

**Report of: Executive Member for Children, Young People and Families**

<b>Meeting of:</b>	<b>Date:</b>	<b>Ward(s):</b>
Executive	24 March 22	Holloway, Mildmay and Finsbury Park

<b>Delete as appropriate</b>		Non-Exempt
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**SUBJECT: Procurement Strategy for Children’s Centres**
**1. Synopsis**

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of Early Years Children’s Centres in accordance with Rule 2.7 of the Council’s Procurement Rules.
- 1.2 This contract will deliver building based early years and childcare services to children and their parents/carers on three sites, currently:
- Hornsey Road Children’s Centre
  - Paradise Park Children’s Centre
  - The Factory Children’s Centre

The total indicative value of the contract is, £14,072,450 made up of:

Core council funding to fund the childcare subsidy and Bright Start hosting	£5,113,395
Dedicated Schools Grant funding for the statutory entitlements to free early education and childcare	£4,304,027
Parental income contributions for childcare	£4,655,028

**2. Recommendations**

- 2.1 To approve the procurement strategy for Early Years Children’s Centres to enable delivery of affordable childcare for children aged 0-5.

- 2.2 To delegate authority to award the contract to the Corporate Director – Children’s Services, following consultation with the Executive Member for Children, Young People and Families.

### **3. Background**

#### 3.1 Nature of the service

Islington’s Early Years and Childcare Service seeks to procure the delivery of high quality early education and childcare provision for children aged 0-5 in children’s centres. The current contract for these services comes to an end on 28 February 2023 and there are no further options to extend so a full procurement exercise is required. The core requirements of the service remain the same, however the service specification will be reviewed in order to ensure we can build on the successes of the current model.

#### Childcare and Early Education

Childcare places are offered for children aged six months to four years and are subsidised by Islington Council to enable working and studying parents to access affordable childcare. Charges to parents are in inverse proportion to family income, ensuring that low and middle income parents pay less than high earning families. Parental income is reassessed regularly and places are offered in line with the Council’s delivery models. The three children’s centres currently run by the voluntary sector provide a total of 143 full time equivalent places for Islington families. Free early learning places are available to families and carers of eligible two-year-olds and all three- and four-year-olds.

A number of priority early learning places, allocated through referral to a multi-agency professionals’ panel, are also available. Over a period of two years, the voluntary sector children’s centres have provided nursery placements to 392 children under 5 including 46 Priority Early Learning (PEL) two-year olds who are vulnerable or from low-income families. There were 306 working or studying parents/carers supported over the same two-year period. Providers need to comply with the Council policies and procedures for under fives day care.

Research shows that high quality early education and childcare has a lasting positive impact on children’s outcomes, in particular the most disadvantaged children. Islington’s Corporate Plan 2018-2022 sets out its aims to ensure that all children in Islington have the best start in life, making the borough a fairer, more equal place for all. We want all children to reach their full potential regardless of their background, and we aim to offer the highest quality services to support children and their parents/carers from pregnancy to age 5.

To date and due to Covid, only one of the three providers has received an Ofsted inspection and has been judged as Good.

To ensure providers are delivering on their specification, performance monitoring KPIs will focus on a number of areas which include:

- compliance with all statutory requirements including:
  - The Early Years Foundation Stage (EYFS) progress check at age 2
  - Learning and development requirements of the EYFS
  - Safeguarding and welfare requirements of the EYFS
  - Delivery of free early education entitlements for 2, 3 and 4 year olds
- Occupancy will remain at agreed levels throughout the year
- Compliance with Islington Council's Early Years Admissions Policy in order to prioritise children in need and ensure fair and consistent allocation of places across the borough
- Compliance with Islington Council's charging policy in order to target the childcare subsidy to low-income Islington resident working or studying families and deliver the agreed model of places
- Quality of provision:
  - Providers will maintain a good or better Ofsted rating and equivalent local rating as determined by the Early Years and Childcare Service
- Bright Start hosting:
  - Inputting and maintaining registration and contact data for families with under 5s using Bright start services at the centre (see below)
- Financial management and governance in order to ensure appropriate and effective strategic and operational oversight of the service

### Hosting Bright Start Services

In addition to delivering high-quality, affordable childcare, the winning provider will host a range of Bright Start services and activities delivered on site by integrated early childhood teams as part of their contract. The provider will work in partnership with the relevant Bright Start locality team to enable Bright Start activities to be delivered in high quality spaces at agreed times to suit local families. The provider will also provide receptionist duties and co-location office space to support the delivery of Bright Start services.

