

Early Years Pseudo Dynamic Purchasing System

To: Children and Young People's Committee

Meeting Date: 11 October 2022

From: Executive Director: People & Communities

Electoral division(s): Arbury, Longstanton, Northstowe & Over, St Neots East & Gransden

Key decision: Yes

Forward Plan ref: KD2022/104

Outcome: As a result of this report, the Committee will be aware of the process of the Pseudo Dynamic Purchasing System (PDPS) and how it will operate to support the Council to meet its statutory sufficiency duty to ensure sufficient Early Years (EY) and childcare places across the County.

With endorsement of the recommendations, officers will be able to initiate call offs from the PDPS and subsequently award contracts to secure new childcare providers where needed across the County.

Recommendation: The Committee is recommended to:

- (a) Delegate 'Authority to Award' to the Director of Education, in consultation with the Chair and Vice Chair of the Children and Young People Committee, when deciding which providers meet the criteria to join the Pseudo Dynamic Purchasing System (PDPS).
- (b) Delegate authority to the Director of Education, in consultation with the Chair and Vice Chair of the Children and Young People Committee, to approve that call offs can be made from the Pseudo Dynamic Purchasing System when an opportunity arises at short notice, and currently including, but not limited to:
 - Arbury Pre-School
 - The Round House Primary Academy in Loves Farm, St Neots.
 - The Community Centre, Kester Way, Loves Farm, St Neots.
 - The mobile located on Oakington Primary School
- (c) Delegate authority to the Director of Education, in consultation with the Chair and Vice Chair of the Children and Young People Committee, to award contracts when a call off from the PDPS has been made and the most suitable provider has been identified.

Voting arrangements: Co-opted members of the Committee are eligible to vote on this item.

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Member contacts:

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1. Background

1.1 The Council's Statutory Duties

The Childcare Act 2006 places specific sufficiency duties upon Local Authorities (LAs), including to secure:

- sufficient and suitable childcare places to enable parents to work, or to undertake education or training which could lead to employment;
- sufficient and suitable early years places to meet predicted demand; and
- free early years provision for all 3- and 4-year-olds of 15 hours per week 38 weeks per year (570 hours per year).

1.2 The Education Act 2011 extended LAs' duties to include an entitlement of 570 hours of free early education per year for eligible two-year olds, from the term following their second birthday.

1.3 The Childcare Act 2016 further extended LAs' duties such that, since September 2017, children aged three and four from working families who meet the qualifying criteria (Appendix 1), have been entitled to an additional 570 hours of free childcare, providing them with a total of 1040 hours of free childcare (equivalent to 30 hours per week for 38 weeks per year).

1.4 Funding for these places is made by the Council to Early Years (EY) providers as part of the EY single funding formula, from the EY block of the Dedicated Schools Grant (DSG). The funding allocation is based on the number of childcare hours provided.

1.5 In November 2021 a paper was presented to the Children and Young People's (CYP) Committee seeking permission to establish a framework for EY providers. The resulting PDPS allows the LA to operate a process similar to a framework but with additional flexibility to allow childcare providers to join annually.

1.6 It is intended that the PDPS will be used to identify childcare providers to provide EY and childcare where a lease or licence has come to an end and the opportunity needs to be made available to the market. Additionally, a call off can be carried out if a childcare provider were to close at short notice and a new provider is required urgently to prevent a gap in the delivery of EY for families. (a full explanation of how the PDPS operates can be found in **Appendix 1**).

1.7 Applications to join the PDPS opened 17th July 2022 and closed on 20th September 2022. (The full list of dates can be found in **Appendix 2**). In total 21 completed applications were received and were assessed by panels of officers from the Education Place Planning Team and Early Years' Service. A moderation exercise is currently being undertaken to identify which applications meet the criteria required to join the PDPS.

2. Approval of providers onto the PDPS

2.1 The Approval to Award document (**Appendix 3**) provides details of the:

- reason for the tender,
- the process that was followed and the
- evaluation criteria.

It also includes details of the applications received and those which are recommended for approval.

- 2.2 Approval of the 'Authority to Award' is required to be able to accept providers onto the PDPS. The 'Authority to Award' document is completed following the evaluation of the applications and as it is a commercially sensitive document, it is not presented fully completed for consideration by CYP Committee. It is, however, requested that authority to approve is delegated to the Director of Education.

