

Draft Early Childhood Centres Policy

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1.0 Introduction

This policy is concerned with the Wellington City Council's support for licensed centre based early childhood education services. Services that are included within that definition offer casual, sessional, full day, and long day services or a combination and include childcare centres, crèches and preschools, kindergartens, playcentres, Pacific Island language nests and Te Kohanga Reo.

Research, practice and anecdotal evidence all point to the importance of good quality early childhood education for the growth and development of children. It provides foundations for lifelong learning and success. In addition the availability of early childhood education services is often necessary to a family's economic independence and participation in the workforce. Early childhood services support parents both as workers and in their parenting roles as well as providing intellectual and social enhancement that contributes to later development.

The ECE sector has changed significantly in the past 10 years, to adapt to meet the different circumstances of families, employment arrangements and educational expectations. In New Zealand, there are more one parent families than ever before and more families have 2 parents in employment. Nationally, trends in the ECE sector typically show:

- Growth in provision of services for younger children.
- Decline in the number of children but an increase in the number of enrolments and for longer hours.
- Less two- parent families.
- Increased diversity and ethnicities.
- Increasing private and home-based care services; however, community based/non-profit services still account for over 60% of the sector, and a decline in the number of parent-led services (such as playcentres).

While there is a decline in the numbers of children, enrolments in licensed ECE services over the past decade have increased and are expected to continue to increase over the next 10 years.

This Policy provides specific guidance on existing and future use of Council owned land and buildings by ECE providers based on the existing framework for use of Council land and buildings provided by the *Leases Policy for Community and Recreation Groups 2001* (the Leases Policy). Resolution of issues associated with a particular location or lessee/licensee will be on a case-by-case basis.

This Policy does not address provision of recreation programmes and events and does not provide any basis for human resources policies of the Wellington City Council as an employer.

2.0 Role of Central Government

The Ministry of Education (the Ministry) regulates and funds ECE services. It also plays a key role in ensuring provision of a network of services. The Ministry aims to increase participation in quality ECE services, ensure the quality of services, manage risks of poor management/administration, and minimise risks to children.

The Ministry provides operational funding for all licensed services although that funding is not intended to cover all operating costs and most services also charge fees. (Some sessional services such as kindergartens and playcentres aim to be either low cost or

free of charge.) The Ministry provides additional funding for targeted, not for profit services, for example equity funding targets services in low socio-economic communities, isolated areas and those with special needs or a high proportion of children from non-English speaking backgrounds.

The Ministry also offers significant funding for the establishment of new centres with both capital and operational grants.

In 2004 the Government announced an increase in Government spending in the ECE sector of 140% by 2009. It also announced a greater pool of equity funding for services in low-income neighbourhoods, placing greater emphasis on registered and qualified teachers and introducing start-up grants. The focus for new funding was primarily to teacher-led and community-based services ie non-profit operations.

From July 2007, 20 hours free early childhood education is to be provided to 3 and 4 year olds attending licensed, teacher-led services. This may also lead to a further increase in demand.

3.0 Role of Wellington City Council

The Wellington City Council has an interest in ensuring that Wellington has sound provision of quality early childhood services because of the contribution such services make to promoting economic and social wellbeing and in turn, the Council's economic and social strategic goals.

The Social and Recreation Strategy says:

The Council does not wish to duplicate the role and activities of either central government or the community, but rather to maximise opportunities and to complement the work of both. As a community leader, the Council is in an ideal position to promote partnerships with both central government and the community.

