

To be attached to Approval to Proceed to Tender (Form A) for service contracts above £75,000 and works contracts above £499,999 or Cabinet Report (if over £750,000)

PS/2015/905

Tilbury Nursery Commissioning

1 INTRODUCTION AND BACKGROUND TO THE PROPOSED COMMISSIONING EXERCISE/TENDER

The local authority has a statutory duty as a part of the Childcare Act 2006 to secure sufficient early education and childcare locally. This does not have to be operated by the local authority and the majority of early years and childcare in Thurrock is provided through the private and voluntary sector.

In Tilbury two day nurseries, Little Pirates and Neptune Nursery are operated by the local authority, these are the only ones in Thurrock to be managed in this way. There is high demand for places at the nurseries and they are of high quality with Little Pirates rated as good by Ofsted and Neptune Nursery rated as outstanding

Due to ongoing sustainability issues the intention, subject to agreement, is to commission out these nurseries to the private and voluntary sector. This commissioning report relates to that intention.

Neptune Nursery in Tilbury Riverside and Thurrock Park ward is accommodated in Tilbury Children's Centre as an integral part of the building, it is registered for a maximum of 37 early education and childcare places. Little Pirates is a stand-alone building based in Tilbury St Chads ward and is registered for a 52 early education and childcare places with additional provision for after school care.

2 BUSINESS CASE

The nurseries, whilst working towards becoming traded units, have been supported through shared management and also through the local authority funding backroom support functions and training. Recent changes in funding levels and the re-organisation of the children's centres mean that this is no longer possible in the long term.

Officers have been working to identify a suitable method to secure the long term sustainability of the nurseries to ensure that the provision of high quality early years and childcare provision continues for parents and that the local authority continues to meet its duties under the Childcare Act 2006.

In the report to Cabinet on Shaping the Council and Budget Progress presented to Cabinet in August 2014 proposals to consult on the commissioning out of the local authority run nurseries in Tilbury were presented and agreed, this consultation has now been undertaken.

Considerable work has been undertaken with regard to the financial sustainability of the nurseries over recent years with the aim of developing an operating surplus to cover the costs currently subsidised by the local authority. From this work officers have determined that the long term sustainability of the nurseries is not secure whilst operated by the local authority due to high costs and that in order to protect services

for parents they would be best provided through commissioning them out to the private or voluntary sector as this sector has a proven track record of managing early years and childcare services on a sustainable basis.

An estimate of the projected income and expenditure for 2015/16 based on the current year has been produced to provide an outline of the financial position for both nurseries as funding for support functions reduced, this is as follows:

Nursery	Expenditure (£)	Income (£)	Projected shortfall (£)
Neptune	379,578	317,323	62,255
Little Pirates	361,798	299,665	62,133

Income is received from parental fees, early education funding for two, three and four year olds and for places funded as a part of a support package for example where the child is subject to a child protection plan.

Savings from management and backroom support have already been included in changes to children's centres and locality services however as highlighted in the report to Cabinet in August, a saving of £82,000 is anticipated through lease income which would be assessed on a commercial basis in line with other nurseries operating out of local authority premises.

If agreed, when commissioning the nurseries out the opportunity offered will be the business opportunity to operate them on a traded basis and therefore the local authority will not provide funding to do this over and above the income that all early years and childcare providers in the borough receive for example through the funding for early education for two, three and four year olds.

Access to good quality early education and childcare is proven to improve attainment levels and development in all children, this is particularly enhanced in areas with high levels of deprivation. Given the levels of need in the Tilbury area, these proposals will support increasing attainment and a narrowing of the gap in educational outcomes. In addition the area has high levels of child poverty and economic disadvantage and the nursery provides childcare provision to enable parents to access work and training.

INSERT DETAILS OF CONSIDERATION TO ECONOMIC, SOCIAL OR ENVIRONMENTAL WELLBEING DURING PRE-PROCUREMENT STAGE.

PLEASE SET OUT BRIEFLY HOW ANY SERVICES PROCURED MIGHT IMPROVE THE ECONOMIC, SOCIAL AND ENVIRONMENTAL WELLBEING OF THE AREA OVER WHICH THEY HAVE RESPONSIBILITY AND HOW THE COUNCIL WILL CONDUCT THE PROCESS OF PROCUREMENT APPROPRIATELY TO SECURE THE BENEFITS IDENTIFIED.

