

Report of: Early Start Manager, Children's & Families

Report to: Deputy Director Children's Social Work Services

Date: 1st June 2021

Subject: Approval to waive Contract Procedure Rules (CPR's) 9.1 & 9.2 award a contract to Connect Childcare Group Limited for the provision of a Children's Centre Nursery Business Management Software Solution.

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

1. Summary of main issues

Chief Officer (Resources & Strategy) approved the commencement of a procurement exercise for the provision of a Children's Centre Nursery Business Management Software Solution on 6th March 2020.

The Council issued an Invitation to Tender (ITT) on 27th July 2020 via the YORtender procurement portal with a return date of 14th August 2020

The result of the procurement exercise was that three (3) tender submissions were received, however, when evaluated, none were found to be technically suitable or financially viable.

The Council's requires the provision of a Children's Centre Nursery Business Management Software Solution to facilitate a more efficient and effective way of managing its Little Owls Nursery business. The current method of managing the Council's Nurseries is through the use of a Children's Centre Management System (CCMS), supplemented by capture of data on paper registers, however the CCMS is old and is no longer deemed suitable or fit for purpose, and the use of paper registers is labour intensive and inefficient.

2. Best Council Plan implications

The procurement of an on-line Children's Centre Nursery Business Management Software Solution aimed at improving the efficiency and effectiveness of the Council's The Little Owls Nursery business supports delivery of services in relation to a number of key council plans and strategies, including:

- Children and Young People's Plan 2015 -2019

- Learning Improvement Strategy
- Child Friendly City

3. Resource implications

During the implementation period, there will be a requirement for Nursery Managers and Administrators to assist with the migration of data from existing sources, as well as undergoing a level of training in preparation for using the new Children's Centre Nursery Business Management Software Solution once it is ready to go live.

It is envisaged that once the new system is fully operational, it will deliver substantial operational benefits, leading to substantial savings in both time and resources.

Recommendations

The Deputy Director Children's Social Work Services is recommended to approve a waiver of CPR's 9.1 & 9.2 and award a new contract to Connect Childcare Group Limited for the provision of a Children's Centre Nursery Business Management Software Solution, for a period of three (3) years, from 10/06/2021 to 09/06/2024.

The total cost of the contract will be up to a maximum of £122,625.00 (dependent upon number of Nurseries utilising the system). Anticipated yearly costs are:

Year 1 - £46,065

Year 2 - £38,280

Year 3 - £38,280

1. Purpose of this report

- 1.1. The purpose of this report is to seek approval to award a contract to Connect Childcare Group Limited for the provision of a Children's Centre Nursery Business Management Software Solution for a period of three (3) years from 10/06/2021 to 09/06/2024 at a total estimated cost of £122,625.00.

2. Background information

- 2.1. The Council's Little Owls Nursery business employs around 600 individuals who look after up to 2,900 children each day. Each of these children brings in income from either government free entitlement grants or private fees. The turnover of the business is in the region of £10 million per year.
- 2.2. Each Little Owls Nursery manually records information using school register books, writing attendance and fees owed/paid into the margins.
- 2.3. Staff rota's and childcare bookings are held separately on A4 paper sheets which are revised weekly and these paper child registers must be stored for 21 plus years.
- 2.4. The waiting list and attendance records need to be transferred from the paper registers to the current Children's Centre Software System (CCMS) on a daily basis.
- 2.5. Lunch numbers and milk claims must be calculated manually and cannot be easily monitored.
- 2.6. Free entitlement claims are manually calculated and then need to be typed into the FIS portal by admin staff.

