

<b>ITEM NO:</b>	5.2 Confidential Report
<b>MEETING TYPE</b>	Finance & Risk Audit Committee
<b>MEETING DATE:</b>	10 November 2020
<b>SUBJECT:</b>	Child Care Business Case Proposal
<b>FILE NUMBER</b>	F16/1458 Finance & Risk Audit Committee
<b>RECORD NUMBER:</b>	R20/15717
<b>AUTHOR:</b>	Penny Williams
<b>ATTACHMENT (S):</b>	Attachment 1 - Project Proposal – AP Sheere Consulting (R20/15711) Attachment 2 – New modelling (R20/15713)

## STRATEGIC MANAGEMENT PLAN 2020 – 2040

<b>STRATEGIC PILLAR</b>	A Welcoming and Cohesive Community
<b>PRIORITY STRATEGY</b>	1.1 Work with the community to identify the attributes of our area most important for all age groups and develop strategies and plans to minimise the loss of those attributes
<b>CORPORATE ACTION</b>	1.1.7 Undertake a Cost Benefit Analysis with a view to future business case of a preferred Child Care model for the community
<b>RELEVANT LEGISLATION</b>	
<b>COUNCIL POLICY</b>	
<b>COUNCIL ROLE</b>	Faciliator

## ANNUAL BUSINESS PLAN LINK

<b>2019/2020 PROJECT</b>	N/A
<b>2020/2021 PROJECT</b>	N/A

## REPORT DETAIL / BACKGROUND

In 2019 Council commissioned a Child Care Study of the Streaky Bay Council district to investigate the future need for Child Care in the region.

That study both identified some concerning trends in population migration and working parents, that could be directly linked to a low provision of Child Care services within the district.

Concerning trends included a decline in the number of women in the workforce, in the Streaky Bay township alone; this decrease was 36%. Between 2006 and 2016 the number of families with two parents and children under the age of 15 years declined from 191 to 167 and single parents from 41 to 25. It can be assumed that lack of child care facilities played a role in these declines.

That report concluded there was an identified need for consideration of more or alternative services and those options were provided for in that report.

The only care currently identified available being;

- Family Day Care (1 provider, 4 children per day) able to gain government subsidies

- Private Care Provider not able to gain government subsidies
- Occasional Care (2 x 3 hour sessions per week)
- Care at home
- Other private/family care arrangements
- Vacation Recreational Care (School Operated – available School Holidays only for children aged 4 years and older)

Research indicates that investment in care helps in three ways:

1. It stimulates jobs and better conditions in the care sector, a worthy outcome in itself.
2. It provides economic stimulus to all sectors by freeing people up to participate in the labour market, an impact that cannot be achieved by providing stimulus to other sectors, such as manufacturing, for example.
3. And it addresses female economic disadvantage by reducing the wage gap and changing the circumstances that often set limits on what women can achieve in their careers.

In recent times there has been much anecdotal evidence in the lack of child care services playing a part in attracting key service personnel such as teachers, doctors and dentists, and in retaining and/or returning skilled staff looking to enter or remain in the workforce.

The Great White Kaolin Project (formerly Andromeda Mines) is a key example of a new industry with a potential of 68 persons to be employed. The increase in population represents an unique opportunity to attract persons to the region. The provision of child care will play a part in who and how those people are employed and reside in the district. The nature of mine aligns itself with enabling workers to reside in the district and Council should consider making this option as attractive as possible.

Council should acknowledge that the provision of good quality, accessible and affordable child care services will be a key component of economic development activities that look to ensure that locals are able to capitalise on employment and business opportunities and that the district is attractive to families who may be looking to move to the area.

The proposed Child Care Development project will provide Council with the following;

**Phase 1:**

3 x Cost Benefit Analysis based on the original Child Care Study and further costing and research.

**Outcome:** This will enable Council to consider all three options and their financial components to consider and endorse the best practicable option for the District

**Phase 2:**

Business Case to be developed based on Council endorsed preferred model following the completion of the Cost Benefit Analysis

**Outcome:** These documents can be utilised by Council for future funding applications and/or as a means of presenting the project to potential private investors

The project and the proposed process will include community consultation and provide Council with the opportunity to be involved in the development of these documents.

The project does not commit Council to proceeding with the construction or implementation of such facilities and/or services, however will provide Council with the tools and information to make sound decision making surrounding the future of child care provision within its district.

The project will result in evidence-based decision making and financial proposals that may be utilised in future funding applications and or for Council to seek private investment in such a facility.