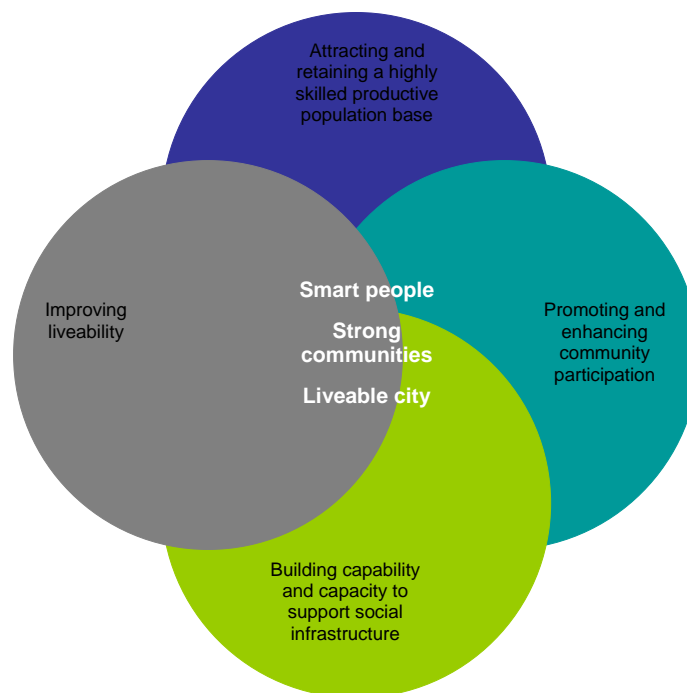
The role of the Wellington City Council in the social domain is focussed at the community level. This Social and Recreation Strategy is premised on the basis that strong communities are those that have

- *a robust social infrastructure, that is, there is sound provision of amenities, facilities and key social services*
- *are cohesive, that is, there is a high level of community participation, strong networks and empowered community groups.*

Given the role of central government in funding, regulating and supporting both provision and participation in early childhood services the need for direct Council support to address market failure in some areas has diminished. Private sector provision seems to have responded to workforce participation and a societal expectation for greater access to formal ECE in suburban areas. However, in some urban areas that are facing significant population growth or where there is limited capacity and low participation in ECE services and access to suitable sites is restricted, the Council may have a role in supporting the establishment of new services. In the main, given the premise of the Social and Recreation Strategy, the role of the Council is concerned with maximising opportunities, advocacy and facilitation with a view to ensuring a comprehensive provision of services.

Figure 1 below shows how the ECE sector contributes to achieving Council's ten-year outcomes: that Wellington will be a more liveable, more inclusive, more actively engaged, more prosperous and more competitive city.

Figure 1



3.1 Land and buildings

The Council's major intervention in the early childhood sector is in the provision of land and buildings. Currently the Council supports 22 licensed EC providers with lease/licence of land or buildings. In some cases the use of Council land is limited to a few metres for car parking or the extension of an outdoor play space. In addition, eight community centres host space for licensed ECE providers (shown in Table 1). Other community centres may host playgroups or other pre-school focussed activities on a regular basis, but do not operate licensed EC services. Note that Crossways Community Centre and Hataitai Community House do not use Council land or buildings, so there are a total of 6 ECCs with premises within community centre buildings owned by Council.

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Including the 6 Community Centre-based EC services there are 28 licensed EC providers supported by Council this equates to 16% of the city's licensed ECEs and is shown in Table 2 below:

Table 1 Community centres supported by Council that host Licensed EC providers

Northern	Onslow-Western	Lambton	Southern	Eastern
Johnsonville Community Centre	Northland Memorial Community Centre	Crossways Community Centre Wadestown Community Centre	Newtown Playground	Miramar Community Centre Kilbirnie Community Centre Hataitai Community House

Table 2 Distribution of Council supported Licensed ECE providers

	Northern	Onslow-Western	Lambton	Southern	Eastern
Land only	3	3			4
Building	1	5	6	2	4
Totals	4	8	6	2	8

3.2 Grants

In addition to the provision of land and buildings the Council has paid grants to early childhood services. It is appropriate to support community based organisations such as these through the grants process because of the contribution they make to social infra-structure and because securing funding for specific capital projects or large purchases (that are not covered by the Ministry's grants) can be difficult for such organisations.

4.0 Future Demand for Early Childhood Services

Over the past decade, the number of services and the number of children enrolled in ECE services in Wellington has grown by approximately 50%. As at 2005 the Ministry of Education database showed there were 173 licensed ECE providers in Wellington an increase from 147 in 2003.