- 2.7. Parents do not receive invoices for fees because they do not have the administrative capacity to manually produce individual invoices and mail them out families. The business is therefore not complaint with Government regulations regarding the transparency of charging for full day care alongside free entitlement.
- 2.8. When answering queries/challenges over fee payments and outstanding payments, the Nursery will need to manually review and recalculate fees from the school registers over a number of month's records.
- 2.9. Communication to parents relies on phone calls or letters and can be time consuming. A separate system can send text messages but parents frequently change telephone numbers and cannot update their contact information unless they speak to a member of staff while dropping off or collecting.
- 2.10. The CCMS based waiting list system cannot project forward 'pipeline' and is therefore not actively used by many of the nurseries which misses a marketing opportunity. Centres are not prompted to follow up enquires which leaves missed opportunities when centres are busy. The enquiries cannot be reported on except by filling in a monthly spreadsheet.
- 2.11. Business intelligence is gathered by phone or using a monthly spreadsheet. There is no system for gathering business intelligence and being able to see information centrally except by centres sending in requested information in monthly. This information isn't live and there are a lot of opportunities for inaccurate information. Ad hoc requests from finance cannot be delivered and forward projections of 'pipeline' business including children changing age group and children coming into nursery can only be held on paper centre based systems and are not accessible centrally.
- 2.12. Reporting is done manually and all KPI's are reported on using information gathered once a month. Business decisions cannot be made in an agile way and this leads to substantial lag between information gathering, planning and implementation. New business and occupancy trends, although tracked monthly are not easily identified.
- 2.13. Balancing staff and child ratios and making effective business planning decisions is both time consuming and a disconnected process. The current systems of management does not allow central management and control of the business and depends on accurate information being gathered from disparate systems and time intensive analysis.
- 2.14. There is a reducing administration capacity in the nurseries due to cost saving. This means that Nursery Managers and Administrators are spending more time on administering the fees and chasing outstanding payments. This is a time consuming and expensive task and also means they are spending less time overseeing the learning objectives and ensuring quality within the Nursery setting.
- 2.15. As well as providing more effective and accurate business intelligence, the introduction of an on-line Children's Centre Nursery Business Management Software Solution will cut the amount of staff time spent on the administrative tasks by over 50% and will deliver:
 - A GDPR compliant registration and record management;
 - On-line attendance registration which automatically updates records for milk claims and lunch numbers;
 - Automatic calculation of fees and free entitlement claims;
 - One touch free entitlement compliant invoicing;
 - On-line, interlinked occupancy and staff rotas which makes staff and places planning easy and financially efficient;
 - Waiting list management and pipeline forecasting;
 - Communication management for both prospective and registered parents which allows parents to update their details on-line and monitor their invoices and payments. Payments can also be made from this app directly into the Nursery accounts;

- One touch emailing and SMS for parent communication and direct to parent app messaging for swift communication;
- Multiple reports allowing real time monitoring and forecasting for the nursery business;
- MI which allows all information held on the system to be viewed centrally by permitted users in order to gather instant business insights and forward financial projections.

2.16. The benefits that the use of an on-line Children's Centre Nursery Business Management Software Solution will bring are:

- More accurate pipeline management leading to fewer empty spaces maximising the income available;
- More accurate ratio management ensuring staffing resources are deployed effectively;
- More accurate and faster fee calculations and invoicing leading to better cash flow and less debt and less parent queries;
- Less time spend on administrating fees by the day care manager and Assistant manager;
- Less impact of reducing administrative support;
- Better parent communication;
- GDPR compliance;
- Compliance with free entitlement terms and conditions;
- Centrally available management information which allows accurate oversight of the childcare business and supports strategic decisions.

3. Main issues

- 3.1 The Council currently has no effective and efficient means of managing its Little Owls Nursery business. Current methods used are time consuming, labour intensive and inaccurate. The provision of a Children's Centre Nursery Business Management Software Solution to support the management of the Council's Little Owls Nursery business will bring it into line with the majority of private childcare businesses and will support a strategic management of the business in a way that is impossible at the moment.
- 3.2 The Council carried out a competitive tender exercise via the YORtender procurement portal in accordance with its procurement procedures. The result of the procurement exercise was that three (3) tender submissions were received, however, when evaluated, none were found to be technically suitable or financially viable.
- 3.3 Further research of the marketplace shows that leading providers of Nursery Management systems mainly work with private childcare providers, but very few local authorities. This is because most local authorities do not now run an extensive childcare service, having opted to hand the provision of these services to the private sector.
- 3.4 The Council identified a number of suppliers who can provide Children's Centre Nursery Business Management Software as an "off the shelf" solution, and invited four suppliers to demonstrate their proposed solution. Three suppliers accepted the invitation.
- 3.5 Each supplier demonstrated their solution to members of the Children's & Families Service and also submitted written responses in relation to the Council's functional and technical requirements.
- 3.6 After completing a thorough review of each of the solutions, it was determined that the proposed Children's Centre Nursery Business Management Software Solution from Connect Childcare Group Limited most closely met the Council's requirements and offered best value for money.

Consequences if the proposed action is not approved

If the decision to award a contract to Connect Childcare Group Limited for the provision of a Children's Centre Nursery Business Management Software Solution is not approved, then the Council's Little Owls Nursery business will have to continue using the current outdated system and paper based approach to manage the provision of child care services, which is very time consuming and labour intensive and does not represent best use of staff resources.

4. Corporate considerations

4.1 Consultation and engagement

4.1.1 Key stakeholders from the Council's Children's & Families Service, Digital and Information Service have been consulted and support the decision to award a contract to Connect Childcare Group Limited for the provision of a Children's Centre Nursery Business Management Software Solution for a period of three (3) years from 10/06/2021 to 09/06/2024.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 There are no specific issues relating to equality and diversity or cohesion and integration identified through the award of this contract.