3 Call offs from the PDPS

- 3.1 In the last 12 months, a number of tenders have been brought to the attention of the Committee, with a request for approval, which has been granted. The settings that have already been approved for tender are;
- Arbury Pre-school, approved at CYP Committee 14th September 2021
 - The Round House Pre-school, approved at CYP Committee 1st March 2022
 - Kester Pre-school, approved at CYP 1st March 2022
- 3.2 Due to the number of settings which are required to go through the tender process, the considerable time required to carry out such processes for both the childcare provider and officers and the progress of the PDPS, the tenders listed above, were delayed until its completion. This will enable childcare providers to apply for multiple opportunities without the need to complete full tender documents every time.
- 3.3 In addition to the settings listed above, officers recommend that a venue in Oakington, previously used for EY is also added to the first call offs. The mobile located on Oakington Primary School site was used for EY until July 2020. Following a number of enquiries as to the availability of the mobile for EY use, officers invited expressions of interest (EOI) from any individuals or companies interested in the venue. A total of 19 EOIs were received. As there is a full day care setting on the edge of Oakington village, potential EY providers would be required to carry out their own research to ensure that they were confident that a sustainable EY setting could be established at this location.
- 3.4 It is anticipated that the value of the majority of childcare settings requiring a call off will be over the £500,000 threshold for key decisions.

4 Value of PDPS

- 4.1 There are currently approximately 80 childcare settings located in Council buildings across the county. Officers have calculated the average value of a contract for one EY setting as £181,279/year. When considering all 80 settings over a 5 year period the potential value of the PDPS over 5 years, when considering the number of places offered at each of the 80 childcare setting, is in the region of £55,796,743.
- 4.2 It is important to consider that the funding for EY places is made by the Council as part of

the Early Years (EY) single funding formula, from the EY block of the Dedicated Schools Grant and as such is not a cost to the Councils 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.

- 4.3 The maximum potential value of call offs listed above has been calculated and can be found in table 1 below.

Table 1

Location	Potential value /1 year	Potential value /5 years
Arbury Pre-school,	£173,565.00	£867,825.00
The Round House Pre-school	£283,489.50	£1,417,447.50
Kester Pre-school	£138,852.00	£694,260.00
Oakington	£161,994.00	£809,970.00

5 Forward planning for the PDPS

- 5.1 Approximately 80 EY settings have been identified as delivering childcare from LA buildings in Cambridgeshire, many of which will require a call off on the framework. Officers are currently reviewing the number of settings and the current lease/licence arrangements to determine which settings will require call off. Once this work has been completed, officers will create a forward plan which identifies which settings will be called off the framework and seek approval for this from CYP committee annually.
- 5.2 It is recognised that this process is challenging for many EY providers, who have not been required to present applications in this way previously. In recognition of this, officers have ensured that there has been regular communication with childcare providers about the process, including numerous virtual events where officers have shared information on the application process and invited questions from providers. A forward plan would also allow notice for childcare providers in the County to ensure that they had sufficient time to join the PDPS and prepare, should their existing setting, or one they have an interest in, become available
- 5.3 It is also planned that the PDPS should be used to identify EY providers when a setting closes at short notice. Due to the challenges in the childcare market currently we have experienced a number of settings that have closed with very little notice to the LA or families. For this reason, it is recommended that the Director of Education has delegated approval for call offs and is able to award the contract in such circumstances.

6. Alignment with corporate priorities

- 6.1 **Environment and Sustainability**
Providing local EY provision may result in a reduced need to travel as parents will be able to walk to their local EY setting.
- 6.2 **Health and Care**
High quality early years provision plays a role in caring for and safeguarding all children who access it. The provision referred to within the report covers EY education for funded 2-year olds, 3- and 4-year olds and childcare for the children of working families.

6.3 Places and Communities

This report relates to early years provision within the community. This supports parents to access childcare close to home and therefore reduces the need to travel and builds community cohesion.

6.4 Children and Young People

This corporate priority is explicit throughout the report as it relates to early years children gaining access to early years education which will support their learning and development. This is key to securing optimal outcomes for all children, as well as supporting their wellbeing and playing an important role in safeguarding them.

6.5 Transport

This report intends to support parents to access childcare close to home and thus reduce the need to travel.

7. Significant Implications

7.1 Resource Implications

There are no significant implications within this category.

7.2 Procurement/Contractual/Council Contract Procedure Rules Implications

The Council's Procurement Service has advised at every stage in the development of the PDPS.

The process to seek a new provider, set out in **Appendix 1**, would be undertaken in line with the Council's procurement procedures.

7.3 Statutory, Legal and Risk Implications

The report above sets out the implications for this priority in paragraph 1.1, 1.2, and 1.3,

7.4 Equality and Diversity Implications

Sufficient good quality early years provision is essential in securing better outcomes for all groups within the community.

7.5 Engagement and Communications Implications

Support will be provided to both the existing and new providers to ensure that parents remain fully informed throughout the process and are aware of the changes.

7.6 Localism and Local Member Involvement

The Local Members for the settings identified in the body of this the have been fully briefed on this matter.