Although the birth rate projections indicate an overall reduction in the number of 0-4 year olds it is expected that demand for ECE services will continue to increase. Five factors will drive the increased demand and shape the geographic distribution of services over the next 10 years:

- localised high population growth
- Government policy encouraging participation in ECE, for example, all 3 and 4 year olds will be entitled to 20 hours free education from July 2007
- localised capacity to provide ECE services, rates of participation in ECE services and related socio-economic factors
- increasing workforce participation
- increasing expectations about education.

Areas within the Northern Ward appear to be where the highest need is for further provision of early childhood services. Currently the availability of ECE services is limited in some locations within Wellington, such as Ngauranga East, Newlands,

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Grenada, rural Makara/Ohariu, Seatoun and Strathmore Park. Those areas have significantly fewer providers and fewer under 5 year olds access ECE services than other areas within the city.

Areas of low participation and capacity to provide for 2-4 year olds include: Grenada North, Newlands (East and North), Ngauranga, rural Makara-Ohariu, Seatoun, and Strathmore Park. In 2005, Grenada North had no licensed ECE services.

As at 2001, the Northern ward had the highest numbers of 0-4 year olds (2,874) and the Lambton ward the lowest (1,362). The most significant increase in the number of 0-4 year olds is projected for Grenada, Grenada North and Makara-Ohariu. The Onslow-Western and Lambton wards have the highest proportions of enrolments in ECEs among under 5s.

Localised high projected growth in under 5s is anticipated in parts of the Northern, Onslow-Western and Lambton Wards which will further compound the capacity and capability of communities and the private sector to respond to demand.

In addition, the Central City may also be a high priority area. Council's urban growth planning projections are based on an increase of 5,000 households in the central city area, roughly 10,000 people. Rent and access to suitable land and buildings in the central city are more prohibitive than in other parts of the city. Pressure for ECE services that meet the needs (and wants) of workers in the central area is expected to increase, especially where there are limited suburban options, or from those travelling to the central area from outside the district. Wellington City has approximately 113,000 full-time equivalent (FTE) positions with an expectation of a further 13,000 FTEs in the city by 2010, most in the central area¹.

A facilitative and flexible approach will be taken to support ECE organisations wishing to locate within the central city where Council will consider grants towards establishment costs from existing grants pools.

The Ministry of Education carries out network analysis to identify gaps in the provision of services and establish priority areas for encouraging further provision. To a large extent the Ministry priorities fit with Council's priority areas (other than the Central Area), when growth spine and community facilities planning considerations are taken into account. The main areas of high population growth are within areas where significant residential development is occurring.

The main barrier for the establishment of ECEs is in securing land and buildings, at reasonable cost, in appropriate locations. Good sites for ECE will invariably be in locations central to communities, and are likely to be the most sought after/popular sites and therefore highly valuable real estate eg commercial centres in suburbs or wards. Other barriers include capital and operational costs of establishing a centre, and where community cohesion is lacking to the extent that either the market or the community is not meeting the demands (or needs) for ECE services.

For the community-based sector, the availability of Ministry grants is one of the main factors affecting ability to establish new services. The Ministry grants for establishment and capital funding are only available to community-based providers - and from August 2006 only for services operating on community-based land or buildings. Ministry grants are prioritised to areas where high projected growth is expected, where there is low

¹ Urban Development Working Paper 1, Wellington City Profile and Policy Stocktake – March 2005, Wellington City Council

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capacity to provide services, and there are high numbers of four-year olds not attending ECE services.

Considering the other factors that contribute to the Ministry's priorities eg low participation and low capacity or high numbers of four-year olds not attending ECE, supporting community-based services in these locations via suburban areas and growth spine nodes will support Council's strategic priorities regarding community facilities and participation.

The Ministry is prioritising support to community-based providers that are accommodated in community-owned land or buildings. This has implications for Council in terms of the volume of future requests from ECE providers looking to establish or relocate within the central area and suburban centres where there are limited land or land/building options.

