

Approval to award a contract for a new Nursery Business Management System

Date: 27th March 2023

Report of: Principal Product Manager

Report to: Chief Officer, Social Work

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Summary

The purpose of this report is to document the procurement and tender evaluation processes that were undertaken in accordance with the Council's Contract Procedure Rules (CPR's) and the Public Contract Regulations 2015 to identify a suitable Contractor for the provision of a new Nursery Business Management System for the Little Owls Childcare business.

- The decision to award the contract is a Significant Operational Decision and is exempt from call.
- This report seeks approval from the Chief Officer Family Help (Children & Families) to award a contract to Family Ltd
- The award of a contract for the provision of a new Nursery Business Management System will support and contribute to the delivery of the following Council policies and priorities:
 - i) Sustainable Infrastructure
 - ii) Becoming a More Efficient and Enterprising Council
 - iii) Little Owls Nurseries contribute to the outcomes of the Childrens and Young Peoples Plan, Best Start and the Child Friendly City initiatives.

Recommendations

- a) In line with Contract Procedure Rule (CPR) 18, the Chief Officer, Social Work is recommended to approve the award of a contract to Family Ltd for the procurement of a new Nursery Digital Information Management System for an initial period of two (2) years from April 2023 to April 2025 with the option to extend for a further period of up to twenty four (12+12) months (subject to further approval) for a maximum of four (4) years in total.
- b) The total cost of the contract for the initial two (2) year period is £92,400.00.
- c) Any extensions taken after the initial period will be at a cost of 3% per year increase to the standard annual rate of £46,200.

d) Total cost for 2 years plus one plus one for Family will be £188,999.58.

What is this report about?

1 Following a competitive tender exercise run in accordance with both the Council's Contract Procedure Rules and the Public Contract Regulations 2015, this report seeks approval to award a contract for the procurement of a new Nursery Business Management System to Family Ltd for a period of two (2) years with the options to extend for a further period of up to twenty four (12+12) months (subject to further approval) for a maximum of four (4) years in total.

2 The Little Owls Nursery business looks after up to 2,900 children each day. Each of these children brings in income from either government free entitlement grants or private fees and employs around 600 individuals. The turnover of the business is in the region of £10 million per year.

Currently, each Little Owls setting manually records information using school register books, writing attendance and fees owed/paid into the margins.

Staff rotas and childcare bookings are held separately on A4 paper sheets which are revised weekly and paper child registers must be stored for 21 plus years.

The waiting list and attendance records are held on CCMS which is not GDPR compliant and attendance needs to be transferred from the paper registers to the CCMS system daily.

Lunch numbers and milk claims must be calculated manually and cannot be easily monitored.

Free entitlement claims are manually calculated and then need to be typed into the FIS portal by admin staff.

The lack of transparency around the financial transactions in the nurseries and the inability to interrogate real time data means that the business cannot be run effectively, and business issues cannot be caught early.

The lack of ability to forward plan places and staffing effectively has resulted in loss of business and therefore income for the Council.

3 The implementation of a digital business system will:

- a) Improve the efficient collection and recording of fee payments
- b) Provide a digital archive for documentation removing the need to keep paper copies
- c) Provide a GDPR compliant registration and attendance monitoring system
- d) Provide an efficient and accurate tally of free entitlement claims preventing loss of income through human error
- e) Provide a DFE compliant fee invoicing system preventing reputational damage to Leeds City Council should a complaint be received
- f) Secure fee collection against simple fraud
- g) Prevent loss of places due to inability to book vacant places up to 12 months ahead
- h) ensure increased resilience around application support

4 The decision to carry out a competitive tender exercise procurement of a single integrated cloud hosted Nursery Business Management System which can provide both improved and integrated functionality for all the Little Owls Service (Nurseries) will support the Council's ambitions and strategic objectives to rationalise its software systems estate, reduce manual recording and

paper-based systems as well as reducing reliance on in-house servers, thereby helping to reduce technical debt.

