

Council – 26 April 2019

Extraordinary Meeting of Council - Palfrey Community Association

An extra-ordinary meeting of Council has been convened, following the appropriate requisition submitted by 5 elected members, to discuss ramifications of Palfrey Community Association's decision to cease trading and to discuss the wider implications for the community and the Council's financial position. Members should note that Palfrey Community Association is a wholly independent and separate legal entity. The Council has no legal or financial obligations or rights over it. The report is based on information that is in the public domain.

Palfrey Ward

Palfrey has a population of 16,900 with a greater proportion of Children (30.6%) aged 0-15 than the borough as a whole (17.8%). Approximately 65% of the residents of the ward are from a BME communities. Data shows that 12.1% of households are "overcrowded". There is a mixture of deprivation within the ward, with levels amongst the top 20% of most deprived households living towards the north of the ward (Office of National Statistics, Census 2011). Nursery sufficiency data recorded in January 2019 showed that only 62% of the children in Palfrey ward are accessing their free nursery place, compared to a borough wide take up of 70%.

Palfrey Community Association

Palfrey Community Association is a company limited by guarantee (Company number 04691879) which was incorporated on 10 March 2003. The company has charitable status and is registered with the Charity Commission (Charity number 1099695). It is governed by a Board of Trustees.

Palfrey Community Association offers a range of activities. Its main activities operate from Milton Street, Walsall which is also its Registered Office. The Association's main activities include:

- a) A day nursery, which provides the main source of turnover for the Association;
- b) Parenting workshops;
- c) Acting as the designated 'Local Trusted Organisation' for Palfrey Big Local;
- d) Youth Activities, including work through Youth Connect (which engages with Walsall youth through gaming, music, board games and other activities in a youth centre environment);
- e) A Gym;
- f) Exercise activities for both men and women for a variety of ages (including vulnerable groups);
- g) Support and friendship groups.

Financial Position

Palfrey Community Association has 36 employees. The last filed accounts for the Palfrey Community Association are for the year ending 31 March 2017. The accounts report a net operating loss of £177,055 for the financial year, with total net assets of £505,496.

The Council has undertaken a review of payments and receipts associated with Palfrey Community Association which remain outstanding, or require further clarification as at 17 April 2019. The combined total is £0.128m, which consists of:

- 1) Community Development Delegated Funds - £0.006m
- 2) Cleaning and Caretaking charges - £0.056m
- 3) Early Years funding for 2, 3 and 4 year old childcare places for the summer term - £0.066m

It is not yet clear whether it will be possible to recover any of the outstanding money owed to the Council.

Building

The Council owns the building and the Community Association has a tenancy at will lease. The Community Association on 19 April sent a request to surrender and yield up the premises. Council officers are currently working through the request.

The Community Association requested the cancellation of the cleaning and caretaking contract on 9 April 2019. The Council will manage issues affecting Council employees in accordance with its current employment policies

Palfrey Day Nursery

Palfrey Day Nursery has 128 funded children, a small number of parents are also fee paying.

The School and Early Years Finance (England) Regulations provide the framework for an Early Years Single Funding Formula, which is intended to cover the cost to deliver 15 or 30 hours per week of free childcare. For Private, Voluntary and Independent settings (such as Palfrey Day Nursery) an indicative budget allocation at the beginning of the financial year is developed based on termly headcount data from the previous financial year. At the beginning of each term, 75% of the indicative hourly funding figure for that term is paid. In addition, where the deprivation supplement is attracted, this will be paid as a single annual amount at the beginning of the summer term. A termly headcount is then undertaken and submitted by all settings and following receipt of actual headcount data each term, a comparison is made between the hours used for that term's indicative allocation and the actual hours recorded by the provider. Where there is a need to recover monies from overpayment, settings receive an invoice.

In this case, an advance payment of £0.066m was paid to Palfrey Community Association relating to Palfrey Day Nursery for the 2019/20 Summer Term. If children secure places at new nursery settings before the May 2019, the Council will need to consider whether the new providers should receive some additional upfront funding, which can be contained within the existing funding block.

Community Development Funds

The Council has identified an annual budget, funded from mainstream funding, which is allocated out to a number of Community Associations and organisations across the Borough. Each financial year, organisations submit bids for funding and set out in advance how they intend to spend the funding to support projects in their local community. Following assessment of the bids, the Council enters into a grant agreement with each organisation and payments are made in 3 instalments over the course of the financial year. Organisations are also required to produce a performance report on a quarterly basis to the Communities and Partnerships Team which monitors the progress of these projects against the terms of the grant agreement. In the final quarter of the financial year, Community Associations and organisations have an opportunity to bid for any unallocated funds for additional projects they may wish to deliver.

The grant agreement for Palfrey CA in 2018/19 was initially for £0.011m. This allocation was received in full by Palfrey CA following submission of evidence of spend. In addition to this sum, a further £0.006m was paid to Palfrey CA in January and February 2019. This was to deliver a health programme (£0.003m) and for capacity building support (£0.003m). As at 17 April 2019 no information has been received that the initiatives had been delivered. No grant agreement for 2019/20 Community Development Fund has been agreed for Palfrey Community Association.

Current Status of Palfrey Community Association

On 18 April 2019 Palfrey Community Association issued the following press release:

“Directors at Palfrey Community Association Ltd took the regrettable decision to cease trading at their board meeting on Friday 12th April with all community activities and services provided by the registered charity ceasing at 6pm on that day.

All staff have been laid off and asked to stay at home on unpaid leave pending an immediate professional analysis of the severity of the organisations financial position before a final decision will be made on the future.

Directors at Palfrey Community Association Ltd said the Charity had been utilising its reserves in an attempt to maintain the services provided for some time but this was unfortunately no longer financially sustainable.”

The meeting was quorate and called appropriately. Staff were informed of the decision to cease trading on the afternoon of Friday 12 April 2019.

Palfrey Community Association have engaged the services of an Insolvency Practitioner who is preparing a report for the Board of Trustees. Palfrey Community Association is an independent organisation, as such the Council may become one of a number of creditors.

Support for Parents of Children impacted by Palfrey Nursery Closure

Following the announcement to cease trading by Palfrey CA, nursery staff telephoned parents to arrange for them to collect their children and also contacted parents of children who were not in attendance that day.

Parents were also given a letter with contact details for the Council's Families Information Service, the Two Year Old Sufficiency Officer and the School Ready Improvement Manager. The letter explained that there was help available to find another place for their child. Parents were also provided with lists of providers in the local area and a Borough wide provider directory for parents who were looking for a provider outside the immediate Palfrey area. All other local nursery settings were telephoned to establish which had vacancies. The Early Years Lead Adviser and the School Ready Improvement Manager also attended Palfrey Community Association on the day to support both staff and parents.

Based on current information, there are sufficient nursery places across the borough to accommodate any child affected. There are two newly registered private nursery providers in the area who have a large number of vacancies, Small Street and Toddler Town Nurseries. Abu Bakr Palfrey has also registered the site formerly known as Little Stars operated by Palfrey Girls School, but Abu Bakr is not planning to open this site until September 2019. As at 23 April 2019 Council officers from Children's Services were unaware of any parents that have been unable to secure an alternative nursery place for their child.

Support for Staff of Palfrey CA

The Council arranged an off-site advice surgery on 16 April 2019 to assist staff with Career, Benefits and Welfare Rights advice. This was well received, with approximately 25 staff attending, and on-going support has been offered to those that requested it. Staff have been made aware of other nursery settings that are already actively recruiting in the area.



James Walsh
Executive Director – Resources and Transformation

26 April 2019