The approach recommended for future support is a responsive one, recognising Council's limited role in the EC sector. In responding to applications from new EC organisations or for new sites officers will:

- Take a responsive and case-by-case approach to requests for support.
- Investigate mechanisms other than land/building provision in the central area including advocacy and grants.
- Include addressing EC issues within work programmes for community facilities, urban and regional development.

Priorities for support and/or use of Council land and buildings will be given to organisations that wish to:

- Locate on land within suburban centres that are identified as suburban 'nodes' in Council's strategies eg Newtown, Kilbirnie, Johnsonville.
- Suburbs where there are population factors in line with the Ministry's priority areas eg high population growth, capacity issues, needs of particular population groups not accessing ECE.
- Provide services primarily for residents living within or adjacent to the suburb.
- Extend existing premises and/or utilise existing buildings.

5.0 Policy - Principles

The principles within this section will guide the response to the ECE sector and how Council manages relationships with existing and future lessees of buildings and land.

Promoting social cohesion

- Support of ECEs that complement community facilities and services available to meet needs of local communities.
- Building capability and capacity to support social infrastructure.
- Good quality early childhood education enriches growth and development of children, providing the foundations for lifelong learning and success – enabling people to develop to their full potential.

Being responsive

- Taking a case-by-case approach.
- Understanding the context, drivers and supply issues.
- Being responsive to issues raised by ECE organisations.

Responsible management

- Being a good landlord.
- Recognising historical circumstances and arrangements.
- Adopting best practice in asset management.
- Recognising the professional management responsibilities and obligations of organisations that are licensed and chartered ECE providers.
- Being consistent in agreeing terms and conditions for leases.

Optimising use of existing locations

- Minimising proliferation of buildings on land managed primarily for conservation and recreation purposes.
- Focussing use by ECEs on local purpose reserve (or freehold) and within community facilities hubs/nodes.
- Extensions of existing areas used for ECE and community facilities will have priority over new locations.

Partnership

- Supporting agencies and organisations involved in the ECE sector supports the outcomes of the LTCCP. Council will maintain and develop a working relationship with the Ministry of Education.
- The role of Council is primarily as enabler or facilitator, not a licensed ECE provider. Direct support for licensed ECE providers will be given on a case-by-case basis in accordance with the ECE Policy.

6.0 Policy - Leases

Most of the arrangements Council has with ECE providers for premises and ground leases and licences are subject to the Leases Policy for Community and Recreation Groups (the Leases Policy).

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Despite the implementation of the Leases Policy in 2001, there are varying lease conditions and rentals as well as variations in the operational expenditure and resources used in managing and maintaining premises leased by ECE services. For example management approaches differ depending on the responsible operational units of Council eg on reserve land, within community centres, or other facilities.

The principles and operational guidelines of the Community and Recreation Leases Policy adopted by Council in 2001 (the Leases Policy) are considered sound, but currently many leases with early childhood services have expired and in the main little in the way of rent is paid. Renewed commitment to the operational management of EC leases is required to better reflect Council's expectations for utilisation and management of assets by ECE providers, recognising historic circumstances and relationships with lessees.

The Leases Policy provides for the following process to set the rental for a lease:

1. *"An average value (per square metre) for open space land across the city has been established.*
2. *The area of the ground lease is established.*
3. *The **commercial rental** of open space land is set at 6% of the value of the land covered by the lease.*
4. *This commercial rental is reduced by 2/3rds (down to 2% of the land value) to reflect the restrictions on the use of such land. This is the **assessed rental**. The restrictions recognise that the land is held in public ownership and that the majority is either classified as reserve or carries Town Belt status. Alternative uses are minimal or expensive to achieve.*
5. *An 80% subsidy is then applied to the assessed rental.*

This subsidy is based on the historical levels of subsidy that have been experienced, the benefits that are gained from the activities of recreation and community groups and the ability-to-pay of such groups. The total subsidy for a lease of open space land is therefore 93.3%.

In certain cases there may be a need to recognise prior formal agreements or investment arrangements in setting rental levels. However the start point is that this Policy sets a fair rental level across the board." (Section 4.1.1 Leases Policy 2001)

Applying this formula is likely to lead to rent increases for all EC providers with land or premises and in effect the Council agreed to those increases when it adopted the Leases Policy.