Bright Start is the umbrella name for the range of early childhood services for Islington children and their families from the antenatal period until the child is five. These services are delivered by multi agency teams in a range of community venues including children's centres. Services include universal and targeted stay and play provision including support for children with SEND, parenting programmes and workshops, family support and information advice and guidance, maternity and child health services including midwifery, health visiting, speech and language therapy and CAMHS, adult and community learning, employment support, volunteering opportunities and housing surgeries.

Bright Start aims to support every child and family in Islington so that children are happy, healthy, safe and active, learning and developing physically, emotionally and socially to reach their full potential.

## 3.2 Estimated Value

These contracts will be funded through a combination of core council funding (for childcare subsidy and hosting) Early Years Dedicated Schools Grant (for funded early education) and parental fee income.

The estimated total value of these contracts is £2,010,350 per year. Based on a contract length of seven years, we estimate the values of the total contract/s to be **£14,072,450**. The initial contract period will be for three years with two extensions of up to two years each.

In addition to the core funding for childcare subsidy, each children's centre will also receive a Bright Start hosting budget to support the delivery of Bright Start activities, including receptionist duties, contribution to use of the premises and running costs, office/desk accommodation for Bright Start integrated team members and co-ordination of the Bright Start timetable within the given service. These budgets are laid out below.

**Table 1. Indicative Core budget including Bright Start Hosting 21\_22**

Service	Core Council subsidy Budget	Bright Start Hosting budget	Core and Bright Start Total	Lifetime Value (7yrs)
Paradise Park	£200,414	£33,188	£233,602	£1,635,214
The Factory	£243,816	£35,284	£279,100	£1,953,700
Hornsey Road	£177,772	£40,011	£217,783	£1,524,481
<b>Total</b>	<b>£622,002</b>	<b>£108,483</b>	<b>£730,485</b>	<b>£5,113,395</b>

In addition to this, providers will receive the Dedicated Schools Grant (DSG) funding for eligible two-year-olds and three/four-year-olds for free 15- or 30-hour placements. This funding is indicative and dependent on the number of placements within an age category. The indicative budget for the financial year 2021/22 for the three children's centres is highlighted in the table below.

**Table 2. Indicative budget from DSG 21\_22**

Service	2-year-old DSG funding	3 and 4-year-old DSG funding	Total Indicative DSG funding amount
Paradise Park	£44,415	£133,166	£177,581
The Factory	£90,099	£172,315	£262,414
Hornsey Road	£38,916	£135,950	£174,866
<b>Total</b>	<b>£173,430</b>	<b>£441,431</b>	<b>£614,861</b>

Providers will also be able to generate additional income through parental contribution to nursery placements. This happens, for example where a parent of a three-year-old eligible for 30 free hours, works full time and needs a 50-hour placement. The additional hours will be charged on a sliding scale based on the

parents' gross household income. Childcare fees are set according to LBI's charging policy. Providers are given an annual target for parental contribution based on the agreed configuration of places.

**Table 3. Indicative Parental Contribution Target 21\_22**

Service	Parental Contribution Target
Paradise Park	£243,233
The Factory	£199,941
Hornsey Road	£221,830

### Savings

An assessment of the services has shown that savings cannot be made without there being an impact on the service. A reduced budget for this service would lead to a reduction in the quality of service offered.

### Benchmarking

Benchmarking has taken place with four local authorities; Camden, Redbridge, Greenwich, and Kensington and Chelsea with only the latter responding. Kensington and Chelsea provide four children's centres which are delivered by Voluntary and Community Sector services. The remaining provision is in-house. Kensington and Chelsea did not share financial information related to their children's centres.

### 3.3 Timetable

March 2022	Strategy approved
July 2022	Contract opportunity advertised
October 2022	Evaluation
November 2022	Contract award
1 March 2023	Start date for new contract

All contracts expire on 28 February 2023. The council has a statutory duty to provide sufficient childcare to meet need.

