

Early Years and Childcare Contracts 2025-2026

- To: Children and Young People Committee
- Meeting Date: 14 January 2025
- From: Executive Director of Children, Education and Families
- Electoral division(s): Waterbeach, Hardwick, Warboys and the Stukeleys, Ramsey and Bury, Sawtry and Stilton, Littleport, Roman Bank and Peckover
- Key decision: Yes
- Forward Plan ref: 2025/015
- Executive Summary: This paper seeks approval from Children and Young People's Committee to award contracts, which exceed the key decision threshold of 500k, to deliver early years and childcare provision through the Pseudo Dynamic Purchasing System (PDPS).
- Recommendation: Delegate responsibility for awarding and executing the contracts for the provision of early years and childcare in the financial year April 2025 – April 2026, and extension periods, to the Executive Director for Children, Education and Families, in consultation with the Chair and Vice Chair of the Children and Young People Committee.
- a) A five-year contract (with the potential to extend for five years) for early years provision at Burgess Road, Waterbeach, valued at £1,833,120 (5+5 years)
 - b) A five-year contract (with the potential to extend for five years) for early years provision at Limes Road, Hardwick, valued at £1,985,880 (5+5 years).
 - c) A five-year contract (with the potential to extend for five years) for early years provision at Upwood Primary Academy, Upwood, valued at £2,902,440 (5+5 years).
 - d) A five-year contract (with the potential to extend for five years) for early years provision at School Lane, Ramsey, Huntingdon, valued at £2,749,680 (5+5 years).
 - e) A five-year contract (with the potential to extend for five years) for wraparound provision at Stilton Primary School valued at £597,816 (5+5 years).
 - f) A five-year contract (with the potential to extend for five years) for early years provision at Grange Lane, Littleport valued at £3,819,000 (5+5 years).
 - g) A five-year contract (with the potential to extend for five years) for early years provision at 9 Main Road, Parson Drove, Wisbech, valued at £1,222,080 (5+5 years).

h) f) A five-year contract (with the potential to extend for five years) for early years provision at Murrow Bank, Murrow, Wisbech St Mary, valued at £2,291,400 (5+5 years).

Voting arrangements: Co-opted members are eligible to vote on this report.

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1. Creating a greener, fairer and more caring Cambridgeshire

1.1 This report relates to two of the Council's ambitions:

- Ambition 6: Places and communities prosper because they have a resilient and inclusive economy, access to good quality public services and social justice is prioritised.
- Ambition 7: Children and young people have opportunities to thrive

2. Background

2.1 The Childcare Acts (2006 and 2016) place a duty on local authorities to secure sufficient and suitable quality early education and childcare places to enable parents to work or to undertake education or training which could lead to employment.

2.2 Awarding the contracts listed in Table 1 ensures the Council continues to be compliant with this statutory duty.

2.3 In November 2021, a paper was presented to the Children and Young People's (CYP) Committee seeking permission to establish a framework for early years' providers. The resulting Pseudo Dynamic Purchasing System (PDPS) allows the local authority (LA) to operate a process like a framework, but with the additional flexibility to allow childcare providers to join annually.

2.4 To date, 34 providers have successfully joined the PDPS. Applications to join will be invited again later this month (January 2025). The documentation to join has recently been reviewed in response to feedback from providers who expressed that it would be beneficial for this to be simplified. We will also be holding online events for providers to join on multiple dates throughout the application window so that additional support can be provided. This approach has received positive feedback in previous rounds.

