



Report of the Executive Member for Children, Young People and Families

Meeting: Executive	Date: 13 July 2017	Ward(s): All
---------------------------	---------------------------	---------------------

Delete as appropriate	Exempt	Non-exempt
------------------------------	---------------	-------------------

SUBJECT: Procurement Strategy for early education and childcare provision in childrens centres.

1. Synopsis

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of the provision of early education and childcare provision in four childrens centres in accordance with Rule 2.5 of the Council's Procurement Rules.
- 1.2 This report sets out the procurement strategy to procure up to four providers to deliver and manage the early education and childcare provision from the following children's centres:
 - Conewood Children's Centre: 14 Conewood St, London N5 1DJ
 - Hornsey Road Children's Centre: 8 Tiltman Pl, Hornsey Rd, London N7 7EN
 - Paradise Park Children's Centre: 164 MacKenzie Rd, London N7 8SE
 - The Factory Children's Centre: Mayville Estate, London N16 8NP

The successful provider(s) will manage the early education and childcare provision and will be responsible for the management of the building to allow for a range of early childhood services (Bright Start Islington) to be delivered on site.

2. Recommendations

- 2.1 To approve the procurement strategy for the delivery of early education and childcare provision in the Hornsey Road, Conewood, Paradise Park and The Factory Children's Centres as outlined in this report.
- 2.2 To delegate authority to award the contracts for the delivery of early education and childcare provision in the Hornsey Road, Conewood, Paradise Park and The Factory Children's Centres to the Corporate Director of Children's Services in consultation with the Executive Member for Children Young People and Families.

3. Background

- 3.1 In Islington, we believe that all children should begin their school lives in good health, so they are able to do well at school. For this to happen, all families including pregnant mothers and those with children aged under-five need access to services that work effectively together to provide the right help, at the right time and in the right places.

Islington is proud to be an 'early intervention' borough and we have seen significant improvements in child and family outcomes in the early years, however with 34% of children currently not achieving the 'good level of development' at the end of reception, we know that we have more to do.

To build on the excellent children's centre model already within Islington, the implementation of Bright Start Islington's transformation model will enable the service to be sustained and delivered on reduced investment. A reduced investment will be achieved through reduction of duplication and consolidation of management of children's centres family work, introduction of productive and efficient ways of working and maximising available resources. Full implementation of Bright Start Islington will begin in September 2017.

There are 16 children centres in Islington, of which: five are managed by Islington, seven are managed by a school governing body and four are managed by voluntary sector providers. The new model will separate leadership of the children's centre early childhood services (this will be managed by Islington in locality areas) and the early education and childcare element of Islington's children's centres (this will be managed by the centre directly). This separation of the ways that services are managed will allow for a saving in leadership and management costs for early education and childcare services.

The process of the Bright Start Islington model has been an iterative process which draws on the views, needs and experiences of families, front-line practitioners and managers at all levels and across all sectors of the early childhood workforce. The model has been developed through a consultative and engagement approach, harnessing sector best practice and incorporating evidence based practice; engaging a wide range of key stakeholders in all stages of the project plan and all work activity areas. Task and finish groups and the transformation board have wide representation from providers, professionals, partner organisations, internal officers, schools and council support service areas.

3.2 Estimated Value

The maximum value of the four contracts will be £4,155,545 over a five year period. The Initial contract duration will be for three years from January 2018.

There will be an option to extend for a further two years on two separate occasions of a year. The option of extensions will be subject to availability of funding. The total maximum annual value for all four contracts is £831,109. The value for each contract is set out below:

Name	Childcare subsidy (Maximum)	Management of building (Maximum)	Total per annum
Conewood CC	£174,833	£22,500	£197,333
Hornsey Road CC	£168,739	£22,500	£191,239
Paradise Park CC	£192,440	£22,500	£214,940
The Factory Road CC	£217,097	£10,500	£227,597
TOTAL	£753,109	£78,000	£831,109

All early education and childcare provisions within children centre buildings receive childcare subsidy funding, this is based on the number of children each centre can occupy. Childcare subsidy will be participation based and will be used in accordance with LBI's Early Years Admissions and Charging Policies.

As part of the wider transformation programme, all aspects of Early Years funding are currently under review. The level of childcare subsidy funding and the income bands (parental fees) associated to this is part of this review. If childcare subsidy is reduced, income generation will still be achieved via higher parental fees.

