

28 February 2006**MUNICIPAL EARLY YEARS PLAN – CHILD CARE****Committee** Community and Culture**Presenter** Cr Wilson**Purpose**

1. To present and seek approval of a means of providing a minimum additional 200 child care places by January 2008, in accordance with Council’s resolution of 6 December 2005.

Consideration at Committee

2. As a result of consideration at Committee, the recommendation contained in the Management Report was endorsed subject to the following amendments:
 - 2.1. that paragraph 3.2 below be amended to read:

“approve the initiative to work with existing and potential child care operators to encourage the growth of their services, while at the same time seeking ways and means of providing an additional 60 Council owned and operated (or community managed) child care places within the city by January 2008 with a report on the progress of this search to be a part of the Report to this Committee in April 2006;”
 - 2.2. at paragraph 3.1.2 of the recommendation below, that the words *“or any nearby site which could achieve a similar outcome”* be inserted between the words *“(an additional 62 places)”* and *“for the capital costs”*;
 - 2.3. that the words *“subject to a report back on consultation with local residents”* be added at the end of paragraph 3.1.2 below;
 - 2.4. that a further paragraph (3.7 below) be added to read:

“that Council continues to call for public expressions of interest for possible sites for child care in the City of Melbourne”
 - 2.5. that the words *“Queen Victoria Market”* be added to the list of locations under paragraph 3.3 below; and
 - 2.6. that a further paragraph (3.8 below) be added to read:

“that this Committee request Councillor Wilson to directly discuss and negotiate further child care outcomes with the State Government.”

Recommendation

3. That Council:
 - 3.1. approve the following infrastructure proposals at Council owned facilities to provide 140 of the minimum 200 additional child care places required by January 2008 by:
 - 3.1.1. modifying Kensington Community Children's Co-op to provide 45 additional places at a capital cost of \$1.2M (funds allocated in 2005/2006 works program);
 - 3.1.2. modifying Lady Huntingfield Children's Centre by demolishing the existing facility and constructing a new 120 place centre (an additional 62 places), or any nearby site which could achieve a similar outcome, for the capital cost of \$3.0m or staged redevelopment of \$3.5M (\$1.7M allocated in 2005/2006 works program and commitment to an allocation of \$1.8M in the 2006/2007 works program) subject to a report back on consultation with local residents;
 - 3.1.3. completing Central Carlton Children's Centre to provide 8 additional places at a capital cost of \$0.2M (funds allocated in 2005/2006 works program);
 - 3.1.4. modifying Fawkner Park Children's Centre to provide 25 additional places at a capital cost of \$0.5M (funds allocated in 2005/2006 works program); and
 - 3.2. approve the initiative to work with existing and potential child care operators to encourage the growth of their services, while at the same time seeking ways and means of providing an additional 60 Council owned and operated (or community managed) child care places within the city by January 2008 with a report on the progress of this search to be a part of the Report to this Committee in April 2006;
 - 3.3. in the short to medium term, and given the potential to access Council's investments funds, authorise the instrument of delegation to the Chief Executive to negotiate directly with the State Government and other responsible entities, and to enter into contracts, regarding the development of land or existing facilities that present opportunities for child care, particularly taking into account (but not limited to) the following known locations:
 - 3.3.1. Docklands (Vic Urban proposition);
 - 3.3.2. 603 Queensberry Street North Melbourne;
 - 3.3.3. Council House, 200 Little Collins Street Melbourne; and
 - 3.3.4. Queen Victoria Market; and
 - 3.4. under section 98(3) of the Act, authorise the instrument of delegation to the Chief Executive Officer, or the person from time to time acting in that position, to empower him or her to delegate any power, duty or function delegated to him or her under the paragraph immediately above, to a member of Council staff;
 - 3.5. request a further report on child care policy and operational matters in the City of Melbourne in April 2006;
 - 3.6. resolve that any instrument of delegation referred to in paragraphs 3.3 and 3.4 of this report will cease and be of no further effect upon the completion of all necessary steps and the execution of all necessary documents to provide an additional 200 child care places by January 2008;
 - 3.7. continues to call for public expressions of interest for possible sites for child care in the City of Melbourne; and
 - 3.8. request Councillor Wilson to directly discuss and negotiate further child care outcomes with the State Government.

Council Report Attachment:

1. Community and Culture Committee, Agenda Item 5.3, 14 February 2006

14 February 2006

MUNICIPAL EARLY YEARS PLAN – CHILD CARE

Division Assets & Services

Presenter Sue Morrell, Group Manager Community Services

Purpose

1. The purpose of this report is to present and seek approval of a means of providing a minimum additional 200 child care places by January 2008, in accordance with Council's resolution of 6 December 2005.