The District Council of Karoonda has successfully established and is operating a financially sustainable service that is comparable to the District of Streaky Bay. Council staff have been liaising with the Karoonda Council and arranged a site visit to Karoonda in the first week of December 2020 to consider and inspect their facility. Staff will additionally be seeking a meeting with the Consultant and ex Karoonda CEO (Mr Mathew Morgan) who is currently the CEO at the City Port Lincoln to further discuss the success of their project.

The District Council of Karoonda utilised the first round of their Drought Funding provided by the Federal Government to fund the Child Care Facility.

### **PROJECT CONSULTANT/QUOTATION**

It is noted that a second quotation has not been sought and that the Council's Procurement Policy requires that purchases between \$5,000 and \$20,000 require a minimum of (2) informal written quotations or select quotations.

This report seeks an exemption from Council in gaining a second quotation, based on the difficulties experienced in the initial stages of the projected in sourcing suitably qualified and experienced consultants. Going out to open tender would further add costs to the proposed project and will not address potential time constraints associated with impending funding becoming available.

### **PROJECT FUNDING**

The total cost of the project for all four documents is \$16,562 (ex GST). Staff have identified within the current budget that the project listed as Industrial Subdivision/Stormwater with an identified budget of \$50,0000 may be reappropriated to fund the cost of the Child Care Business Case as future industrial subdivision sites should be included in the Town Master Planning process.

### **BUDGET IMPACT ASSESSMENT**

The following provides a summary of the budget impact assessment:

Allocation made in the budget: Choose an item.

Impact on Budget: Choose an item.

<b>Description</b>	<b>Budget Reviewed \$</b>	<b>YTD \$</b>

## PURPOSE OF REPORT

### Risk Management – Framework and Policy Provisions

- (a) Risk Consequences must be considered as per Appendix B of the Risk Framework;
- (b) The likelihood of the recognised risk occurring must be considered as per Appendix C of the Risk Framework;
- (c) Where risks are identified as Extreme or High (Appendix D), Council must ensure its decision reduces the recognised risk to Medium or Low (residual risk) depending on the agreed tolerance level (Appendix E).

#### Risk Matrix

Likelihood/Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
<b>Almost Certain</b>	High	High	Extreme	Extreme	Extreme
<b>Likely</b>	Medium	High	High	Extreme	Extreme
<b>Possible</b>	Low	Medium	High	Extreme	Extreme
<b>Unlikely</b>	Low	Low	Medium	High	Extreme
<b>Rare</b>	Low	Low	Medium	High	High

Comment: The district faces economic loss should the labour market not be fulfilled due to a lack of childcare, and there is opportunity for the child care proposal to generate income. There is financial risk for Council if they are not well informed or have adequate background information when making decisions regarding business proposals.

#### OPTIONS:

1. That the Committee recommend to Council the following;
  - a. Endorse the development of the proposed Cost Benefit Analysis and Business Case
  - b. Acknowledge and accept that a second quotation will not be sought
  - c. Resolve to transfer the funds from the proposed Industrial subdivision plan to the Child Care Business Case project
2. That the Committee recommend to Council they do not wish to proceed with a Child Care Business Case

### **Recommendation**

That the Committee:

- (a) Pursuant to Section 90(2)(3)(b)(i)(ii) of the *Local Government Act 1999*, orders that all persons with the exception of the Karina Ewer (Chief Executive Office), Sandra Brice (Manager, Business & Administration Services), PJ Williams (Manager, Community and Economic Development), Darren Walker (Manager, Infrastructure and Civil Works), Mardi Schumann (Regulatory Administration Assistant & Executive Assistant & Governance Officer/Minute Taker) be excluded from attendance at the meeting for agenda item 5.2, relating to 'Child Care Feasibility Study'
- (a) The Committee is satisfied pursuant to Section 90(3)(i) of the Act, the information the disclosure of which (i) could reasonably be expected to confer a commercial advantage on a person with whom council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and (ii) would, on balance, be contrary to the public interest".
- (b) The Committee is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances as information concerning the personal affairs of a person would be disclosed.

### **Recommendation:**

That the Committee, having considered Report No 5.2, Child Care Feasibility Study, 10 November and its role under Section 6, 7 and 8 of the Local Government Act 1999 recommend to Council:

- a. Endorse the development of the proposed Cost Benefit Analysis and Business Case
- b. Acknowledge and accept that a second quotation will not be sought
- c. Resolve to transfer the funds from the proposed Industrial subdivision plan to the Child Care Business Case project

### **Recommendation**

That the Committee, having considered the agenda item 5.2 relating to 'Child Care Feasibility Study' in confidence under Section 90(2) and (3)(b) of the Local Government Act, pursuant to Section 91(7) of the Act orders that the report considered and discussed in relation to agenda item 5.2 be retained in confidence until negotiations have been finalised.