The contracts are funded through general fund allocation. In addition to the contract value, additional funding passported from the government for the provision of free early years entitlement will be provided to the centre. This is not included as part of the total contract value as this funding is outside the scope of this procurement and prescribed by national government.

The funding provided for the management of the children's centre buildings to host Bright Start services will be proportionate to what is hosted in each building. The £22,500 is therefore a maximum value.

Benchmarking exercises have taken place to ensure that contract values are based on comparable building management costs and childcare subsidy schemes across maintained childrens centres and those managed through schools.

The current childrens centre contracts are funded on a very different basis to the contracts that will be awarded as part of this procurement strategy. The Bright Start Islington model achieves £600,000 savings across all 16 childrens centres. This was achieved through the disaggregation of the management of children's centre services from the management of early education and childcare provision in addition to a reduction in a number of operational and management posts.

The key cost drivers for the early childhood transformation aligns efficiency, savings, reduction of duplication and leaner operating models whilst ensuring services remain high quality and meet the needs of Islington families to ensure significant improvements in child and family outcomes.

3.3 Timetable

The following key dates must be reached:

- Advert in OJEU and tender documents published – anticipated end June 2017
- Evaluation completed – anticipated beginning September 2017
- Contract award – anticipated mid October 2017
- Contract start date January 2018

There is provision to extend the current children centre contracts until 31 December 2017. All current providers have been informed that their contracts will vary from the period of September to December 2017 when Bright Start Islington is fully implemented.

3.4 Options appraisal

The transformation board looked at the following options;

1. Providing the service in-house
2. Offering one contract to all four centres
3. Offering up to four separate contracts (one contract per centre)

Under the Bright Start Islington model, all early childhood services (outreach and family support) that will be delivered across a range of children's centres and community venues will be operated and managed in house. Providing the early education and childcare places in-house was discussed as an option as part of this model. This option was rejected on the basis that the voluntary sector provides a great wealth of knowledge and expertise in delivering early years and childcare provision as well as being part of a good mixed offer in the borough. The voluntary sector is a key partner in Bright Start, they have routes embedded in the local community that greatly support and enhance this offer. In addition to this, there would be very limited capacity to manage these services in-house.

Due to the wealth of skills and knowledge that can be gained from the voluntary sector as well as the

wider community involvement that this sector offers, it was agreed that this expertise may be lost if we were to award only one contract for all four children's centres. In addition there are many successful and highly experienced small sector providers that would be unable to bid for such a large contract.

The preferred procurement route is to use a two-stage restricted procedure and advertise the opportunity as four separate lots. Organisations can apply for any lot, and contracts will be awarded up to four of the highest scoring organisations for each lot based on the Most Economically Advantageous Tender (MEAT) for that lot. The restricted procedure will allow for an opportunity to test the market as it is unclear as to what the market interest will be for the contracts. The drawback is the time taken to undertake a restricted process. Up to four separate contracts will be awarded with a maximum of two contracts per organisation.

3.5 Key Considerations – References to social value and impact on staff

Children's Centres are placed in areas of most need. The provision of early years and childcare on these sites are instrumental in meeting a range of outcomes for children and families. This includes meeting the early years outcomes duty so that children begin their school lives in good health and are able to do well at school and to reduce the inequalities gap between those children who do least well in their Early Years Foundation Stage Profile score in relation to the general population of children living in Islington.

Islington council believes every child should have an equal chance to fulfil their potential and remains committed to ensure that childcare is affordable and that children can receive high quality and support, whatever the family circumstances. We do this by contributing to the cost of childcare for low to middle income families by subsidising places. Good quality childcare is very important to children's development. It also means that parents are able to take up training or go to work. This helps the whole family to be independent and have a better standard of living. In addition to this, 30% of all early education and childcare places are made available to those children who are assessed as being 'in need' according to Islington's child in need priority statement.

London Living Wage (LLW) has been considered and successful bidders will be contractually obliged to pay LLW as a minimum where there is no cross border interest.

Robust monitoring arrangements will be in place. The contract and service specification will be monitored against key performance indicators and outcome measures. A range of monitoring visits and meetings will take place across an annual cycle from a range of officers within Islington. Providers will be expected to conduct self evaluation and develop clear action plans to ensure continuous improvement and service development.