Recommendation

2. That the Community and Culture Committee recommend Council:
 - 2.1. approve the following infrastructure proposals at Council owned facilities to provide 140 of the minimum 200 additional child care places required by January 2008 by:
 - 2.1.1. modifying Kensington Community Children's Co-op to provide 45 additional places at a capital cost of \$1.2M (funds allocated in 2005/2006 works program);
 - 2.1.2. modifying Lady Huntingfield Children's Centre by demolishing the existing facility and constructing a new 120 place centre (an additional 62 places) for the capital cost of \$3.0m or staged redevelopment of \$3.5M (\$1.7M allocated in 2005/2006 works program and commitment to an allocation of \$1.8M in the 2006/2007 works program);
 - 2.1.3. completing Central Carlton Children's Centre to provide 8 additional places at a capital cost of \$0.2M (funds allocated in 2005/2006 works program);
 - 2.1.4. modifying Fawkner Park Children's Centre to provide 25 additional places at a capital cost of \$0.5M (funds allocated in 2005/2006 works program); and
 - 2.2. approve the initiative to work with existing and potential child care operators to encourage the growth of their services, and the sector in general to provide 60 of the minimum 200 additional child care places required by January 2008; and
 - 2.3. in the short to medium term, and given the potential to access Council's investments funds, authorise the instrument of delegation to the Chief Executive to negotiate directly with the State Government and other responsible entities, and to enter into contracts, regarding the development of land or existing facilities that present opportunities for child care, particularly taking into account (but not limited to) the following known locations:
 - 2.3.1. Docklands (Vic Urban proposition);
 - 2.3.2. 603 Queensberry Street North Melbourne;

- 2.3.3. Council House, 200 Little Collins Street Melbourne; and
- 2.4 under section 98(3) of the Act, authorise the instrument of delegation to the Chief Executive Officer, or the person from time to time acting in that position, to empower him or her to delegate any power, duty or function delegated to him or her under the paragraph immediately above, to a member of Council staff; and
- 2.5 request a further report on child care policy and operational matters in the City of Melbourne in April 2006;
- 2.6 resolve that any instrument of delegation referred to in paragraphs 2.3 and 2.4 of this report will cease and be of no further effect upon the completion of all necessary steps and the execution of all necessary documents to provide an additional 200 child care places by January 2008.

Key Issues

Context

3. The *City of Melbourne – Early Years Plan 2005 – 2009* revealed that over the 10 years from 2001 – 2011 the number of children living in the City of Melbourne will nearly double from 2760 to 5362 children. A commensurate increase in the demand for services for children and families has occurred and will continue into the foreseeable future.
4. The current environment poses complex issues for the City of Melbourne as it needs to balance community rates (revenue) and expectations with key economic and social planning challenges including the following:
- 4.1. growing demand and availability of suitable sites;
- 4.2. maintaining and upgrading ageing facilities and providing new facilities in keeping with ever increasing regulatory requirements; and
- 4.3. facilitating access for vulnerable families.
5. Land/Buildings. The availability of suitable land and buildings and ensuring the assets allow the most efficient model of service delivery (ie appropriate economies of scale in number of places and diversity of care) is a significant factor in the delivery of child care. A 100 place centre requires 1000m² gross floor space for the total facility comprising of 3.3m² per child in play areas plus amenities and all other support structures to meet functional and regulatory needs. Outside areas require approximately 800m² of open space. These spatial requirements are approximate as individual sites need to be assessed on a case by case basis.
6. One of the key supports for the provision of child care services within the City of Melbourne is reasonable access to infrastructure. As child care demand grows there is a need for additional child care facilities. The level of capital investment and asset ownership, utilisation, location, capacity and functionality are essential components for effective service delivery.
7. The assets required to deliver publicly owned child care places involve a number of considerations including: capital investment to upgrade existing facilities, an ability to operate as stand alone facilities or integrated with other facilities/services under a “hub” concept, utilisation and functionality aimed at maximising capacity and revenue generation. Further the location is based on availability of sites and community need and the licensing capacity in existing centres may change to accommodate increased demand for child care services.

8. Occupancy costs are usually the second largest item in a child care budget. Every State and Territory regulates the amount of indoor and outdoor space required per licensed child care place. An efficient allocation of these spatial requirements is essential in the manageability of staffing levels and design. Planning for these ratios is required at the development stage.
9. Business. Community services is working with the Sustainable Business and Trade Development Unit to facilitate dialogue between companies and private child care providers to assist in their planning for the future provision of child care for their own staff.

Site Identification

10. The demographic data provided through the *City of Melbourne - Early Years Plan* indicates the priority and urgency for new and improved facilities, particularly in the CBD/Docklands and North West Melbourne areas. In reviewing existing facilities, Council has considered several proposals for child care in the CBD.
11. The administration has also conducted an analysis of the sites identified by Council at the December 2005 Community and Culture Committee meeting, and has prepared a high-level assessment of sites including an indicative capital and operational expenditure profile of preferred development and/or redevelopment options to be reviewed by Council.
12. Please see Attachment 1 for an assessment of sites considered for children's services.
13. The outcome of the assessment of sites concluded that expanding existing premises is the most effective proposition in the short term and any opportunity to acquire purpose built CBD premises by working with developers should be considered in the long term

Short term propositions

14. Of Council's existing centres the following will deliver an increased number of child care places:
 - 14.1. 45 places - Kensington Community Children's Co-op (council owned and community managed), increase places by 45 to total of 130 for capital cost of \$1.2M (funds allocated in the 2005/2006 works program);
 - 14.2. 62 places - Lady Huntingfield Children's Centre (council owned and managed) by demolishing the existing facility and constructing a new 120 place centre for the capital cost of \$3.0M or staged redevelopment of \$3.5M (\$1.7M allocated in 2005/2006 works program with a requirement to commit \$1.8M in the 2006/2007 works program);
 - 14.3. 25 places - Fawkner Park Children's Centre (council owned and community managed), increase the number of places by 25 to 70 total for capital cost of \$0.5M (funds allocated in the 2005/2006 works program);
 - 14.4. 8 places – Central Carlton Children's Centre (council owned and managed). Increase the number of places by 8 for a capital cost of \$0.2M (funds allocated in the 2005/2006 works program); and
 - 14.5. 3 places –North Melbourne Children's Centre (council owned and managed). Increase the number of places by 3 from 45 to 48. No capital funding required.