### 3.4 Options appraisal

**Table 4. Options Appraisal**

<p><b>Option 1: Outsourcing</b>  <u>Recommended option</u>            This option would require a full tender process to begin in early 2022. There is a full market of Early Years providers which would give us a wide range of potential bidders.</p>	
<p><b>Benefits</b></p> <ul style="list-style-type: none"> <li>Retains the mixed model and diversity of children's centre providers in Islington, with the VCS bringing their particular specialism and expertise to the network, to complement that</li> </ul>	<p><b>Drawbacks</b></p> <ul style="list-style-type: none"> <li>Risk that no suitably qualified bidders apply</li> <li>Risk that providers do not deliver against the specification leading to further challenge and support being required by the</li> </ul>

<p>provided by council and school children’s centres.</p> <ul style="list-style-type: none"> <li>• A more diverse offer for parents/carers and their children through access to the wider range of services and opportunities provided by voluntary sector organisations</li> <li>• Supports the sustainability and viability of the local Voluntary and Community Sector enabling our VCS partners to invest in their longer term plans and realise their aims for Islington families</li> <li>• External organisations often attract additional resources from charitable funds, secured because of council funding adding significant value and resource to the contract for the benefit of local families</li> <li>• Will offer a variety of options for increasing social value through investing in the local supply chain. The current providers are Islington-based VCS organisations with a long history of working in the borough. They are strategic partners who support the Council to meet its statutory duties and deliver on our local priorities for children and adults.</li> <li>• A range of knowledge and expertise for Bright Start to tap into, such as the work looking at inequality in maternity outcomes with Bright Beginnings (Manor Gardens)</li> <li>• Straightforward, less complex process</li> <li>• Some minor cost benefits if procured as one lot</li> </ul>	<p>local authority in relation to any number of issues including quality of provision, finance, governance, safeguarding, customer service</p> <ul style="list-style-type: none"> <li>• Requirement for partnership working to ensure a consistent model of provision across the borough</li> <li>• The length of the contract cycle is designed to support stability but would impact on our ability to take swift action in the event of an underperforming provider</li> </ul>
<p><b>Option 2: Insourcing</b>  This option would require a full appraisal of the costs associated with bringing services in-house. Estimated costs are provided for information.</p>	
<p><b>Benefits</b></p> <ul style="list-style-type: none"> <li>• Allows greater oversight and control over the quality of provision and the delivery of the service</li> <li>• Will have better immediate oversight of issues arising in areas such as staffing and safeguarding and the capacity to address these quickly</li> </ul>	<p><b>Drawbacks</b></p> <ul style="list-style-type: none"> <li>• The financial cost associated with bringing the staff teams in line with the staffing and management models of our directly managed centres. This is estimated at £4.1m additional core council funding over the 7</li> </ul>

<ul style="list-style-type: none"> <li>• Allows us to bring one or more services in line with the in-house children’s centre nursery model</li> <li>• The Council has the necessary skills, knowledge and experience to directly manage one or more of these services and has previous experience of bringing services in-house and sustaining high quality provision</li> <li>• The Council would be able to align service priorities with its own strategies</li> <li>• The Council delivers strong social value through more generous terms and conditions and benefits</li> </ul>	<p>years, plus one-off costs associated with bringing the services in-house. See further detail in the Financial Implications section.</p> <ul style="list-style-type: none"> <li>• Central staff capacity, infrastructure and time pressures associated with bringing services in-house including TUPE, HR and pensions, staff reorganisation, interim management, recruitment</li> <li>• Responsibility for internal maintenance and repairs of buildings</li> <li>• A change to the operating model would likely see a period of instability and potential disruption at the affected centre(s). Staff may choose to take up employment elsewhere and not transfer to the Council under TUPE which would lead to loss of knowledge and expertise, and wider community links. Any perceived instability at the centre(s) could lead to parents removing children from the nursery</li> <li>• The Council will become responsible for staff redundancy costs if the service needs to end in the future</li> <li>• One-off costs for technical and digital setup e.g., network setup, transfer of data etc.</li> <li>• Insourcing would impact the already struggling voluntary sector and may gain political interest</li> </ul> <p>Further information can be found in section 4.1, financial implications.</p>
<p><b>Option 3: A mixed model - partial insourcing</b>  A mixed model, bringing one or two of the three services in-house. The Council’s staffing model provides for one Executive Head across two children’s centres, therefore to retain consistency of the model we would need to insource two out of three centres under this option.</p>	
<p><b>Benefits</b></p>	<p><b>Drawbacks</b></p>