In addition to this monitoring, robust financial probity and monitoring will be embedded throughout the year. This includes:

- Review of submitted Quarterly statement of income and expenditures relevant to the service providers operations, with full financial year (April to March) projections. This should be supported by detail of staffing arrangements (post titles, grades, and contract hours per week).
- Annual statement of income and expenditure relevant to the centre's operations.
- Monthly summary of receipts and banking, including standing order payments, which is used as the basis for monitoring income collection and implementation of the income equalisation scheme.
- A full set of audited accounts that must clearly show income received from council sources and other funding stream sources and expenditure on children's centre activity.

An environmental impact assessment has been carried out which found no negative impact.

As this is an existing service TUPE may apply to this contract.

3.6 Evaluation

This tender will be conducted in two stages, known as the Restricted Procedure as the tender is

'restricted' to a limited number of organisations. The first stage is Selection Criteria through a Selection Questionnaire (SQ) which establishes whether an organisation meets the is competent and capable and has the necessary resources to carry out the contract. The SQ is backwards looking and explores how the organisation has performed to date, its financial standing, history and experience.

A limited or 'restricted' number of these organisations meeting the SQ requirements as specified in the advertisement are then invited to tender (ITT). The second stage is the ITT and is forward looking using the advertised Award Criteria as a basis of award. Tenders are evaluated on the basis of the tenderers' price and quality scores as set out in the evaluation criteria in order to determine the most economically advantageous offer.

Bids will be awarded on a basis of 80% quality and 20% cost

Award criteria	
Cost – made up of	20%
Unit costs	10%
Allocation of costs (direct costs and overheads) including the management of the building	10%
Quality – made up of	80%
Proposed approach to contract implementation, transition and mobilisation	10%
Proposed approach to achieving positive outcomes for children and families	15%
Proposed approach to service outputs as stated in service specification	10%
Proposed approach to safeguarding and early help as stated in service specification	10%
Proposed approach to ensuring continuous improvement and the methods used for this including self evaluation and quality assurance	10%
Partnership working and approach to multi agency working within the scope of Bright Start Islington	15%
Proposed approach to sustainability within the context of Islington's Early Years admissions and charging policies	10%
Total	100%

The successful provider will be expected to deliver:

- a) Early years education and childcare provision;
- b) Manage the children centre building;
- c) Contribute to the Bright Start Islington model through partnership working within the locality.

The intention will be to continue to have a rich mixed economy to offer across the children's centres. In addition, contracts will be awarded for the management of a maximum of two centres per organisation. This is to ensure that we have a broad offer of voluntary sector providers in the borough.

The successful providers will have to demonstrate a strong track record and extensive experience of providing early education and childcare provision including early identification of, and provision for, children with special educational needs and disabilities. They will be expected to demonstrate how they can improve outcomes for children and ensure they can meet the early years outcomes duty.

In addition, the successful provider will manage the children's centre building and be an active partner in the network of early childhood services organised through the Bright Start areas. They will secure arrangements for collaborative working, contributing expertise and ensuring parents using the childcare provision can access the full range of health and family support services and training and employment opportunities and other early childhood services organised through Bright Start Islington.

There will be an additional stipulation for the Conewood Children’s Centre contract to contribute to capital works to enable more childcare places to be provided to meet demand .

3.7 Business Risks

There are four main risks to the procurement for the delivery of early education and childcare services in children centre buildings. These are;

1. Bright Start Islington is still to be implemented in September – if there is slippage on this model, this could impact upon the timeline for this procurement.
2. The procurement process may mean that current, very successful contract suppliers are not shortlisted meaning a disruption to service, particularly if key staff choose not to TUPE across to a new provider.
3. A high risk, low probability impact would be if no provider bid for the service.
4. Potential gaps in service delivery – would result in a high impact to children and families. It is essential that timescales are met to ensure there is no slippage.