15. This provides a total of 143 additional places through expansion of existing sites with a total capital expenditure of approximately \$5M. Funds are currently available in the 2005/2006 works program for children's services redevelopment carry forward (\$3.632M) and a commitment of \$1.8M is necessary against the 2006/2007 works program.
16. Council will work with existing and potential child care operators to encourage the growth of their services, and the sector in general to provide the additional 60 places by January 2008.
17. The administration is working with developers to include child care within planned developments in the CBD. If Council seeks to facilitate expansion through greater involvement by third party operators, the assets need to be best practice, market comparable and efficient.
18. The financial modelling completed as part of this assessment found that expanding existing premises is the most financially effective proposition and any opportunity to acquire leased purpose built CBD premises by working with developers at the outset should be considered in the longer term. Please see Attachment 2 for an detailed assessment of sites in the CBD.

Time Frame

19. The infrastructure proposals at Council owned facilities will provide 140 of the minimum of 200 additional child care places by January 2008. Expansion will continue for a four year period to align with the Council term.

Relation to Council Policy

20. *Council Plan 2005-2009* has identified 'Inclusive and Engaging City' as a key strategic direction, and outlines four year strategies to support the need for services and facilities required for children and families.
21. The *City of Melbourne, Municipal Early Years Plan 2005-2009* was endorsed by Council in September 2005 and proposes the establishment of six community hubs that integrate a wide range of services and programs designed to improve community wellbeing.
22. The *City of Melbourne – Municipal Early Years Plan* sits within the integrated planning framework and is informed by its directions. The *City of Melbourne – Early Years Plan* is supported by Council policies and strategies including: *CityPlan 2010*; *Council Plan 2005-2009*, *the Disability Action Plan 2005-2009*; *Arts Strategy 2004-2007*; *Recreation and Leisure Strategy* and the *Municipal Public Health Plan 2005-2009*.

Consultation

23. Focus groups and interviews were conducted as part of the consultation for the development of the *City of Melbourne – Early Years Plan 2005 - 2009*. The focus group discussions and interviews were framed around current strengths regarding provision of programs and services, identified needs for families and children, issues considered relevant to Council were also discussed. Focus groups included parents, grandparents, school principals, staff and representatives from the Department of Human Services.
24. A comprehensive customer satisfaction was undertaken as part of the 2005 Best Value review of children and family services. The survey found that the Family and Children's Services team continues to deliver a very high standard of service to customers. Customers have consistently acknowledged a high level of staff performance and service delivery across the service areas, and performance has improved considerably across all service areas compared to 2002.

Government Relations

25. The Federal Government assists families to participate in the social and economic life of the community by providing child care services and payments (Child Care Benefit).
26. The State Government provides some capital funding to not for profit service providers, and sets legislative and regulatory requirements for the licensing of children's services and monitor adherence to these requirements. Council's Children Services operate under the *Children Services Act 1996* and the *Children's Services Regulations 1998*. These regulations set out the outdoor and indoor space and staff ratio requirements for operating child care centres. The Department of Human Services requires that all child care providers operate under these regulations.
27. There are many opportunities presented by the City of Melbourne - *Early Years Plan 2005 - 2009* to work with the State and Federal Governments. Council will continue to respond to and influence Federal and State guidelines in relation to children and families as documented in the *Children First Policy* (and respective state and federal policies for children and families).

Finance

28. Capital works funding provided in the 2005/06 budget for child care includes \$3.632Million for Childrens Services Hubs Development. At the 30 December 2005, \$30,000 had been spent against this project.
29. Funding beyond 2005/06 is subject to the normal budget processes.

Legal

30. Ongoing legal advice will be provided in relation to the recommendation to the report.

Sustainability

31. A detailed sustainability assessment based on Triple Bottom Line (TBL) principles and incorporating council's objectives as stated in *Council Plan 2005 – 2009* was conducted by independent advisors. The evaluation and rating system comprised of; 20 criteria based on economic/financial, social and environmental principles; a rating system based on a 5 point scale assessing probabilities of outcomes and a subjective weighting of criteria based on the relative importance of TBL outcomes. Weightings were allocated as follows: Financial/Economic criteria 50%, social criteria 35% and environmental 15%.

Comments

32. Child care has moved into the foreground of public policy as a means of simultaneously, reducing inequalities in child development, lifting families out of poverty and helping parents to work. In so doing it has introduced a requirement for growth and change across all types of provision.
33. The child care sector has a significant and positive impact on the economy. Traditionally perceived as a social or educational service, the child care sector generates considerable revenues, creates and supports local jobs, and makes vital contributions to the municipality's overall economic health. Direct benefits are related to the increased earnings and employment realised by users of the service, and indirect benefits from second-level earning and jobs produced.