<p>In addition to the benefits of insourcing as outlined above, a mixed model would:</p> <ul style="list-style-type: none"> <li>• Retain some local VCS provision</li> <li>• Reduce the risks associated with the outsourcing option</li> <li>• Other benefits see above</li> </ul>	<p>In addition to the financial costs and other drawbacks of insourcing as outlined above, further drawbacks are as follows:</p> <ul style="list-style-type: none"> <li>• To retain a consistent Council model one centre would need to be identified for outsourcing. Criteria would need to be drawn up to make the decision on which centres to insource.</li> <li>• Outsourcing one centre would result in greater imbalance within the children’s centre model in Islington, with a significant weighting towards council-run or school-based provision and one VCS outlier</li> <li>• Puts existing VCS incumbents in competition with each other through reducing the number of opportunities to be bid for in an open tender process</li> </ul>
<p><b>Option 4: Do Nothing</b>  This option would mean letting the current contracts for these services come to an end on 28 February 2023.</p>	
<p><b>Benefits</b></p> <ul style="list-style-type: none"> <li>• Savings</li> </ul>	<p><b>Drawbacks</b></p> <ul style="list-style-type: none"> <li>• This would impact on the Council’s ability to meet statutory duties in relation to early education and childcare through a significant loss of childcare places</li> <li>• It would reduce the number of community venues available for the delivery of Bright Start services</li> <li>• We would need to identify future use of three community buildings including the funding to run them</li> <li>• Will cause unrest amongst the community and likely political interest</li> <li>• Likely to require formal consultation</li> </ul>

**Recommendation**

Our recommended option is to outsource these children’s centres, enabling the Local Authority to retain a strong voluntary and community sector within the borough.

Insourcing has been considered and costs and associated infrastructure have been highlighted in section 4.1, financial implications.

If the recommendation to proceed with outsourcing is agreed, a decision will be required on whether to commission these services as individual lots or as one single procurement exercise for the three centres. The benefits and drawbacks of these two options are highlighted below:

**Table 5. Benefit and Drawbacks of individual or combined lots**

<b>Option</b>	<b>Benefits</b>	<b>Drawbacks</b>
Individual lots	<ul style="list-style-type: none"> <li>• Offers more variety in the market</li> <li>• Attractive to local VCS providers</li> <li>• Providers will bring different areas of expertise</li> <li>• Supports a diversity of provision across the individual centres</li> <li>• Continuity of service if incumbent is successful</li> <li>• Less risk of impact on services if one provider does not perform</li> <li>• Supports multiple Voluntary and Community Sector Services</li> <li>• Straightforward procurement route</li> </ul>	<ul style="list-style-type: none"> <li>• More officer resource required to contract monitor</li> <li>• Potential differing quality of service at each centre</li> </ul>
One single procurement combining all three centres	<ul style="list-style-type: none"> <li>• Less officer resource required</li> <li>• Pooling resources- may offer more value for money</li> <li>• Streamlined governance, IT and policies and processes</li> </ul>	<ul style="list-style-type: none"> <li>• Likely to be more attractive to larger VCS organisations located outside of the borough with more capacity. Based on previous experience this has not been a successful model.</li> <li>• Less attractive to smaller local VCS who are unlikely to have the capacity to</li> </ul>

		<p>manage three children's centre nurseries</p> <ul style="list-style-type: none"> <li>• If a smaller local VCS organisation were to bid and be successful there is a risk they would be overstretching as an organisation and quality may be compromised</li> <li>• A single provider will immediately freeze out two of the Council's key partners which is likely to gain political interest</li> <li>• Issues with provider quality may impact all services</li> <li>• Risk of provider failure would affect all three centres</li> <li>• Savings to be made are minimal</li> </ul>
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**Recommendation**

We have considered different models within the procurement process and recommend procuring as individual lots comprising multiple providers as the option that is more likely to support local Islington VCS organisations.

3.5 Key Considerations

**Social value**

The Council is committed to shaping and promoting a local economy that is underpinned by the principles of equality, fairness, and economic, environmental and social justice. We will be requesting that providers seek to fill roles by advertising through the Council's iWork Team/Islington Working before going out to the wider market. This will support the Councils' core strategies around employment. In Islington, 17.8% of households are workless, and 21.7% are income deprived.<sup>1</sup>

<sup>1</sup> <https://www.cripplegate.org/inside-islington/picture-islington>

Whilst contribution to the Council's ambition to support 4,000 local people into good quality, secure jobs will be a requirement of the contract, other outcomes will also be a consideration as part of social value and these may include: more opportunities for disadvantaged people, improved employability of young people, improving staff mental health and wellbeing and promoting social innovation.

Economic, social and environmental sustainability will be considered as part of the evaluation and will contribute to the social value weighting. Examples could be low energy equipment, waste disposal, choices made within the supply chain, paper free working practices, use of local businesses.

There will be 20% of the overall quality allocated for the delivery of social value within the contract and these social value opportunities will be included within the providers KPIs.