4.3 Council Policies and the Best Council Plan

4.3.1 The provision of an on-line Children's Centre Nursery Business Management Software Solution is aimed at improving the Council's ability to manage its Little Owls Nursery business in a more efficient and effective way, and by doing so will contribute towards a number Council Policies and the Best Council Plan, including:

- Children and Young People's Plan 2015 -2019
- Learning Improvement Strategy
- Child Friendly City

Climate Emergency

This report relates to the procurement of a cloud-based software system, its impact on climate change initiatives is mainly through the support it gives to those services using it. The solution directly contributes by facilitating digital working, removing the need for paper-based systems to record the various activities involved in managing the Council's Little Owls Nursery business.

4.4 Resources, procurement and value for money

4.4.1 The provision of a Children's Centre Nursery Business Management Software Solution will significantly reduce the amount of time and resource required to manage the Little Owls Nursery business, thereby freeing up time for Nursery Managers and Administrators to deliver more effective and efficient services.

4.4.2 A procurement exercise has been undertaken and the proposed solution offered by Connect Childcare Group delivers the outcomes required for the Little Owls Nursery business and represents best value for money.

4.4.3 The cost of the new system is not specifically budgeted for, but neither are any savings that should arise from this. It is expected that savings or additional income equivalent to the cost will be generated. This will be monitored against the budget, although the ongoing impact of Covid on demand for places is likely to affect income to some extent during the year. The new system should however have longer term benefits by enabling better financial monitoring and planning, which will support future sustainability.

4.5 Legal Implications, Access to Information and Call In

4.5.1 The award of a contract to Connect Childcare Group Limited for the provision of a Children's Centre Nursery Business Management Software Solution at this value is a Significant Operational Decision and is not subject to call in. There are no grounds for keeping the contents of this report confidential under the Access to Information Rules.

4.5.2 The value of the direct award detailed within this report is below the threshold for the application of the Public Contracts Regulations 2015 for the procurement of public services contracts and therefore it is not subject to the full EU procurement rules. However, the Council's Contracts Procedure Rules 9.1 and 9.2 require competition for procurements valued over £100K and the invitation of at least four (4) written tenders. A waiver of these Contracts Procedure Rules is required to award a contract direct to Connect Childcare Group Limited.

Awarding a contract direct to Connect Childcare Group Limited without formal competition could leave the Council open to a potential claim from other providers, to whom this contract could be of interest, that it has not been wholly transparent. In terms of transparency it should be noted that Council's Contracts Procedure Rules suggests that contracts of this value should be subject to a degree of advertising. It is up to the Council to decide what degree of advertising is appropriate. In particular, consideration should be given to the subject-matter of the contract, its estimated value, the specifics of the sector concerned (size and structure of the market, commercial practices etc.) and the geographical location of the place of performance. The Deputy Director Children's Social Work Services has considered this and, due to the nature of the services being delivered, and the relatively low value and length of the contract, is of the view that the scope and nature of the services is such that it would not be of interest to contractors in other EU member states.

In awarding the contract to Connect Childcare Group Limited without formal competition, there is a potential risk of challenge from other providers who have not been given the chance to tender for this opportunity, although this risk is considered low due the reasons set out in this report.

4.5.3 The Council's requirements for the provision of a Children's Centre Nursery Business Management Software Solution have previously been advertised as an open tender opportunity on the Council's procurement portal YORtender (DN460065 - ITS200390 Children's Centre Nursery Management Software Solution), which was issued on 27/07/2020 with a return date of 14/08/2020. The outcome of that exercise was that three (3) tender submissions were received, however, when evaluated, none were found to be technically suitable or financially viable.

4.5.4 Whilst there is no legal obstacle preventing the waiver of Contract Procedure Rules 9.1 & 9.2, the above comments should be noted by the Deputy Director Children's Social Work Services, and in making the final decision should be satisfied that doing so represents best value for the Council.

4.6 Risk Management

4.6.1 Any operational risks which are highlighted throughout the term of the contract will be managed by the appointed contract manager who will implement a contract management plan and mitigated through regular account management/supplier review meetings.

5. Conclusions

- 5.1 The award of a contract to Connect Childcare Group Limited for the provision of a Children's Centre Nursery Business Management Software Solution, for a period of three (3) years, from 10/06/2021 to 09/06/2024 is essential to support the Little Owls Nursery business in the delivery of high quality childcare services across the city.

6. Recommendations

- 6.1 The Deputy Director Children's Social Work Services is recommended to approve a waiver of CPR's 9.1 & 9.2 and award a new contract to Connect Childcare Group Limited for the provision of a Children's Centre Nursery Business Management Software Solution, for a period of three (3) years, from 10/06/2021 to 09/06/2024.
- 6.2 The total cost of the contract will be up to a maximum of £122,625.00 (dependent upon number of Nurseries utilising the system). Anticipated yearly costs are:

Year 1 - £46,065

Year 2 - £38,280

Year 3 - £38,280

7. Background documents¹

- 7.1 None

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.