34. By providing public child care (in a market that also has private and community child care) there is a contribution to the development of a mixed economy. A mixed economy provides a number of benefits including; greater choice for parents, addressing market failure, equity of access, ensuring the public share of the child care market is maintained, safeguard against market failure, commitment to the local geographic area and stability.
35. Partnership models have an impact on the sustainability of all provision. Council can support a range of confident models for partnership, which draw on existing good practice, meet the requirements of providing cost efficiencies and multi-layered services, meet defined quality standards, are inclusive of all families and offer best value.

Background

36. The demographic data provided through the *Municipal Early Years Plan* indicates the priority and urgency for new and improved facilities, particularly in the CBD/Docklands and North West Melbourne areas. In reviewing existing facilities, Council has considered several proposals for child care in the CBD.
 37. The provision of high-quality affordable child care through a range of sites and centres is an integral component of the *Municipal Early Years Plan* and acknowledges and builds upon Council's rich history demonstrating commitment to families and children including:
 - 37.1. the provision of subsidised child care in areas of high socio-economic need;
 - 37.2. the support of community based models of service delivery through access to sites and service agreements;
 - 37.3. support of community managed child care centres as a vehicle for community engagement and development; and
 - 37.4. the provision of child care services through a range of non-profit and for-profit organisations.
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Attachments:

1. Municipal Early Years – Progress report
2. Municipal Early Years Plan Phase 1 Progress report

Municipal Early Years Plan – Child Care

**CHILDREN'S SERVICES
PHYSICAL FACILITIES OUTLINE**

Community and Culture Committee February 2006

SITES CONSIDERED FOR CHILDREN'S CENTRES

- 603 QUEENSBERRY STREET
- DOCKLANDS 1 (SUPERMARKET)
- DOCKLANDS 2 (CENTRAL PARK)
- CARLTON HOUSING ESTATE
- COUNCIL HOUSE
- QUEEN VICTORIA MARKET (QVM)
- DRILL HALL
- KENSINGTON BANKS
- BIRRARUNG MARR
- NORTH MELBOURNE RECREATION RESERVE
- FITZROY GARDENS DEPOT
- FLAGSTAFF GARDENS
- SHOWGROUNDS
- BERRY STREET CHILDREN'S CENTRE, EAST

SITES RECOMMENDED FOR FURTHER ANALYSIS

- 603 QUEENSBERRY STREET
120 place centre with \$4.0m purchase price + \$6.0m (demolition, site remediation, new children's centre, make good works to school building) or 110 place centre in redeveloped print school
- COUNCIL HOUSE
60 place centre located on Level 7, \$3.5m + commitment to Council House upgrade
- DOCKLANDS 1 & 2
Options for 120 place centre at either site \$4.0m++
- CARLTON HOUSING ESTATE
120 place centre to replace central carlton \$4.0m+ development cost
- CBD - Two sites to be selected for further analysis



SITES CONSIDERED FOR CHILDREN'S SERVICES

603 QUEENSBERRY STREET

North Melbourne

- Site encumbered with existing disused buildings including heritage listed primary school fronting Queensberry Street
- Demolition of former printing school building fronting Elm Street would allow construction of a 120 place children's centre. Retention of Elm Street Building with Children's Centre located on Ground Floor would limit to 100 places

Issues

- Site not owned by CoM, \$4m price tag from State Government
- Significant costs required to demolish building and clean contaminated site
- No identified use for former school building
- Capital development cost in the order of \$6m+ includes demolition, site remediation, new 120 place children's centre, make good works to school building
- Potential to broker a partnership with the State Government and the Private Sector to jointly redevelop the site

Recommendation

- Further analysis and business case required to determine preferred option eg. Public/Private Partnership or CoM facility.

COUNCIL HOUSE

Melbourne

- Site to be considered for refurbishment by Council following completion of CH2

Issues

- Building has the capacity to accommodate a 55 - 60 place Children's Centre or more dependent on agreed option at roof-top level as an integrated part of the refurbishment. Preliminary costing in the order of \$3.0m+ for 60 places but requires Council approval for significant capital expenditure on CH1 refurbishment
- Significant lead time (possibly 2 years to occupation)
- CBD Site, no purchase or lease as in Council ownership

Recommendation

- Support further analysis and business case for the development of a children's centre at this location

DOCKLANDS 1 (SUPERMARKET SITE)

Docklands

- Proposed supermarket/retail site has capacity to provide a 120 place roof-top children's centre dependent on other commercial interests for the site

Issues

- Site not yet developed hence lead time significant
- Requires Council to commit in principle to secure option
- Non CBD site

Recommendation

- Further analysis and business case required

DOCKLANDS 2 (CENTRAL PARK SITE)

Docklands

- Site approx. 2000m² at Ground Level could provide 120 place centre

Issues

- Site not yet developed hence lead time significant
- Requires Council to commit in principle to secure option
- Non CBD site

Recommendation

- Further analysis and business case required

CARLTON HOUSING ESTATE SITES

Carlton

- Council currently operates a 45 place children's centre (Central Carlton in Drummond Street) on the major site with an additional 10 places planned to be delivered this year
- Queen Elizabeth Site has the potential to accommodate a children's centre.
- Joint venture partner interest possible from Melbourne University, RMIT, Royal Melbourne Hospital etc

Issues

- Sites proposed to be redeveloped by the State Government in the future which will include a site for children's services on the main but long lead time (probably in the order of 5– 10 years before another centre is built)
- Non CBD site
- Resolution of Heritage constraints on Queen Elizabeth site

Recommendation

- Support the development of a minimum 120 place children's centre on the main (Rathdowne, Princes, Lygon, Palmerston Streets) site and encourage the development of a children's centre on the Queen Elizabeth Site

QUEEN VICTORIA MARKET

Melbourne

- Archaeological, Heritage, Planning, Environmental and permitted use constraints
- Minimum total site area of 2000m² (indoor and outdoor for 120 place centre) would diminish current carparking numbers. Franklin Street stores buildings could form part of the built- form.