The use of Council-owned land and buildings by ECCs differs considerably from the use by recreation, sports and other community organisations in terms of:

- Intensity of use.
- Exclusivity of use.
- Licensed ECCs operate as businesses, employing staff and requiring professional management.
- Require very high standards of fixtures, fittings, maintenance and security.
- Higher degree of administration and involvement of Council in property management.

Considering other users and competing uses for Council land and buildings, very few other community or recreation organisations operate services from Council sites in the same way.

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It is proposed that all leases and licenses with early childhood services are progressively reviewed and negotiated to bring them into line with the Leases Policy. To manage the review process it is proposed that officers will:

- Take a case by case approach
- Provide a suitable transition period eg 1-2 years to phase in increases in rent.
- Allocate main contact point within Council for all EC sector issues eg Community Facilities – the contact group would be responsible for coordinating response across operational units.

For the early childhood sector the subsidy will be set at 50% with the value of that subsidy being the contribution those ECE services make to achieving the outcomes of the LTTCP. Council's support can be considered to subsidise ECE services that would otherwise not be provided.

Reviewing lease terms and conditions will mean increases in rent for most if not all of those services for which the Council directly provides land and /or buildings because the market assessment for land and premises have considerably changed, particularly for uses by childcare facilities.

Council will require Community Centre Committees to ensure that occupancy arrangements for licensed ECE providers that operate in community centres align with the ECE Policy. Council also require that Community Centre Committees seek Council's approval to grant a lease or sub-lease for any licensed ECE services officer approval (consent not to be unreasonably withheld).

As a minimum, the aim of the policy is to recover Council's operational costs involved in managing existing leases. The aim is to ensure Council's support is prioritised to those areas of highest need.

6.1 Transition Plan

Review of ECE leases

As opportunities arise within existing lease terms and conditions, Council will review land and premises lease arrangements with ECEs in line with the Leases Policy.

Where a service faces a rental increase as a result of renewing its lease, the following phase-in periods to increase to the full amount will apply:

- Increase of under \$100 per annum – none, increase is paid immediately
- An increase of between \$100 and \$500 per annum – first year 50% of increase, second and subsequent years 100%
- Increase of greater than \$500 per annum – first year 33%, second year 66% third and subsequent years 100%

The transition period only applies to the first lease renewal considered under the ECE Policy.

Each case will be considered by officers who will make recommendations for Council endorsement.

Renewal leases – ground leases/land

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Rent Negotiated based on 50% of assessed rent, with consideration for historic circumstances, characteristics of land and ability to pay. Reviewed every 3 years.

Maintenance Lessee responsible for all improvements, and maintenance required as requirement of Ministry of Education licence.

Renewal leases – premises/buildings

Rent Negotiated based on 50% of assessed rent, with consideration for historic circumstances, regulatory maintenance requirements and ability to pay. Reviewed every 3 years.

Maintenance Lessee responsible for all maintenance except structural and exterior maintenance required for weather tightness.

6.2 New leases

New Leases

Application for a new lease will be considered in instances where either the land and/or buildings have not previously been leased; or there has been an existing lease, but the lessee has not elected to renew it and it is available for another group.

New leases will be assessed more critically than fresh leases.

Assessment criteria

Along with the principles of the Leases Policy, the following factors will form the basis of Council's assessment of approaches made by organisations to utilise land or buildings for ECE services:

- Demonstrated need for ECE services in the location proposed.
- Community support.
- Capacity and capability of organisation eg to meet regulatory licence and chartering requirements
- Financial support.
- Options investigated eg extending services in existing locations.
- ECE organisation is a community-based provider.

Priorities

Priority for support and/or use of Council land and premises will be given to organisations that wish to:

- Locate in suburban facilities that are identified as suburban 'nodes' in Council's draft strategies eg Newtown, Kilbirnie, Johnsonville.
- Suburbs where there are population factors in line with the Ministry's priority areas eg high population growth, capacity issues, needs of particular population groups not accessing ECE.
- Provide services primarily for residents living within or adjacent to the suburb.
- Extend existing premises and/or utilise existing buildings.