London Living Wage will be a condition of these contracts where legally permissible.

Staff assigned to work on the existing contracts are likely to transfer to any potential new supplier pursuant to the TUPE Regulations.

### 3.6 Evaluation

This procurement will be conducted in accordance with the Public Contracts Regulations 2015, under Chapter 3 Section 7 Social and Other Specific Services (known as the "light touch" regime). Under Regulation 76 the council is free to establish a procedure, provided the procedure is sufficient to ensure compliance with the principles of transparency, equal treatment of economic operators (service providers). The procedure will be based on the open procedure, but with the potential for negotiation if deemed appropriate.

The council will reserve the right to award the contract on the basis of initial tenders without negotiation where this offers value for money. The council reserves the right to not award the contract if the received tenders do not offer value for money.

Our proposed award criteria will be based on 30% cost, 70% quality.

- Cost 30%
- Proposed approach to social value 20%
- Proposed approach to implementation and service model 10%
- Proposed approach to outcomes and outputs 10%
- Proposed approach to partnership working 10%
- Proposed approach to the Early Years Foundation Stage 10%
- Proposed approach to contract management including governance, finance and financial management 10%

### 3.7 Business Risks

The main business risks would be having no suitably skilled and experienced providers to deliver the service and/or incumbent providers not winning the contract

leading to risks within the implementation process. There is also a risk to the local community if these services were not re-procured or no providers bid.

We are engaging with our providers who have all confirmed that they will bid for these contracts.

During the recommissioning process, we will review the specification to ensure that KPIs and contract monitoring processes are robust. This will help us address any issues as they arise and before they escalate, building support around providers to help resolve them.

The main business opportunity is to promote and further develop and embed partnership working across providers and with the Bright Start service offer.

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 complete an 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.

3.9 The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.8 of the Procurement Rules:

<b>Relevant information</b>	<b>Information/section in report</b>
1 Nature of the service	This service will provide early education and childcare places for children aged 0-5 and their families/carers as well as hosting for Bright Start early childhood services.  See paragraph 3.1
2 Estimated value	The estimated value per year is £2,010,350 taking into account DSG funding, core Council funding and parental contributions to childcare.  The agreement is proposed to run for a period of three years with two optional extensions of 'up to' two years each. The total lifetime of the contract will be seven years and a total contract value of £14,072,450  See paragraph 3.2
3 Timetable	As further described in this report.  See paragraph 3.3

4 Options appraisal for tender procedure including consideration of collaboration opportunities	We recommend continuing to outsource this contract.  See paragraph 3.4
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	London Living Wage will be a condition of this contract. Best value has been considered and will be included in this procurement. The staff included in this contract will be eligible for TUPE.  See paragraph 3.5
6 Award criteria	We have allocated: 70% Quality 30% Cost  See paragraph 3.6
7 Any business risks associated with entering the contract	As further described in section 3.7 of this report.
8 Any other relevant financial, legal or other considerations.	None

## 4. Implications

### 4.1 Financial implications:

There are three sources of funding for children's centres:

- Dedicated Schools Grant (DSG) funding for statutory entitlements to free early education
- Fee income from parents for additional childcare outside of the statutory entitlements
- Core Council funding to subsidise the cost to parents of the additional childcare and to meet Bright Start hosting costs.

The contract value is broken down as follows:

Service	DSG funding	Core Council funding	Parental contribution	Total
Paradise Park	£177,581	£233,602	£243,233	£654,416
The Factory	£262,414	£279,100	£199,941	£741,455
Hornsey Road	£174,866	£217,783	£221,830	£614,479
<b>Total (annual)</b>	<b>£614,816</b>	<b>£730,485</b>	<b>£665,004</b>	<b>£2,010,350</b>
<b>Total (7 year)</b>	<b>£4,303,712</b>	<b>£5,113,395</b>	<b>£4,655,028</b>	<b>£14,072,450</b>

Each Children’s Centre will receive DSG funding for the statutory entitlements for free childcare for 2 year olds and 3 and 4 year olds. Funding is paid through the Early Years Single Funding Formula (EYSFF) based on participation in line with the DSG Operational Guidance. The figures below are based on indicative budgets for 2021-22:

<b>Service</b>	<b>2-year-old DSG funding</b>	<b>3 and 4-year-old DSG funding</b>	<b>Total Indicative DSG funding amount</b>
Paradise Park	£44,415	£133,166	£177,581
The Factory	£90,099	£172,315	£262,414
Hornsey Road	£38,916	£135,950	£174,866
<b>Total</b>	<b>£173,430</b>	<b>£441,431</b>	<b>£614,861</b>

All Children’s Centres are required to provide a childcare offer above the statutory entitlements. Charges for this provision are to be made in line with the Council’s charging policy. Provision is subsidised based on family income. The core budget in the table below reflects the subsidy for this provision. The income targets represent the amount of income settings are expected to generate through parental charges in line with the charging policy. Income targets and childcare subsidy allocations are revised annually in line with the charging policy. The Bright Start hosting budget is to support the delivery of Bright Start services through the settings.