Issues

- Capital development cost significant due to archaeological, environmental (contamination and air quality) constraints in the order of \$5m+
- Non-compliance with Masterplan, expect significant opposition from traders due to removal of car spaces
- Crown land requiring Minister/Legislative approval unlikely to be supported

Recommendation

- Consider more appropriate site

DRILL HALL

Melbourne

- Heritage property with significant structural, environmental and infrastructure upgrades required
- Main "assembly" Hall considered the better location for a children's centre due to the requirement for outdoor play space
- Property is listed on the Register of the National Estate

Issues

- Site area approx 1800m² and with heritage constraints would limit the capacity of the site to provide 120 places (more likely 70+)
- Would require "roofed" areas (e.g. main assembly hall) to be opened up to provide outdoor play space
- Contaminated site (high levels of polycyclic aromatic hydrocarbons, arsenic, mercury etc)
- Based on 70 places capital expenditure in order of \$4.5m+

Recommendation

- Consider more appropriate site

KENSINGTON BANKS

Kensington

- Former residential sales office with adjacent carparking.

Issues

- Although supposedly designed to facilitate conversion to a children's centre building requires significant alteration to meet current standards
- Small site area (approx 700m²) limits number of places to approx 40

Recommendation

- Consider more appropriate site

BIRRARUNG MARR

Melbourne

- Open parkland permanently reserved for public open space. Designed as a park for passive recreation and events

Issues

- Location of a children's centre in the park incompatible with approved use
- Excising an area of approx 2000m² for a 120 place children's centre would significantly diminish areas of public open space and capacity to stage events

Recommendation

- Consider more appropriate site

NORTH MELBOURNE RECREATION RESERVE

North Melbourne

Open parkland permanently reserved for public open space

Issues

- Current proposal to redevelop the North Melbourne Football Club facilities closer to the swimming pool
- Crown land requiring Minister/Legislative approval unlikely to be supported
- Non CBD site

Recommendation

- Consider more appropriate site

FITZROY GARDENS DEPOT

East Melbourne

- Open parkland permanently reserved for public open space currently housing depot/greenhouse

Issues

- Crown land permanently reserved for public gardens requiring Minister/Legislative approval unlikely to be supported (refer Parks & Recreation comments)

Recommendation

- Consider more appropriate site

FLAGSTAFF GARDENS

Melbourne

- Open parkland permanently reserved for public gardens and consistent uses. Current Council commitment to demolish and construct a new replacement bowling club facility on it's existing site

Issues

- Location of a children's centre in the park incompatible with approved use and would require Minister/Legislative agreement
- Excising an area of approx 2000m² for a 120 place children's centre would significantly diminish areas of public open and accessible space. An integrated proposal with the bowling club redevelopment would significantly increase the building footprint
- Local community expected to oppose any diminution of open space

Recommendation

- Consider more appropriate site

SHOWGROUNDS

Melbourne

Redevelopment proposal currently in early stages of development

Issues

- Remote site
- Expect long lead times in terms of development

Recommendation

Support/encourage the establishment of a children's centre in this location as part of the overall redevelopment

BERRY STREET

East Melbourne

Community managed 45 place children's centre. Adjacent site recently tendered for sale (awaiting outcome of tender process)

Issues

- Community managed not in Council ownership or control

Recommendation

Support the continued provision of a children's centre at this location

CBD SITES

Melbourne

A preliminary review has been carried out of sites that from the "Clue" database appear to have sufficient space to accommodate a 100 place Children's Centre. Two sites, typically a low/medium rise carpark site and a rooftop retail location are recommended for further analysis.

It should be noted that generally all rooftop sites are encumbered with the placement of building services and infrastructure with inherent access and environmental constraints

Medium Rise Car Park Site

- Typical carpark building over eight levels with potential to develop a 100 place Children's Centre on the top deck

Issues

- Not in Council ownership, availability to be determined
- Likely to be expensive to develop either as a purchase or lease option
- Refer to Facilities Management commentary for preliminary view

Recommendation

Support further analysis as a test case to identify costs for both lease and purchase options

Retail Building Rooftop – Medium Rise

- Retail/office building with flat roof area sufficient to accommodate a 100 place Children's Centre

Issues

- Not in Council ownership, availability to be determined
- Likely to be expensive to develop either as a purchase or lease option
- Likely encumbrance by cooling towers and roof mounted mechanical services plant
- Refer to Facilities Management commentary for preliminary view