7.7 Public Health Implications

The following bullet points set out details of significant implications identified by officers:

- There is good evidence that Early Years settings can do much to promote good nutrition and physical activity especially when habits are being formed.
- There are strong links between education and health.
- Improving school readiness is part of the Public Health Outcomes Framework
- Early Years settings contribute to one of the 4 priorities of the Integrated Health & Wellbeing strategy 'Ensure our children are ready to enter education and exit, prepared for the next phase of their lives'

- 7.8 Environment and Climate Change Implications on Priority Areas (See further guidance in Appendix 2):
This will depend on the successful childcare provider. Assurance relating to requirements for minimising carbon, will be sought via the social value questions in the tender.
- 7.8.1 Implication 1: Energy efficient, low carbon buildings.
Status: Neutral
Explanation: These services will operate from Cambridgeshire County Council premises and the successful provider will not have the ability to influence this.
- 7.8.2 Implication 2: Low carbon transport.
Status: Neutral
Explanation: There is no transport related to this tender.
- 7.8.3 Implication 3: Green spaces, peatland, afforestation, habitats and land management.
Status: Neutral
Explanation: There are limited outdoor spaces attached to these properties, assurance that it will be sought that it will be maintained in an appropriate manner.
- 7.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.
Status: Neutral
Explanation: There is limited opportunity to make a significant difference
- 7.8.5 Implication 5: Water use, availability and management:
Status: Neutral
Explanation: There is limited opportunity to make a significant difference
- 7.8.6 Implication 6: Air Pollution.
Status: Neutral
Explanation: There is limited opportunity to make a significant difference
- 7.8.7 Implication 7: Resilience of our services and infrastructure and supporting vulnerable people to cope with climate change.
Status: Positive
Explanation: Providers will be encouraged to influence those in their care about climate change and positive behaviour relating to this. This will help build resilience in our communities.

Have the resource implications been cleared by Finance? Yes
Name of Financial Officer: Martin Wade

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement? Yes
Name of Officer: Clare Ellis

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or Pathfinder Legal? Yes
Name of Legal Officer: Fiona McMillan

Have the equality and diversity implications been cleared by your EqIA Super User?
See Appendix 4 to follow.

Name of Officer:

Have any engagement and communication implications been cleared by Communications?
Yes

Name of Officer: Simon Cobby

Have any localism and Local Member involvement issues been cleared by your Service Contact? Yes

Name of Officer: Jon Lewis

Have any Public Health implications been cleared by Public Health?
Yes

Name of Officer: Raj Lakshman

If a Key decision, have any Environment and Climate Change implications been cleared by the Climate Change Officer?

Yes

Name of Officer: Emily Bolton

8. Source documents guidance

- 8.1 [Early education and childcare statutory guidance for local authorities \(Department for Education\) June 2018 \(publishing.service.gov.uk\)](#)

9. Accessibility

- 9.1 An accessible version of the information contained in the appendices to this report is available on request from penny.price@cambridgehsire.gov.uk

Appendix 1: Explanation of how the PDPS is likely to operate

1. The PDPS

- 1.1 The PDPS aims to identify a number of childcare providers with the relevant knowledge and experience to deliver childcare in the County when opportunities arise.
- 1.2 When the PDPS was opens for applications on ProContract, a is link provided on the Council's own webpage. Applicants are provided with the terms and conditions of the PDPS and an overview of the process of making a call on the PDPS.

The application stage also includes a specification document which sets out the Council's requirements for any individual or business interested in joining the PDPS. This includes requirements such as, but not limited to, childcare providers being expected to have experience of providing childcare and to have received a 'Good' or 'Outstanding' rating as a result of Ofsted inspections at existing settings.
- 1.3
- 1.4 Applicants are required to complete a selection questionnaire in order to be considered for the PDPS. This includes questions on the applicant company to ensure it meets the requirements of the Council. For example, ensuring any company applying is registered and has the correct insurances in place.
- 1.5 Once the application window has closed, the questionnaires are evaluated and vetted. This is the Council's opportunity to check that the applicant meets the standards set out in the specification and that the companies meet the requirements of the Council.
- 1.6 Applicants who meet the criteria set out in the specification and who have passed the vetting would be invited to join the PDPS. The PDPS will open for new applications annually.
- 1.7 Once successful, providers accepted onto the PDPS will be monitored to ensure they continue to meet the standards set out in the specification. For example, if a provider's Ofsted rating changes to a level that would fail the evaluation, we would not call upon them when making a call on the PDPS, until their Ofsted rating is considered acceptable, or until we are satisfied that appropriate measures are in place that address any concerns.