- 5 Appointing a Contractor who can best demonstrate that they can meet the Council's requirements is key to the Council meeting these strategic objectives and outcomes.
- 6 The following Software and Services, as a minimum, are to be provided under the contract:
 - A cloud hosted Nursery Business Management System
 - Any additional modules/functionality required to meet the Council's requirements
 - Implementation services
 - Installation services
 - Configuration services
 - On-going support and maintenance services
 - System development and customisation
 - Training
 - Software/system upgrades
- 7 The Council commenced a competitive tender exercise on 30th November 2022 seeking bids from suppliers with a view to awarding a contract to a single Contractor for the procurement of a cloud hosted Nursery Business Management System with associated support services which is legally compliant and will provide the full functionality required by the Little Owls Service to carry out its duties.
- 8 Three (3) tenderers submitted a response to the Council's Invitation To Tender (ITT), which was conducted in accordance with both the Council's Contract Procedure Rules and the Public Contract Regulations 2015. The ITT was published on the Yorkshire & Humberside procurement portal YORtender and advertised on the Governments "Contracts Finder" and "Find a Tender" websites.
- 9 One (1) tenderer failed to meet the minimum threshold requirements at the Standard Selection Questionnaire evaluation stage and so was eliminated from the tender process. The remaining two (2) tenderers' responses were evaluated, first on quality, then, subject to meeting the minimum threshold requirements for quality scoring, on price.
- 10 The maximum number of points available for quality was 600 and was subdivided with minimum thresholds as detailed in Confidential Appendix A.
- 11 The points available for each method statement were related to how important that method statement was to the overall delivery of the contract.
- 12 The maximum number of points available for price was 400.
- 13 For this tender, the price calculation was based on the tender with the lowest total price achieving the highest score available for price and the other tenders receiving a reduced score based on calculating the percentage difference between it and the lowest price and deducting this percentage from the maximum score available
- 14 The evaluation panel members who evaluated the tender responses were:
 - Children's Centres & Early Start Lead, Children & Families
 - Early Start Manager, Children & Families
 - Solution Architect, Resources
 - Principal Product Manager, Resources
 - Principal Information Governance Officer, Resources

- 15 The overall quality and price scores for all tenderers can be found in Confidential Appendix 1, which illustrates that Family Ltd were the highest scoring tenderer based on overall quality/price tender submission.
- 16 The prices submitted through a competitive tender exercise by Family Ltd to deliver the outcomes required by the Council for this project are considered to represent value for money.

What impact will this proposal have?

- 17 The award of a contract to Family Ltd for a new cloud hosted Nursery Business Management System will have the following impacts:
- Sustainable Infrastructure – supports the council’s ambition to improve the financial sustainability of the Little Owls nurseries and reduce deficits
 - Contribute to the outcomes of the Childrens and Young Peoples Plan, Best Start and the Child Friendly City initiatives through efficient and effective nursery provision
 - Becoming a more efficient and enterprising Council - through effective data management in a centralised, accessible and re-usable way, combined with efficient and effective document storage and retrieval.

How does this proposal impact the three pillars of the Best City Ambition?

- Health and Wellbeing Inclusive Growth Climate Emergency

- 18 Little Owls nurseries provide services in areas of high deprivation to all children including those with SEND allowing children and families to access education and training and supporting families who need childcare to work and train in areas unattractive to private provision or where the needs of the local population cannot be accommodated in a purely commercial venture.
- 19 This report relates to the procurement of a cloud hosted software system. The use of a new Nursery Business Management System directly facilitates digital working, enabling the Little Owls service to manage and effectively maintain sensitive personal records using a single digital platform, removing the need for extensive paper-based solutions.