Recommendation

Support further analysis to identify costs for both lease and purchase options

**CITY OF MELBOURNE CHILDREN'S CENTRES
CONSIDERED FOR ADDITIONAL PLACES**

- KENSINGTON CHILDREN'S CENTRE
81b ALTONA ST, KENSINGTON
- LADY HUNTINGFIELD CHILDREN'S CENTRE
87-93 HAINES ST, NORTH MELBOURNE
- FAWKNER PARK CHILDREN'S CENTRE
65 TOORAK RD WEST, SOUTH YARRA
- CENTRAL CARLTON
483 DRUMMOND ST, CARLTON
- POWLETT RESERVE CHILDREN'S CENTRE
CNR GREY + SIMPSON STS, EAST MELBOURNE
- MELBOURNE CITY CHILDREN'S CENTRE
104 A'BECKETT STREET, MELBOURNE
- NORTH MELBOURNE CHILDREN'S CENTRE
28 HOWARD STREET, NORTH MELBOURNE

**SITES RECOMMENDED FOR
FURTHER ANALYSIS**

- KENSINGTON CHILDREN'S CENTRE
Increase places by 45 to a total of 130 for capital cost of \$1.2m+
- LADY HUNTINGFIELD CHILDREN'S CENTRE
Demolish existing facility and construct new 120 place centre for capital cost of \$3.0m+ or staged redevelopment \$3.5m+
- FAWKNER PARK CHILDREN'S CENTRE
Increase number of places by 25 to 70 total for capital cost in order of \$0.5m+

**TOTAL INCREASE IN SPACES POSSIBLE AT
EXISTING CENTRES**

- Kensington Children's Centre - 45
- Lady Huntingfield Children's Centre - 60
- Fawkner Park Children's Centre - 25
- TOTAL - 130**



CITY OF MELBOURNE CHILDREN'S CENTRES
CONSIDERED FOR ADDITIONAL PLACES

KENSINGTON CHILDREN'S CENTRE

Kensington (Altona Street)

- A community managed children's centre of 60 long day and 25 kindergarten places with separate maternal and child health and community room (potential for hub)

Issues

- Potential to increase places by 45 to a total of 130 places
- Poor site conditions (Coode Island Silt and rock) impacts on construction cost (\$1.2m+)
- Any redevelopment would require staging to ensure continuing occupation which in turn would be reflected in the construction cost

Recommendation

- Support further analysis, business case and funding to add to the centre resulting in an increase of 45 places (130 total) at this location

LADY HUNTINGFIELD CHILDREN'S CENTRE

North Melbourne (Haines Street)

- A City of Melbourne managed children's centre of 58 long day care places

Issues

- Capacity to increase places in current building to 90 places to maximise outdoor play space
- The current building has been altered and extended on numerous occasions and requires substantial infrastructure/structural and fabric upgrades. Additions to the existing building would be costly (\$1.0m+) together with costs for upgrading the existing facility (not yet quantified)
- Redevelopment of site over two levels could potentially (subject to design) increase places to 120 but would require significant capital funding (\$3.0m+)
- Any redevelopment would require temporary children's facilities (1 year) and additional expenditure while the works are carried out

Recommendation

- Support further analysis, business case and funding for the redevelopment of the site to accommodate 120 places at this location either as a staged redevelopment or transfer of service temporarily (12 months) during construction phase

FAWKNER PARK

South Yarra

- A community managed children's centre of 44 places co-located with the Tennis Club and Senior Citizen's Centre

Issues

- Potential to increase places by 25+ due to capacity to construct additional facility within current play area. Utilisation of area occupied by the Senior Citizen's Centre could potentially increase places further if outdoor play area maximised
- Capital expenditure in the order of \$350,00 - \$500,000 dependent on number of places

Recommendation

- Support further analysis, business case and funding for the development of 25 additional places at this location

CENTRAL CARLTON

Carlton

- Council currently operates a 45 place children's centre on this site in Drummond Street with an additional 10 places planned to be delivered this year.

Issues

- No further potential to develop the site beyond 55 places
- Redevelopment of the Carlton Housing Estate will deliver a new children's centre to replace the existing

Recommendation

- Support and encourage the development of a new 120 place minimum children's centre as part of the estate redevelopment

POWLETT RESERVE

East Melbourne

- A community managed children's centre of 45 places

Issues

- No further potential to increase places due to boundary limitations on occupied site

Recommendation

- No further consideration

MELBOURNE CITY CHILDREN'S CENTRE

Melbourne (A'Beckett Street)

- A City of Melbourne managed children's centre of 15 long day care places

Issues

- No capacity to increase places due to limitation on available outdoor play space

Recommendation

- Provide capital funding to maintain compliance with regulatory/environmental standards and support the service staying at this location until another CBD location can be delivered

NORTH MELBOURNE CHILDREN'S CENTRE

North Melbourne (Howard Street)

- A City of Melbourne managed children's centre of 45 long day care places

Issues

- No capacity to increase places in current building due to limitation on available outdoor play space
- Redevelopment of site over two levels could increase places to 60+ but would require significant capital funding (\$2.5m)
- Any redevelopment would require temporary facilities (1 year) with resultant additional expenditure while the works are carried out

Recommendation

- Provide capital funding to maintain compliance with regulatory/environmental standards and support the service staying at this location until another North & West Melbourne location can be delivered

Municipal Early Years Plan – Child Care

**IDENTIFICATION OF PREMISES SUITABLE FOR CHILD CARE
WITHIN THE CBD**

Community and Culture Committee February 2006

**FACILITIES MANAGEMENT
JANUARY 2006**

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1. BACKGROUND

This report has been prepared as an initial response to a request for the provision of additional child care places, with an emphasis on locating some within the CBD area.