<b>Service</b>	<b>Core Council Budget</b>	<b>Bright Start Hosting budget</b>	<b>Core and Bright Start Total</b>	<b>Lifetime Value (7yrs)</b>
Paradise Park	£200,414	£33,188	£233,602	£1,635,214
The Factory	£243,816	£35,284	£279,100	£1,953,700
Hornsey Road	£177,772	£40,011	£217,783	£1,524,481
<b>Total</b>	<b>£622,002</b>	<b>£108,483</b>	<b>£730,485</b>	<b>£5,113,395</b>

<b>Service</b>	<b>Parental Contribution Target</b>
Paradise Park	£243,233
The Factory	£199,941
Hornsey Road	£221,830
<b>Total</b>	<b>£665,004</b>

All Children’s Centres are notified of their indicative budget allocations in line with the charging policy and EYSFF annually in advance of each financial year.

#### **Insourcing: estimated costs**

For the insourcing option, the approximate additional budget required for the three centres is an annual budget enhancement of £587k (cost of provision plus central management).

Over the life of the contract (7 years) this equates to a budget enhancement of **£4.1m**.

This is an estimate based on the size of each centre and staffing models required in order to maintain statutory ratios. This would be an unfunded budget pressure.

<b>Insourcing cost estimates</b>	<b>Annual Cost</b>
Children's Centre costs:	
Leadership and admin	£552,042
Under 5s nursery workers	£1,438,411
Running costs	£165,000
Under 5s catering costs	£144,000
Cleaning	£90,000
Business rates	£162,900
<b>Total Children's Centre costs</b>	<b>£2,552,353</b>
Budget:	
Core and Bright Start Budget	£730,485
Indicative DSG funding	£614,881
Parental contribution target	£665,004
<b>Total budget</b>	<b>£2,010,370</b>
<b>Children's Centre budget gap</b>	<b>£541,983</b>
Additional central management capacity required	£45,000
<b>Total insourcing budget gap</b>	<b>£586,983</b>

In addition to the annual budget enhancement there would be one-off costs associated with bringing the three centres in-house including change management, potential redundancies and central costs relating to HR, IT, and Legal services. These have not been quantified at this stage.

#### 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 £663,540.00. The value of the proposed contract is above this threshold. It will therefore need to be advertised in the Find a Tender service (FTS) and Contracts Finder. 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 principles of equal treatment, non-discrimination and fair competition; conducts the procurement in conformance with the information that it provides in the FTS and Contracts Finder 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 the FTS and

Contracts Finder. 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 the FTS and Contracts Finder and procure the service using a competitive tender process.

#### 4.3 **Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:**

The main environmental impact from this procurement will be the use of buildings by the service provider. These will include energy and water use, consumption of materials, and the generation of waste, including clinical waste, all of which have potential carbon emissions. There will also be transport-related impacts from staff and visitors travelling to and from the service.

The council owns the buildings where these services will operate from. The winning bidder will be asked to support the council's zero emissions goal, including having a Service Level Agreement (SLA) with Energy Services for the purchase of renewable electricity. Providers will be required to recycle, and this will include food waste, papers, plastics, glass, metal, small electricals and textiles and careful disposal of hazardous waste.

#### 4.4 **Equalities 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 has been completed and concluded that a procurement of these children's centres will offer opportunities to review and enhance the existing model and therefore no residents will be impacted by this procurement.

See Appendix 1- Resident Impact Assessment

## 5. **Reason for recommendations**

- 5.1 We have weighed up the drawbacks and benefits of each option as outlined above. Given the significant costs of insourcing and the social value benefits that local VCS partners can bring, we are recommending the outsourcing option. Further, to retain a strong local VCS we would recommend that these centres are commissioned as individual lots.

## Appendices

- Appendix 1 – Resident Impact Assessment

## Background papers:

- None

Final report clearance:

## Signed by:



11 March 2022

Executive Member for Children, Young  
People & Families

Date

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