, the total number of FDC educators in Hobsons Bay has roughly doubled. Alternative FDC schemes have offered educators the opportunity to continue in their home based business with no disruption to families. When Council-auspiced educators have moved, families have transitioned seamlessly with their educator with no change in service.

Since Council's resolution to increase our FDC offering to a cost neutral or sustainable level (made at the Ordinary Council Meeting on 11 April 2017), a number of actions have been taken. These include:

- a marketing campaign seeking to attract families requiring care, including canvassing existing families for additional care needs. Unfortunately this did not generate enough response to fill the increasing vacancies of current educators
- a risk audit by Crowe Horwarth
- an external quality and compliance audit by the DET downgraded the rating of the Council FDC Scheme from "Exceeding" to "Meeting" regulatory requirements
- a reduction of Council coordination staffing [REDACTED], reflecting declining demand and the Victorian Government guidelines of 1 FTE resource worker for every 25 educators. There are presently [REDACTED] staff [REDACTED] remaining in coordination roles, well above the DET benchmark

From a peak of around 45 Council FDC Scheme educators in 2017, at the end of August 2019 only nine educators have submitted their interest to undertake the annual re-registration screening process with the Council FDC scheme for 2019-20. Based on these trends, it is likely that educator numbers will continue to decline.



To provide certainty to the remaining educators, and the two Council coordination staff, it is recommended that Council resolve to transition out of the Council FDC scheme by the end of January 2020. This could be done with no significant impact to families or educators, and with every effort undertaken to [REDACTED]

Council would coordinate purposeful support to individual educators to provide them with information to inform their choices to move to alternate FDC schemes. Assistance with comprehensive safety and compliance checks would ensure educators are well placed to make a smooth transition to an alternate scheme. An information session would be held for the educator group to identify the range of supports Council can offer.

Whilst it is anticipated that most families would choose to transition with their educator to an alternative FDC scheme, Council would provide additional support for any families who choose to access alternative child care options, including facilitating connections with potential service providers and providing information to assist parent's in making informed choices.

## Strategic Alignment

This report specifically addresses the following priorities of the Hobsons Bay 2030 Community Vision:

### Priority 2: Community wellbeing and inter-connection

## Policy and Previous Council Reports

Council previously considered matters relating to FDC at the Ordinary Council Meeting on 24 February 2015 following changes in funding provided by the Federal Government.

On 13 December 2016 a further report was tabled outlining the impact of the reduction in funding. The December 2016 report sought the completion of a service review with a report to be brought to Council in 2017.

On 11 April 2017 Council made a number of resolutions in response to the service review, with a further report to be submitted before the end of 2019- 2020.

## Legal/Statutory Obligations/Risk

The FDC service model is a relatively high risk education and care model. FDC educators work alone and children in their care can come into contact with the educator's family, friends and visitors to the home. Educators are expected to consistently work to regulatory and quality standards that ensure the health, safety and education of children, including managing medical needs, in the absence of direct daily supervision.

Council's FDC Coordination Unit has processes and procedures in place to manage the service model and minimise risk for Council. Regular visits and playgroups assist resource workers to monitor educators' compliance and service quality.

A May 2018 assessment by the DET downgraded the Council FDC scheme's rating from "Exceeding" to "Meeting" the National Quality Framework standards.

As the FDC service is provided by not for profit, local government, and private organisations, it is potentially subject to competitive neutrality considerations should a decision be taken to transition out of the service. One of the tests for competitive neutrality relates to the significance of the business within the market. As Council is a very small player in the

provision of FDC across Hobsons Bay, it is unlikely to represent a significant presence in the market. It is therefore unlikely council would be subject to competitive neutrality considerations.

## Financial and Resource Implications

To be a financially viable service without subsidy, the Council resolution carried in April 2017 recommended the FDC program move to operational cost neutrality by the end of the 2019-20 financial year.

Strategies to achieve this have included increases to the administration levy, the [REDACTED] in line with legislation outlining the ratios for the number of resource workers to educators and the realisation of efficiencies in general resource expenditure.

In 2018-19, Council's subsidisation of the scheme, including corporate overheads was [REDACTED]. Reduced income due to a decrease in levies from a lower than anticipated number of children in care, as well as an over resourced staff team, contributed to this higher than forecast expenditure.

The forecast for 2019-20, taking into consideration the continued decline in patronage of Council FDC, will see Council's subsidy to be an estimated [REDACTED] if service delivery continues at the current level. This reflects a decline of almost 1,000 hours of care per week and the subsequent decline of administration levy income.

Other external market and sector changes have contributed to the program continuing to be financially unsustainable and unable to move to cost neutrality.

The financial cost to transition from the Scheme is minimal. Educators are contractors and not Council employees. Educators will have incurred some minor expenses, such as a medical examinations, as a result of the re-registration process which commenced preceding this report. These costs could be reimbursed at a relatively small cost to Council (in the order of [REDACTED] in total).

## Environmental/Social/Economic Impacts

The FDC service offers a flexible education and care model for families within their local community whilst also supporting local employment by providing educators with the opportunity to work from home.