The provision of an economically viable child care centre in the CBD is hampered by the limitations of the built form and the costs of adapting existing premises to suit.

It is unlikely that any premises will be of an exact fit. Accordingly major refurbishment and fit out work will be involved.

2. EVALUATION OF PREMISES

2.1 Spatial, design and financial requirements

A set of criteria has been developed to evaluate potential sites for their suitability for child care.

Economies of scale dictate that for a new child care centre to be economically feasible a minimum of 100 places is required.

For this size facility a gross floor area of 1000m² is required for indoor space, and outdoor space of at least 700m² (net). The shape and layout of the spaces will dictate to some degree the total footprint and area required.

Further, the nature of the built form in the CBD, with the probability that the facility will be either multi level and / or within a multi level building creates the potential for a more hazardous environment. The Department of Human Services requires applicants for a licence to operate child care centres in multi – level buildings to pay particular attention to safety both during operations and during any emergency requiring evacuation.

For the purposes of evaluating potential sites / buildings for the provision of Child care in the CBD, a three level evaluation matrix has been developed.

The criteria are listed in three levels, namely

Level 1 Priority: Key Performance Criteria

Highest priority. If these criteria are not met the property is not suitable for child care. This could be due to either not meeting spatial requirements or failure to meet regulatory requirements. **Should any of these criteria not be met the facility is not suited to the needs and must be discounted.**

Level 2 Priority: Essential Performance Criteria

High priority for the optimal delivery of child care services. These are an essential requirement of a building if the service is to be provided on a sustainable basis. **These criteria are used to rank those facilities that meet the mandatory requirements.**

Level 3 Priority: Significant Performance Criteria

Lower priority. An important component of the proposal. These are the value added components over and above just a child care service. **These criteria can be used as a tertiary ranking of potential facilities.**

Within each of the three levels of criteria, the individual criterion and requirements are:

Level 1: Key performance criteria

Built form

To provide sufficient floor space to meet regulatory requirements, a 100 place child care centre requires a gross floor area of 1000m².

Outdoor area

To provide the necessary outdoor play area of 7.0 m² per child (net), 700m² (net) (800m² gross approximately) of space must be available.

Capacity

100 places is the minimum required for a centre to be sustainable.

Relationship of internal / external spaces

Regulatory and supervisory needs dictate that the indoor and outdoor spaces must be directly connected, either by adjacency or direct lift or ramp access.

Security, safety, egress

In multi-storey child care centres this is a mandatory requirement. Either the building complies or can be made to comply.

Level 2: Essential performance criteria

Environmental:

Certain factors must be addressed when evaluating potential premises. These include location of cooling towers, exposure to weather conditions, proximity of pollution sources etc.

Accessibility:

This criterion addresses requirements of accessibility, including access to and location of drop off parking, disability accessibility, lift / ramp connection between levels etc.

Capital Expenditure:

This criterion gives an initial costing per place to allow for various proposals to be benchmarked against each other.

Operating Expenditure:

This criterion provides the opportunity to assess the ongoing operating expenditure for any proposal. The layout and design of the spaces will dictate the staffing requirements.

Community integration

The Early Years Plan adopted by Council had the creation of service hubs as a key requirement of redeveloped child care components. This criterion allows for an assessment of this potential in proposed sites.

Time frame:

Provides an initial estimate of the time required to bring the proposal to completion.

Level 3: Significant performance criteria

Lease cost & terms:

This may be a significant factor in a decision between two facilities.

Locational attributes:

Some factors requiring consideration are accessibility to public transport, proximity to client groups, centrally located etc., lack of physical / topographical barriers to access.

Multi-purpose & flexibility of space

The ability to use some or all of the space for alternate uses, and to adapt the spaces to meet changing needs assists in maximising the utilisation of the asset and provision of services.

Assessing each potential site against the criteria allows an objective assessment to be made and ensures that the most appropriate premises, on balance, are identified.

2.2 Assessment of premises

All sites considered to have potential for child care will be assessed against the criteria as compliant, partially compliant or non-compliant.

Compliant:

Premises that either comply with the criterion, or can be modified so that they do comply, are assessed as compliant.

Partially compliant:

Premises that partially comply with the criterion, or it is considered may be able to reach compliance, are assessed as partially compliant.

Non-compliant:

Premises that are fully non-compliant, and cannot be made to be complaints, are assessed as non – compliant.

2.3 Identification of premises

As the initial step in sourcing possible premises, all City based Real Estate Agencies have been contacted and requested to submit properties for consideration. A copy of this letter is attached.

For this initial search, the parameters have been set broadly to allow for as large a sample of sites as possible to be considered.

Initial proposals have been requested to be submitted by 20 January 2006.

As a secondary search, the CLUE database is also being interrogated for potential sites. In addition several industry websites have been searched and do not reveal any suitable CBD premises.

At the time of writing this report, two sites have been identified for further investigation, in Lonsdale and Latrobe Streets. Availability of the sites, financial considerations and design requirements need detailed assessment.

Given the initial low level response to date from estate agencies, and the failure to identify suitable sites, it is apparent that the identification and assessment of suitable premises may take some time.

3. FINANCIAL MODEL

While at this stage it is not possible to do a detailed assessment of the financial implications of various proposals, it is possible to overview a hypothetical analysis of various facility options.