2.5 So far, seven contracts have been successfully renewed through the PDPS. This includes:

- Sessional provision at Arbury Primary School, Arbury
- Sessional provision at Oakington Primary School, Oakington
- Sessional provision at The Community Centre, Kester Way, St Neots
- Sessional provision at The Round House Primary Academy, St Neots
- Sessional provision at St John's C of E Primary School, Huntingdon
- Sessional provision at Growing Places Children's Centre, Sutton
- Full Day Care provision at Northstowe Education Campus

2.6 Four further contracts have been advertised and are in the process of being moderated prior to award.

2.7 All Council-owned properties being let to third parties for early years and childcare will be advertised through the PDPS except for the following two scenarios:

- Schools where the age range has been changed to accommodate early years provision: In this case, any additional accommodation provided is utilised to ensure that the school can fulfil its offer. A service agreement is not put in place and a call off through the PDPS is not required. If the school then chose to increase its age range, removing the early years provision, this would revert to the PDPS process.

- Providers who do not have exclusive use of the space and are utilising a classroom or school hall: In this case, providers are likely to have a licence in place. The school will be asked to consider whether they wish to procure services using their school's policies or advertise through the PDPS. Both are permitted.

2.8 This paper sets out the opportunities which officers intend to advertise through the PDPS in the coming financial year (April 2025 – April 2026), in recognition that each opportunity exceeds the key decision threshold and therefore requires Committee approval.

3. Main Issues

3.1 Officers from the Education Capital and Place Planning Team have reviewed all early years and childcare contracts operating from Council-owned premises with colleagues from the Strategic Assets Team. A four-year cycle has been put together to ensure all properties utilised for early years and childcare can be reviewed as part of the PDPS process during this period to ensure the Council is compliant with procurement regulations.

3.2 The incumbent providers of the premises outlined in Table 1 have no agreement in place, have an agreement that is due to expire or are on a rolling tenancy at will. For this reason, they have been prioritised for call off in 2025-2026.

Table 1: Contract values (April 2025- April 2026)

Location	Type	Reason	Term	Value (5 years)	Value (5 years + extension)*
Burgess Road, Waterbeach, CB25 9ND	Early Years	Tenancy at Will	5 years	£916,560	£1,833,120
Limes Road, Hardwick, Cambridge, CB23 7RE	Early Years	Tenancy at Will	5 years	£992,940	£1,985,880
c/o Upwood Primary Academy, Upwood, Huntingdon, PE26 2QA	Early Years	Lease due to expire 02/07/26	5 years	£1,451,220	£2,902,440
School Lane, Ramsey, PE26 1AF	Early Years	Tenancy at Will	5 years	£1,374,840	£2,749,680
c/o Stilton Primary School, Church Street, Stilton, PE7 3RF	Wraparound care	No agreement in place	5 years	£298,908	£597,816
Grange Lane, Littleport, CB6 1HW	Early Years	No agreement in place	5 years	£1,909,500	£3,819,000
9 Main Road, Parson Drove, Wisbech, PE13 4JA	Early Years	Tenancy at Will	5 years	£611,040	£1,222,080
Murrow Bank, Murrow, Wisbech St Mary, PE13 4HD	Early Years	Tenancy at Will	5 years	£1,145,700	£2,291,400

* The total value during the contract term including any extension options.

3.3 The contract values detailed above have been calculated based upon the current funding rates in Cambridgeshire and the opening hours for the service in question. They will be adjusted, if required, within the specification prior to call off if funding rates change. They provide the estimated income for any potential provider, excluding any expenditure or rental

fees for the property, if operating at capacity within each setting.

- 3.4 Prior to advertising each opportunity, a property surveyor will carry out a market valuation of the property to determine a suitable rental income. This will then form part of the specification for the provision, although will act as a guide only. The evaluation and moderation of applications is weighted upon quality, as opposed to income received. Where two providers score equally on quality, the bidder who can offer the highest rent will be awarded the contract. The income received from these properties is pooled centrally and contributes to the maintenance of all Council assets.
- 3.5 Funding for early years places is made by the Council as part of the early years single funding formula, from the early years block of the Dedicated Schools Grant. It is not therefore a cost to the Council's core budget. The funding allocation is based on the number of hours of childcare provided. Additional payment may be made by parents to cover the cost of places not funded by the government.

4. Alternative Options Considered

- 4.1 Two options have been considered. These are outlined below.