Insert details of the estimated previous spend on this Service. Information relating to estimated future financial spend on this Service will be contained in the exempt part of this report to ensure parties to the tender process provide an unbiased estimate of their fees therefore ensuring the council achieves Best Value.

Note – Officers should contact Finance for details of an appropriate Business Case format.

Financial Summary:

2.1 Details of previous spend

An estimate of the projected income and expenditure for 2015/16 based on the current year has been produced to provide an outline of the financial position for both nurseries as funding for support functions reduced, this provides an outline of previous spend and income levels. This is as follows:

Nursery	Expenditure (£)	Income (£)	Projected shortfall (£)
Neptune	379,578	317,323	62,255
Little Pirates	361,798	299,665	62,133

Income is received from parental fees, early education funding for two, three and four year olds and for places funded as a part of a support package for example where the child is subject to a child protection plan.

2.2 Details of Estimated Contract Cost

See Exempt Schedule 1

3 DRAFT SPECIFICATION

Neptune Nursery is accommodated in Tilbury Children's Centre as an integral part of the building, it is registered for a maximum of 37 early education and childcare places. Little Pirates is a stand-alone building based in Tilbury St Chads ward and is registered for a 52 early education and childcare places with additional provision for after school care.

The specification will set out the expectation that the current levels of places are maintained as a minimum for 48 weeks per annum with operating hours a minimum of 8am - 6pm.

Quality standards set by Ofsted will provide the specification with regards to quality used and it will be a requirement of the contract that the standard is maintained as good or better as judged by Ofsted. .

4 DRAFT TIMELINE

KEY EVENT	DATE
Publication of Contract Notice	Est 18/03/15
Issue PQQs <i>[Omit if not applicable]</i>	Est 18/03/15
Evaluation of PQQs <i>[Omit if not applicable]</i>	Est 04/05/15
Issue of Invitation to Tender	Est 25/05/15
Pre-Submission Clarification Meetings <i>[Omit if not applicable]</i>	N/A
Closing date for Tender submissions	Est 08/07/15
Post-Submission Clarification Meetings <i>[Omit if not applicable]</i>	N/A
Interviews <i>[Omit if not applicable]</i>	Est 03/08/15
Notification of result of evaluation	Est 21/08/15
Standstill period	Est 24/08/15 - 07/09/15
Expected date of award of Contract	Est 08/09/15
Contract Commencement	Est 01/12/15

The proposed timetable above is in draft form only; it is subject to change and is provided by way of guidance only. The Council's Responsible Officer will be updating and developing this working with Procurement Services.

The timeline is set to ensure that the changes are achieved in the next financial year whilst maintaining continuity of care for the children and parents using the nurseries.

5 **PROJECT MANAGEMENT ARRANGEMENTS**

5.1 **Users/Stakeholders involvement and Communication Plans**

Consultation has been undertaken regarding the changes with staff and parents

5.2 **Risk and Opportunity Assessment and Register**

See Exempt Schedule 3

5.3 **Contingency Plans**

See Exempt Schedule 3

5.4 **Project Management Record Keeping Procedures (which must comply with the Council's documentation retention policy)**

The record keeping procedures will comply with the Council's Document Retention Policy. In line with this, the procedure for procurement documentation which will be held by and managed by procurement as a part of this project is as follows:

Tenders:

Pre tender advice - destroy 7 years after contract let or not proceeded with
Tender for contract under seal - destroy 12 years after the term of the contract has expired

Unsuccessful tenders - destroy 1 year after start of contract

Contracts:

Ordinary contracts - destroy 7 years after the term of the contract has expired
Contracts under seal - destroy 12 years after the term of the contract has expired

Post tender negotiation - destroy 1 year after the term of the contract has expired

Service level agreements, compliance reports, and performance reports - destroy 2 years after the term of the contract has expired

New contracts will be registered by procurement and retained by the legal department

6 CONTRACT MANAGEMENT ARRANGEMENTS

6.1 Users/Stakeholders involvement and Communications Plans

User feedback will be sought as part of the ongoing monitoring of the contract

6.2 Risk and Opportunity Assessment/Register

See Exempt Schedule 4

6.3 Contingency Plans (including Civil Contingency Plans)

See Exempt Schedule 4

6.4 Proposed Arrangements for Post Contract evaluation

Post contract evaluation will be undertaken jointly through the Commissioning team and School Improvement team as an integral part of the contract management process

6.5 Proposed Contract Management (including Monitoring arrangements)

This will include regular reviews of quality standards, consideration of Ofsted reports and an annual review of the service offered.