Several scenarios have been modelled in an attempt to quantify the financial impact of proposed strategies. (A copy of the detailed assessment is attached).

This high level modelling illustrates the significantly higher cost of providing additional child care places in the CBD environment as shown in the table below:

The scenarios modelled are all for an additional 100 child care places at:

- Leased CBD premises;
- Purchased CBD premises;
- Suburban premises (most likely expanded existing premises);
- Purchased CBD fringe premises;
- Leased purpose built CBD premises.

The modelling is based upon the following assumptions:

- The investment decision is based on a 10 year period. Given the rapid rate of change in regulatory requirements it must be assumed that a major re-investment decision will be required after ten year.
- Construction costs are based upon figures supplied by Slattery Australia Pty. Ltd., Property and Construction Cost Consultants.
- Rental and acquisition costs are indicative for the type and size of space required.
- Inflation assumed at 3% per annum.
- Where Council owned sites are used, an indicative value has been adopted to allow for the opportunity cost of the site.
- For refurbishment / construction works in leased premises are fully amortised over the investment period. In owned / purchased premises they are depreciated 50%.
- An indicative estimate has been made for outgoings and maintenance costs.
- A discount rate of 4% has been applied.

The outcome of the modelling is shown in the table below. The values represent:

- Net Present Value of Investment proposal:
Based upon the above assumptions this represents the net cost of the proposal over the 10 year period, discounted to reflect current dollar values.
- Initial Cash cost of the proposal
Based upon the above assumptions, this represents the dollar outlay required (capital and recurrent) in the first year (capital and recurrent);

Location	Net Present Value of Investment Proposal	Cost per place	Initial Cash Cost of proposal First year	Cost per place First year
Leased CBD Premises	\$7,978,432	\$79,784	\$4,845,000	\$48,450
Purchased CBD Premises	\$4,659,570	\$46,596	\$10,050,000	\$100,500
Expanded existing Premises	\$3,391,104	\$33,911	\$3,050,000	\$30,500
CBD Fringe Premises	\$4,833,412	\$48,334	\$6,550,000	\$65,500
Leased purpose built CBD premises	\$4,588,609	\$45,886	\$435,000	\$43,500

- **Leased CBD premises:**

The leasing of premises in the CBD has a high ongoing rental cost. While the initial start up cost is lower, the inability to recoup any of the initial capital investment incurred in the refurbishment has a high negative impact on the net position of the investment proposal.

- **Purchased CBD premises:**

The initial high in-going cost reflects the cost of acquiring and refurbishing appropriate premises. The ability to recoup some of the capital investment in refurbishment, and any capital growth in the asset value results in a much lower financial cost over the term of the investment.

- **Expanded existing premises:**

This is the most financially effective proposal, as construction costs are lower and from a cash perspective there is no need to acquire new premises.

- **New CBD Fringe Premises:**

As with CBD premises, the provision of child care in this location has an increased cost due to higher construction and acquisition costs.

- **Leased purpose built CBD premises**

On a pure financial basis this is an attractive option, and should be considered should such premises become available. The optimal way to acquiring premises under this scenario is to be involved in the initial planning of a new CBD development and working with the developer to design appropriate premises into the final scheme. This is a longer term option.

4. SUMMARY

From initial investigations it should be noted that:

- 4.1 From a purely facility and financial perspective, redevelopment of existing Council owned premises, and or new premises outside of the CBD is preferred;
- 4.2 The sourcing of suitable premises for child care within the CBD area will take time and come at a heavy financial cost;

FINANCE ATTACHMENT

MUNICIPAL EARLY YEARS PLAN – CHILD CARE

Capital works funding provided in the 2005/06 budget for child care includes \$3.632Million for Childrens Services Hubs Development. At the 30 December 2005, \$30,000 had been spent against this project.

No capital works funding has been provided in the preliminary draft 2006/07 budget for Capital works programs for Child Care.

It is likely that the initiatives outlined in the report may result in a change to operational costs associated with the running of child care centres. The impact on operational costs has not been quantified in the report.

Funding beyond 2005/06 is subject to the normal budget processes.

Joe Groher
Manager Financial Services

LEGAL ATTACHMENT

MUNICIPAL EARLY YEARS PLAN – CHILD CARE

Ongoing legal advice will be provided in relation to the recommendation to the report.

Section 3D of the *Local Government Act* 1989 (“the Act”) states that the role of a Council includes:

“(a) acting as a representative government by taking into account the diverse needs of the local community in decision making”.

Section 3E(1) of the Act provides that the functions of a Council include:

“(a) advocating and promoting proposals which are in the best interests of the local community;” and

”(b) planning for and providing services and facilities for the local community;”

Under section 3F of the Act, Council also has the power to do “... all things incidental and necessary or convenient to be done in connection with the achievement of its objectives and the performance of its functions.”

Regard should be had to the *Children’s Services Act* 1996 at all times in the negotiating and entering into contracts or arrangements to provide an additional 200 child care places by January 2008. The provision of services for children is governed by the *Children’s Services Act* 1996 with licensing and operational requirements specified in the *Children’s Services Regulations* 1998.

Instrument of Delegation

On 24 April 2005 the Council resolved to delegate to the Community and Culture Committee the power, duties and functions directly relating or ancillary to Childrens, Family, Aged, Youth, Disabled and Ethnic Services.

Alison Lyon
Manager Legal & Governance