Do nothing: Proceeding with this option would mean that opportunities would not be advertised in the required timescales which would breach procurement regulations. This option would pose a risk to the Council as without a formal contract in place, providers could exit at short notice which could result in a lack of childcare provision in the short term. This may hinder the Council's ability to meet its statutory duties to ensure sufficient early years and childcare provision to enable parents to work or to undertake education or training which could lead to employment. As a result, this option has been discounted.

Tender each opportunity on an individual basis: The PDPS was introduced in 2022 as an alternative to carrying out individual tenders. Individual tenders can be time-consuming, and do not always reach the intended audience. Whilst it is possible to revert to this process, the PDPS is considered the preferred route for advertising any new opportunities. As this is not deemed the most efficient way to advertise opportunities and identify suitable providers for early years and childcare provision, this option has also been discounted.

5. Conclusion and reasons for recommendations

- 5.1 To ensure that the Council can meet its statutory duty in relation to early years and childcare, it must ensure sufficient and suitable quality early education and childcare places to enable parents to work, or to undertake education or training which could lead to employment. Whilst Councils are not expected to provide childcare directly, they are expected to work with local private, voluntary and independent sector providers to meet local demand.

There are several Council-owned properties which are utilised for early years and childcare provision, including but not limited to, schools, former caretaker properties and community buildings. The early years' facilities within them are retained by the Council to ensure longevity of the service from the location.

To ensure that the Council is compliant with procurement regulations, and to enable contracts to run most effectively, these opportunities must be advertised to ensure the

service offered meets the requirements of the local community and achieves best value for money. The PDPS process enables a streamlined method of selecting the most suitable provider, while minimising gaps in provision for Cambridgeshire's families.

6. Significant Implications

6.1 Finance Implications

Prior to advertising each opportunity, a property surveyor will carry out a market valuation of the property to determine a suitable rental income. Each opportunity will therefore generate an income for utilising the space and will be shared with the Executive Director for Education for agreement prior to contract award.

The estimated spend relating to early years and childcare places will be funded from the early years single funding formula, from the early years block of the Dedicated Schools Grant which is based on actual take-up.

6.2 Legal Implications

The Public Contracts Regulations 2015 will continue to apply to all contracts whose procurement is commenced before 24 February 2025, which includes the PDPS.

As the opportunities identified within this paper are valued to be in excess of 500k, they are deemed a key decision and must receive Committee approval prior to call off.

6.3 Risk Implications

If agreement is not reached by Committee to call off for the PDPS for the opportunities outlined in this paper, contracts will not be able to be advertised. This would either mean that contracts would be extended without a competitive award process, and would therefore be in breach of procurement regulations, or contracts would be terminated which is likely to result in a lack of early years and childcare provision for Cambridgeshire residents.

Contracting authorities must meet their contractual requirements for services by means of an advertised competitive contract award process that is based on objective, relevant and proportionate criteria. The PDPS process mitigates this risk.

6.4 Equality and Diversity Implications

An equality impact assessment (EqIA) has been completed (CCC655501747) and mitigations have been identified to address any concerns and, overall, the process is expected to have a positive impact to ensure fairness and consistency throughout the process.

6.5 Climate Change and Environment Implications

Social values questions will be incorporated as part of the call off process and will be scored according to a demonstratable commitment to climate change. This will enable the Council to assess how climate change will be incorporated into the provider's ethos and

curriculum and the strategies that they intend to put in place to promote sustainable transport for both staff and children.

Incorporation of these scored questions will ensure that contracts are awarded to providers who share a commitment to a greener, fairer and more caring Cambridgeshire, and will contribute to the Council's ability to achieve its target to reduce its supply chain emissions (all scope 3 emissions) by 50% by 2030 from a baseline of 2018.

In addition, providers who are awarded contracts through the PDPS will be asked to sign the Council's Carbon Charter to confirm their commitment to working with the local authority to achieve its environmental ambitions and Net Zero targets.

7. Source Documents

None