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted? Yes No

- 20 Nursery Staff have been consulted about the proposed implementation of this system and has been well received.
- 21 CFSLT have been consulted and welcomed the proposal.
- 22 Executive Member, Cllr Venner has been briefed.
- 23 The proposal has been to the IDS project Board and approved.
- 24 Key stakeholders from the Early Years Service, IDS Strategic Sourcing team and other members from the Integrated Digital Service were consulted and agreed that carrying out a competitive tender exercise for the procurement of a new Nursery Business Management System was the best and most appropriate course to take.
- 25 No consultation has taken place with key stakeholders as to whether the contract should be awarded to the winning bidder or not as this is determined by the evaluation of the tenders received.

What are the resource implications?

- 26 The implementation of the new Nursery Business Management System will be managed by an IDS project manager, supported by the system supplier and by a Council Project Team, which will include members of both Nursery management staff and Integrated Digital Service.
- 27 The Project Team will report via the existing IDS and Directorate governance arrangements on all matters relating to Planning, Resourcing, Decision-Making, Escalation, Budget Management and Work Progress Management.
- 28 The implementation of the new Nursery Business Management System will provide improved functionality, operational efficiencies, cost savings and opportunities to increase income.

What are the key risks and how are they being managed?

- 29 Key risk will be resourcing the implementation across the 24 nursery settings. A Project Manager has been appointed who will manage the implementation of the new system across the nursery settings. All project risks will be regularly monitored and reported back to the relevant governance arrangements.
- 30 Upon contract award, the Council will identify a Product Manager who will oversee the contract management arrangements. Any risks highlighted throughout the term of the contract will be managed and mitigated by the Product Manager through regular account management/supplier review meetings.

What are the legal implications?

- 31 The Director, Children and Families approved a decision, published on 3rd October 2022, to enable this requirement to be tendered. This decision was a Key Decision and was subject to call-in. The decision to award this contract is a consequential decision and is being published as Significant Operational Decision for transparency and is not subject to call in.
- 32 In line with the Council's constitution and the Council's Contract Procedure Rule 3.1.7, the Chief Officer Family Help (Children and Families) is authorised to approve the decision to award this contract to Family Ltd.
- 33 The procurement followed the Open Procedure of the UK Public Contract Regulations 2015 and complied with the Council's Contract Procedure Rules and was published on the Council's Yorkshire & Humberside tendering website "YORtender". The tender opportunity was also advertised on Governments "Contracts Finder" and "Find a Tender" websites.
- 34 In accordance with the Public Contract Regulations 2015, a standstill period will be observed before the Contract is awarded.
- 35 The information contained in Confidential Appendix 1 is considered confidential as this includes a detailed breakdown of tenderers scores and prices.

Options, timescales and measuring success

What other options were considered?

- 36 An in house-built system was attempted in 2016. This failed due to reliance on the in-house and now obsolete CCMS system which was unable to support the extra data and reporting.

37 Research was undertaken on several other systems already implemented by Leeds City Council including Synergy. None of these systems provided the functionality that is required to run a childcare nursery business.

38 Some excel spreadsheet systems are currently being used to support business management but these are not real time systems and therefore cannot provide the functionality required.

How will success be measured?

39 Success will be measured by:

- The provision of a new Nursery Business Management System that is both PSN and GDPR compliant and supports the Council in carrying out its statutory duties.
- Savings delivered through rationalisation of systems and streamlining business processes.
- Smarter business operation through effective childcare provision and maximising income.

What is the timetable and who will be responsible for implementation?

40 The implementation of the new Nursery Business Management System will commence upon contract award. The roll-out plan to the 24 Nurseries will be considered as part of the implementation planning. It is envisaged that this will be phased with a current anticipated completion date for full go-live by Autumn 2023. It should be noted, however, that this timescale is dependent on sufficient Council resources being allocated to support the implementation.

41 The implementation will be managed by a Project Team, led by a Project Manager and supported by members of both the Early Years Service and Integrated Digital Service.

Appendices

- Confidential Appendix 1- Detailed Price and Score Breakdown. This document is exempt from publication under the Access to Information Procedure Rule 10.4 (3).

Background papers

- None