6.6 Contract Management Record Keeping Procedures

The provider will need to comply with the Data Protection and Freedom of Information legislation and the Councils Document Retention Policies. In addition clear requirements of the level of information to be collected to support the contract management process will be provided.

7 Procurement Implications

Procurement

Implications verified by: Susan Isaac
Telephone 01375 652750
email sisaac@thurrock.gov.uk

The estimated value exceeds the EU threshold for Services, consequently requires an EU compliant competitive tendering process to be followed, alongside the Council's constitutional and best value duties.

Procurement Services recommend that this contract be awarded on the basis of MEAT i.e. awarded to the most economically advantageous tender, taking into account both price and qualitative responses.

EXEMPT SCHEDULE 1

8 Financial Summary

Estimated Total Cost:	This is an opportunity to trade for five years with an estimated business value of approx £650,000 per annum. There is no contract cost to the Council therefore budget has not been identified.				
Recommended Tenderer :	A full procurement exercise will be undertaken				
Costs not shown below as there is no cost to the Council					
Breakdown of Estimated Contract Cost	14/15 £000's	15/16 £000's	16/17 £000's	Later £000's	Total £000's
Contract	0	0	0	0	0
Fees	0	0	0	0	0
Other (Specify)	0	0	0	0	0
Total Cost	0	0	0	0	0
Is the proposed Tender budgeted In the current Approved Capital and Revenue programme? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
Funding Identified	14/15 £000's	15/16 £000's	16/17 £000's	Later £000's	Total £000's
1. Revenue Budget <Specify Code>	0	0	0	0	0
2. Capital Budget	0	0	0	0	0
Supported Borrowing	0	0	0	0	0
Unsupported Borrowing (see note below)	0	0	0	0	0
Grant	0	0	0	0	0
Capital Receipts	0	0	0	0	0
Other	0	0	0	0	0
Total	0	0	0	0	0
<i>Note: If supported borrowing is to be used, please show under other financial implications how revenue savings can be made to fund the financing costs.</i>					
Other Financial Implications:					
None					

EXEMPT SCHEDULE 2

9 DRAFT EVALUATION CRITERIA

The evaluation will be based on financial planning / price 30% and quality 70% (5% of which will be interview based)

Please note that the above evaluation criteria is in draft form only; it is subject to change and is provided by way of guidance only. The Council's Responsible Officer will be amending and developing the evaluation criteria in conjunction with Procurement Services as the tendering exercise progresses.

EXEMPT SCHEDULE 3

10 RISK AND OPPORTUNITY ASSESSMENT AND REGISTER
Relating to the proposed tendering exercise

Risk	Likelihood	Impact	Level of Risk. High or Lower	Potential Negative Impact	Management and Mitigation of Risk
	A. Very High B.High C.Significant D.Low E.Very Low F.Almost Impossible	I. Critical II. Significant III. Marginal IV. Negligible	High – AI,BI,AII,BI,BII, CII Lower = Other		
Time - procurement timeline not met	D	II	Low	Financial implications due to delays	Clear project plan with slippage built into timeline
Limited response from potential providers	C	II	High	Nurseries become unsustainable	Provider events to be held to reduce risk

Contingency Plans

As the current provision is managed and operated through the local authority any risks to childcare place availability will be managed by continuing to operate with the current model in the short term. Financial risks will be managed by close monitoring.