2. Call on the PDPS

- 2.1 When a building which is owned by the Council and is used for childcare is due for retender, procurement will put a call on the PDPS to identify interest. This call would usually take the form of a mini competition which would include a short specification and a few questions. Interested childcare providers will then be scored, most likely against the requirements of the call and quality, to determine which provider would be offered the childcare opportunity.
- 2.2 Should the Council be faced with the closure of a setting at short notice, a call on the PDPS could identify a childcare provider who has the ability to respond quickly

and establish a new childcare setting at short notice, thus saving time on tendering and also reducing the gap in provision for children and families.

- 2.3 Alternatively, it is possible to directly award a contract to providers who we know can deliver and provide the required childcare. This may be an option when childcare is required within a very short timescale.
- 2.4 The contract for each opportunity would be agreed for a period of time, such as 5 years, regardless of the term that the PDPS had left to run.

Appendix 2 – PDPS timeline

PDPS Outline Timescales:

Event	Expected Date
<i>Issue ITT</i>	2022/07/18
<i>Tender Clarification Deadline</i>	2022/08/08
<i>Return of Final Tender Documents</i>	2022/09/20
<i>Evaluation of Tenders</i>	2022/09/20
<i>Moderation Meetings commence</i>	2022/09/22
<i>Internal review and approvals</i>	2022/10/11 (Asking Committee for Delegated Authority to Award, JL to approve)
<i>Inform tenderers of outcome of evaluation process</i>	2022/10/12
<i>Last day of Standstill Period</i>	2022/10/22
<i>Start of Contract Period</i>	2022/10/23

Appendix 3 - Approval to Award Report

Contract Name: 21127 Cambridgeshire County Council Early Years Pseudo Dynamic Purchasing System		Date:
To: Jonathan Lewis	Position: Chief Officer	
From: David Isaacs	Position: Procurement Category Manager	

Authority To Award

In accordance with the value of the contract, the Chief Officer has been identified to authorise the Approval to Award.

Report Summary:

This report documents the procurement process undertaken with the applicable dates, timescales, and the outcomes of the process with a procurement recommendation for Award.

Background:

Due the difficulties faced by operators within the market, settings are being closed at short notice leaving areas around the county without sufficient early years places. The key objective is to streamline the process of procuring early years services to making access to contracts easier for providers and to improve continuity of service to the public.

Procurement Route:

Pseudo DPS has been selected to enable us to build up a comprehensive list of providers over time. We will make every effort to ensure as many providers as possible apply for the first round through comms and bidder events. However, we want to ensure that providers who are not successful or miss the first round (new companies for example) have a chance to apply again to ensure that we have a competitive and comprehensive mechanism from which to call off. Pseudo DPS was also selected because the service area would like to reduce the amount of time involved in tendering EY Settings, a Pseudo DPS means that providers only need to provide generic information once, and individual call-offs can focus on criteria specific to the individual setting. Open tender does not allow this process, Standard DPS and open frameworks were considered but rejected on the grounds of lack of flexibility, competitive Dialogue and Negotiation were not considered suitable for this as being too onerous on the service area and providers with no identifiable benefits.

The Process:

- Date of approval of the Procurement Plan: 2022/07/15
- Where advertised: Contracts Finder; Find A Tender Service; ProContract; and school circulars
- Procurement timetable
 - Issue ITT: 2022/07/18

- Response Deadline: 2022/09/15
- Number of EOIs: 50
- Number of tenders received: 21
- Details of procurement process e.g.
 - SQ including number of tenders rejected and why
 - Award criteria including any rejections/clarifications required through mandatory declarations/minimum quality thresholds
 - Any presentations/interview/clarification rounds
 - Award decision

Evaluation Process:

- Details of award criteria with weightings as outlined in the tender document e.g.

Award Criteria	Weighting
Price	n/a
Quality of service	100%
Other award criteria e.g. social value	n/a

- Individual evaluation (number of evaluators = 9)
- Conflict of interest declarations
 - Alexander Brown – None
 - Ali Mitchell – None
 - Alison Morris – None
 - Allison Box – None
 - Chris Barton – None
 - David Isaacs – None
 - Emma Dean – None
 - Gemma Hope – None
 - Penny Bates – None
 - Rachael Pinion – None
 - Sue Sykes – None
- Moderation
- Clarifications

Results:

The results following moderation are documented in the table below e.g.:

Supplier Name	Quality (100%)
Supplier A	50.50
Supplier B	36.00

- The bidders selected demonstrated the potential to deliver services in Early Years settings to an overall Good standard.

Recommendation:

On completion of the evaluation process for round 1 the recommendation is the following providers be accepted on to the Pseudo DPS:

1. List

Contract Management:

Name of Contract Manager: Penny Bates, Emma Dean

Name of Chief Office responsible for Contract: Jon Lewis

Approval to Award (to be completed by relevant Chief Officer)

I agree with the award recommendation specified above.

Signed	
Name	
Position	
Date	