Each case will be considered by officers who will make recommendations for Council endorsement (by officers under delegated authority).

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ECE services that cater primarily on a casual basis will be considered for support if they add significant and direct value to users of facilities provided by Wellington City Council eg WRAC casual childcare.

Central City

Applications for lease of land or buildings in the central city will only be considered in exceptional circumstances, or if such a use of Council land or buildings were considered as an integral part of planned nodal development.

New leases - land

Rent Negotiated based on 50% of assessed rent. Reviewed every 3 years

Maintenance Lessee responsible for all improvements, and maintenance required as requirement of Ministry of Education licence.

New leases – premises/land

Rent Negotiated based on 50% of assessed rent. Reviewed every 3 years.

Maintenance Lessee responsible for all maintenance except structural and exterior maintenance required for weather tightness.

6.3 Management of leases

Leases will be managed in accordance with the Leases Policy with the standard tenure for leases being 10 years plus one further term of 10 years. There may be some cases where it is appropriate to vary this basis, in recognition of particular circumstances such as asset investment. Council will use a standard lease format that will include the following terms and conditions.

If there are reasonable grounds, the Council may seek early termination of a lease. The grounds where Council might seek to terminate a lease will be included in the standard lease document. Such grounds would include the following situations where the licensed ECE provider:

- Becomes bankrupt or insolvent
- Fails to maintain regulatory requirements eg license or charter requirements of the Ministry of Education
- Unable to meet the terms and conditions of the lease
- Proposes to change its activity to one that is not supported by Council.

Before Council undertakes any action to terminate a lease, it will seek other solutions in discussion with the lessee.

Council is interested in the ongoing performance of community and recreation groups so that it can monitor the achievement of strategic objectives for the City. The reporting requirements should not be seen as the only communication opportunity with Council. Council will assist lessees with their reporting requirements so that the information is useful to both parties.

The Lessee will report to the Council annually on the following:

- Confirm that all licensing and charter requirements of the Ministry of Education have been met, with relevant supporting information.

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- A summary of activities including community events run using the premises.
- Education Review Office or similar reports as published.
- Financial information eg annual report of the trust or incorporated society.

Allocation of responsibilities between lessee and lessor

The ECE provider will be responsible for:

- Legal obligations associated with any lessee owned building or facilities (including holding appropriate insurance).
- Exterior and interior maintenance and deferred maintenance of any lessee owned building or facilities.
- Maintain the interior of any Council-owned buildings or improvements in good, clean and substantial order, repair and condition (includes repairing or replacing as reasonably necessary any windows, doors, glazing, light fittings, light bulbs, electrical wiring, carpets and floor coverings and plumbing (to the point of connection to any mains network)).
- The costs of exterior maintenance of any Council-owned buildings or improvements.
- Fencing the leased area, having regard to regulatory requirements.
- Maintain the grounds and surrounds of the lease, including any lawns, gardens, fences and paths, in a tidy and attractive condition to the satisfaction of the Council, including mowing any lawns, rubbish control, removing any externally visible graffiti.
- Legal obligations associated with the lessee's activities
- Utilities including water, electricity, gas and telephone.
- Payment of rates (if applicable).

The Council will be responsible for:

- Initial exterior maintenance and deferred maintenance of any Council-owned buildings or improvements on commencement of the lease.
- Undertaking exterior maintenance of any Council-owned buildings or improvements and will recover the cost of the maintenance from the lessee as a charge associated with the lease.
- Legal obligations associated with any Council-owned building or facilities (including holding appropriate insurance).
- Monitoring compliance with lease terms and conditions.

As a general rule, the prior written approval of Council is required before any work is undertaken on Council-owned buildings, vegetation or on the exterior of buildings owned by lessees.

Note that where an access-way to the leased area is shared between the public and a lessee, and the public specifically needs the access, the Council will have responsibility for maintenance of the portion of the access-way that is shared.