3.8 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to sign the Council’s anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences. The adequacy of these measures will initially be assessed by officers and the outcome of that assessment will be reviewed by the Council’s Procurement Board

3.9 The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.6 of the Procurement Rules:

Relevant information	Information/section in report
1 Nature of the service	The delivery and management of the early education and childcare provision for four children’s centres and be responsible for the management of the children centre building to allow for a range of early childhood services (Bright Start Islington) to be delivered on site. See paragraph 3.1
2 Estimated value	The estimated maximum value for the four childrens centres per year is £831,109. The agreement is proposed to run for a period of 3 years, with an optional extension of 1 plus 1 year. See paragraph 3.2
3 Timetable	See paragraph 3.3
4 Options appraisal for tender procedure including consideration of collaboration opportunities	Restricted procedure See paragraph 3.4

5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	Considerations factored into evaluation criteria and contractual arrangements. Tupe is likely to apply and measures in place to support this transition. See paragraph 3.5
6 Evaluation criteria	Cost 20% - Quality 80%. The award criteria price/quality breakdown is more particularly described within the report. See paragraph 3.6
7 Any business risks associated with entering the contract	All business risks will be managed through strong, open communication, working to timescales and engagement with providers. See paragraph 3.7
8 Any other relevant financial, legal or other considerations.	See paragraph 3.8

4. Implications

4.1 Financial implications:

Funding proposals are within the current revenue budget allocation for Bright Start Islington. Contract extensions of one plus one year are subject to reviewing the financial position at that time.

4.2 Legal Implications:

The Council has duties under sections 6, 7, 7A, 9A, 12 and 13 of the Childcare Act 2006 to provide early education and childcare. The council may enter into contracts for such services under section 1 of the Local Government (Contracts) Act 1997. The Executive may provide Corporate Directors with responsibility to award contracts with a value over £2 million using revenue money and over £5 million using capital money (council's Procurement Rule 16.2).

The services being procured are subject to the light touch regime set out in Regulations 74 to 77 of the Public Contracts Regulations 2015 (the Regulations). The threshold for application of this light touch regime is currently £589,148.00. The value of the proposed contracts is above this threshold. It will therefore need to be advertised in the Official Journal of the European Union (OJEU). There are no prescribed procurement processes under the light touch regime. Therefore the council may use its discretion as to how it conducts the procurement process provided that it: discharges its duty to comply with the Treaty principles of equal treatment, non-discrimination and fair competition; conducts the procurement in conformance with the information that it provides in the OJEU advert; and ensures that the time limits that it imposes on suppliers, such as for responding to adverts is reasonable and proportionate. Following the procurement a contract award notice is required to be published in OJEU. The council's Procurement Rules require light touch contracts over the value of £500,000.00 to be subject to competitive tender.

In compliance with the requirements of the light touch regime in the Regulations and the council's Procurement Rules the proposal outlined in the report is to advertise a call for competition in OJEU and procure the service using a competitive tender process.

4.3 Environmental Implications

An environmental Impact Assessment (EIA) was carried out and is available on request. There were no implications identified.

4.4 Resident Impact Assessment:

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

A Resident Impact Assessment (RIA) was completed in December 2016. It identified that these services will remain to have a very positive impact on the lives of children and families in Islington.

5 Reasons for the decision:

- 5.1 The implementation of Bright Start Islington's transformation model will enable the service to be sustained and delivered on reduced investment. Islington is proud to be an 'early intervention' borough and we have seen significant improvements in child and family outcomes in the early years.

Children's Centres are placed in areas of most need. The provision of early years and childcare on these sites are instrumental in meeting a range of outcomes for children and families. This includes meeting the early years outcomes duty so that children begin their school lives in good health and are able to do well at school and to reduce the inequalities gap between those children who do least well in their Early Years Foundation Stage Profile score in relation to the general population of children living in Islington.

Islington council believes every child should have an equal chance to fulfil their potential and remains committed to ensure that childcare is affordable and that children can receive high quality childcare and support, whatever the family circumstances. We do this by contributing to the cost of childcare for low to middle income families by subsidising places. Good quality childcare is very important to children's development. It also means that parents are able to take up training or go to work. This helps the whole family to be independent and have a better standard of living. In addition to this, 30% of all early education and childcare places are made available to those children who are assessed as being 'in need' according to Islington's child in need priority statement.

Signed by:



7 June 2017

Executive Member for Children, Young People
and Families

Date

Appendices - None

Background papers - None

Report Author:

Helen Raine

Tel:

020 7527 8612

Email:

Helen.Raine@islington.gov.uk