Locally accessible FDC services reduce the need for families and educators to travel outside of their neighbourhoods, minimising greenhouse gas impacts.

These advantages all remain unchanged regardless of whether Council continues to auspice the FDC scheme.

Educators previously registered with Council who have made the choice to transfer to other FDC schemes have been able to seamlessly continue in their home based business with no disruption to families. Families who have chosen to transition with their educator no longer require the services of Council FDC.

## Consultation and Communication

[REDACTED]  
[REDACTED] Should a decision be reached to discontinue the provision of a



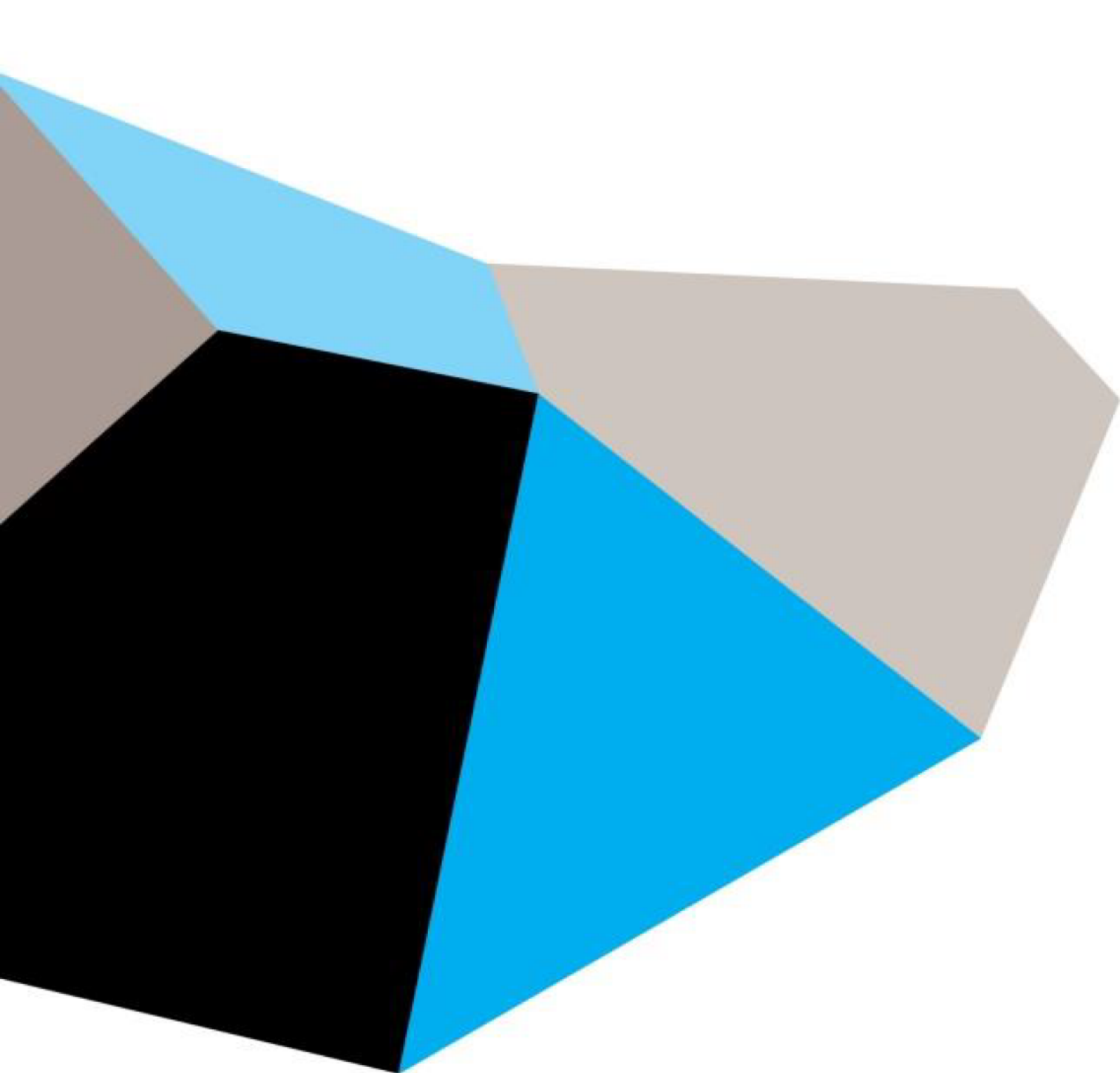
Council auspiced FDC Scheme, [REDACTED] as well as all affected FDC educators and families will be informed and offered support and services as needed.

### **Officer Declaration of Conflict of Interest**

Section 80C of the *Local Government Act 1989* requires members of Council staff and persons engaged under contract to provide advice to Council, to disclose any direct or indirect interest in a matter to which the advice relates.

Council officers involved in the preparation of this report have no conflict of interest in this matter.

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**HOBSONS BAY CITY COUNCIL**

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[www.hobsonsbay.vic.gov.au](http://www.hobsonsbay.vic.gov.au)

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