EXEMPT SCHEDULE 4

11 RISK AND OPPORTUNITY ASSESSMENT AND REGISTER
Relating to the ongoing provision of works/services under the contract

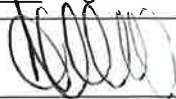
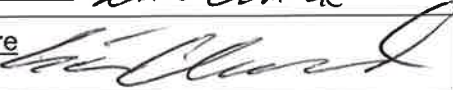

Risk	Likelihood A. Very High B.High C.Significant D.Low E.Very Low F.Almost Impossible	Impact I. Critical II..Significant III.Marginal IV.Negligible	Level of Risk. High or Lower High – AI,BI,AII,BI,BII, CII Lower = Other	Potential Negative Impact	Management and Mitigation of Risk
Quality levels not maintained	D	II	low	Poor quality early years and childcare	Monitoring and quality arrangements in place to identify problems early
Nurseries become unsustainable	D	II	Low	Nursery closes	Monitoring of take up of places will identify issues early and enable support to be offered

Contingency Plans

Support will be offered through the school improvement processes already in place with all providers across Thurrock. These have proven to be effective in maintaining high quality provision, in addition the Childcare Sufficiency Officer can provide support and advice regarding sustainability issues.

EXEMPT SCHEDULE 5

12 CONFIRMATION FROM LEGAL, FINANCE AND PROCUREMENT


Commissioning Report (Responsible Officer should sign section 13 below, and then pass to Legal, Procurement and Finance services to sign off below that they have been consulted and agree with the Commissioning Report insofar as it relates to their respective areas)	
Confirmed by Legal insofar as it relates to Legal implications	
<u>Officers Name</u> Angie Willis	<u>Date</u> 15.1.15
<u>Signature</u> 	
Confirmed by Finance insofar as it relates to Finance implications	
<u>Officers Name</u> SEAN CLARK	<u>Date</u> 15/1/15
<u>Signature</u> 	
Confirmed by Procurement Services insofar as it relates to Procurement implications	
<u>Officers Name</u> Susan Isaac	<u>Date</u> 15/01/2015
<u>Signature</u> 	

EXEMPT SCHEDULE 6

13 CONFIRMATION BY THE RESPONSIBLE OFFICER THAT RULE 5 OF THE CONTRACT PROCEDURE RULES HAS BEEN/WILL BE MET

The Responsible Officer Insert Name confirms that Insert Project Name has been carried out in accordance with Rule 5 of the Councils Contract Procedure Rules (Chapter 9, Part 2 of the Constitution) and in particular the following duties have been/will (as appropriate) be met by the Responsible Officer

<p>The Responsible Officer has or will ensure duties have been met (Re 5.3 of the Contract Procedure Rules)</p>	<p><i>Responsible officer must tick this box and sign below to confirm compliance</i></p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>If no, please explain here</i></p>
<p>IN PARTICULAR:</p>		
<p>Compliance will occur with all regulatory or statutory provisions and the Councils decision making requirements</p>		<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>If no, please explain here</i></p>
<p>Inclusion on Council's Contract Register</p>	<p><i>Responsible Officer must inform Procurement Services of the contract so that Procurement Services can update the Register</i></p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Value for Money will be achieved</p>	<p><i>Give details eg most economically advantageous tender awarded?</i></p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>The tender that best provides a sustainable high quality early years and childcare environment will be awarded</i></p>
<p>Advice has or will be sought from Director of Finance & Corporate Governance as to appropriate security (bond/guarantee) required</p>	<p><i>Please provide details of any bond/guarantee required</i></p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>If no, please explain here</i></p>
<p>Document Retention Policy has/will be complied with</p>	<p><i>Council's Document Retention Policy (ie for tender and contract documents) is available on inform</i></p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>

Financial evaluation will be made of the proposed tenderers including the winning tenderer/proposed contractor	<i>Required for all tenders over £75,000</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Advice has been and will be sought and followed from Procurement, Finance and Legal Services	<i>If no, this request will require reconsideration</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
The Responsible Officer confirms that this project will be carried out in accordance with Rule 5 of the Councils Contract Procedure Rules (Chapter 9, Part 2 of the Constitution) and in particular the above duties have been/will (as appropriate) be met by the Responsible Officer	<i>Responsible Officer (Responsible Officer should sign here and then pass to Legal, Finance and Procurement to sign it off in section 6 above)</i>	Name Ruth Brock Signature  Date 15/1/15

