

Finance and Resources Committee

2.00pm, Wednesday, 13 May 2015

Award of Subsidised Childcare contracts for 2 years with the option to extend for 12 months

Item number	7.21
Report number	
Executive/routine	
Wards	All

Executive summary

Subsidised childcare has traditionally been offered in areas of high unemployment to provide an affordable service and remove an obstacle to low-income parents returning to work or accessing training.

However the availability of childcare services and government support has increased significantly in recent years and therefore the Economic Development Service and Children & Families Service instigated a review to determine the added value of existing arrangements and to refresh the understanding of need across the city.

This led to Economy Committee to approve a change in the Council's investment approach, to widen eligibility across the city and improve targeting by moving from a residence based to an income based approach.

As part of the transition to this new model a service specification was co-produced with stakeholders and issued for award.

This report seeks the approval for the award of contracts for the supply of subsidised childcare places. The term of this contract will be for two years with an option to extend for up to one further year.

Links

Coalition pledges

Council outcomes [C09](#)

Single Outcome Agreement [SO1](#)

Award of Subsidised Childcare contracts for 2 years with the option to extend for 12 months

Recommendations

- 1.1 To approve the award of a two year contract for subsidised childcare delivery at Childcare Connections, Kidzcare in Craigmillar, North Edinburgh Childcare and Smile Childcare from 1 June 2015 – 31 May 2017 with the option to extend for a further 12 months.

Background

- 2.1 In 2013, Employability and Skills undertook a review of the Council's investment in subsidised childcare places. The review included consultation with stakeholders, evaluation of the impact of subsidised places and analysis of the potential need in areas of the city not served by the existing network.
- 2.2 The key themes emerging from consultation with parents are **affordability**, **flexibility** and **better information** on availability of services and support. These themes along with **improvements in targeting** to improve added value have informed the basis of the changes that are now being implemented.
- 2.3 In view of the complex nature of the childcare environment, the changes are being developed, tested and **rolled out on an incremental basis**. This is to minimise any disruption of service or adverse impacts on parents.

- 3.1 In November 2013 the Economy Committee approved the transition to a new approach to subsidised childcare support for parents returning to work or training. This was the culmination of an extensive dialogue with parents, providers and stakeholders on the challenges for low income households.
- 3.2 The new approach includes:
- a) Creation of a **transitional service specification** to purchase subsidised places and other support services to replace existing grant arrangements;
 - b) Establishing and piloting a **citywide voucher scheme** to extend the availability and flexibility of childcare support in the city;
 - c) Establishing stakeholder **co-production structures** that will develop and refine the new approach, including targeting, over the next three years;
 - d) Shifting our targeting from a residence to an income based approach that will better align with citywide need and minimise displacement of central government support;
 - e) Putting in place **business change support** through “Just Enterprise” and “Business Gateway” to support third party organisations adapt.
- 3.3 This report concerns the award of contracts to: Childcare Connections, Kidzcare in Craigmillar, North Edinburgh Childcare and Smile Childcare for the delivery of services set out in the transitional specification.
- 3.4 The services do not require the full rigours of European Procurement Regulation, and to ensure transparency and equality obligations were met an advert was placed on Public Contracts Scotland to establish capacity for the service. This resulted in all four existing providers being invited to submit a tender which was evaluated to ensure quality standards and financial capability was met.
- 3.5 The maximum contract value over the period of the three-years is £2,819,202. This recognises the projected volume and types of placements which are in demand from parents in the communities served by these organisations (Appendix 1).
- 3.6 The contract offer includes:
- a. A two year contract with an option to extend for a further year;
 - b. Continuity of service for families currently receiving a subsidised childcare placement for a transitional period;
 - c. Time to assess the impacts of proposed eligibility criteria to ensure that the funding is targeted at families in greatest need; and

- d. Commitment to work jointly with the Council on service development and refinement of our new approach.
- 3.7 The four providers have confirmed their acceptance of the Council's offer and approval is sought to award contracts to the four provider organisations.

Measures of success

- 4.1 Implementation of a standardised application process and eligibility criteria that helps those families in greatest need.
- 4.2 Introduction of a consistent, monitoring framework to evaluate parent outcomes and inform continuous improvement.
- 4.3 Improved transparency on how the investment supports the achievement of positive sustained outcomes and demonstrable value for money.
- 4.4 Productive collaboration between social providers and with the Council during the first two years to; refine the specification and further develop the new approach.

Financial impact

- 5.1 The contract value to each provider varies in comparison to the historic grant award levels and related to the type and scale of services to be provided.
- 5.2 All providers have a distinct offer that relates to the volume and type of places to be provided, with bespoke transition arrangements to mitigate any negative impact on a parent already receiving a service.
- 5.3 The indicative three year contract value is £2,819,202 and will be met from existing budget allocations for Childcare support within Economic Development and Children and Families services and replaces previous grant awards made by the Council.
- 5.4 The costs associated with procuring this contract are estimated at £20,001 - £35,000.

Risk, policy, compliance and governance impact

- 6.1 There is a risk that one or more of the providers may seek to disengage from the contract agreement because the funding model is based on a standardised subsidy rate for low income families rather than focusing only on localities. Should this happen, alternative care will need to be arranged to ensure continuity of childcare for working parents.
- 6.2 A further significant risk would be the lack of co-operation from providers to comply with the specification in regard to collaboration and consultation on shared processes.

6.3 To mitigate these risks an updated transition plan is in development.

Equalities impact

- 7.1 An equalities impact assessment was conducted as part of the review and informed this process. Clients were widely consulted through focus groups, one to one interviews and a survey with online and hard copy versions.
- 7.2 A further assessment will be scheduled at the end of 2015/16 to ensure that the needs of parents are fully addressed during the transition period and that we have taken account of the additional challenges for parents who have a child with Additional Support Needs.
- 7.3 The new model should help to ensure that there is a more equitable distribution of childcare across the city and that it is targeted at those who need it most.

Sustainability impact

- 8.1 This contracted service will be for two years with the possibility of an additional one year extension. The contractors are known to the Council and have a long standing reputation for delivering quality childcare services particularly in defined areas of high unemployment and social deprivation.
- 8.2 The increased economic well being of parents will contribute to a number of related outcomes including child poverty, health and well being. These outcomes directly respond to strategic drivers relating to prevention and the council pledge on affordable childcare.

Consultation and engagement

- 9.1 There has been extensive consultation with services, stakeholders and clients in a wide range of formats including one to one interviews, focus groups, presentations and surveys.
- 9.2 A Project Board was formed including key stakeholders.

Background reading/external references

[The Development of Childcare Support for Working Parents](#) – November 2013

[End Child Poverty, Local Authority and Ward Data](#) – October 2014

[HM Revenue and Customs, Data on children in low income households](#) – August 2012

Greg Ward

Director of Economic Development

Contact: Vivienne Robinson, Principal Officer (Acting)

E-mail: vivienne.robinson@edinburgh.gov.uk | Tel: 0131 529 4623

Links

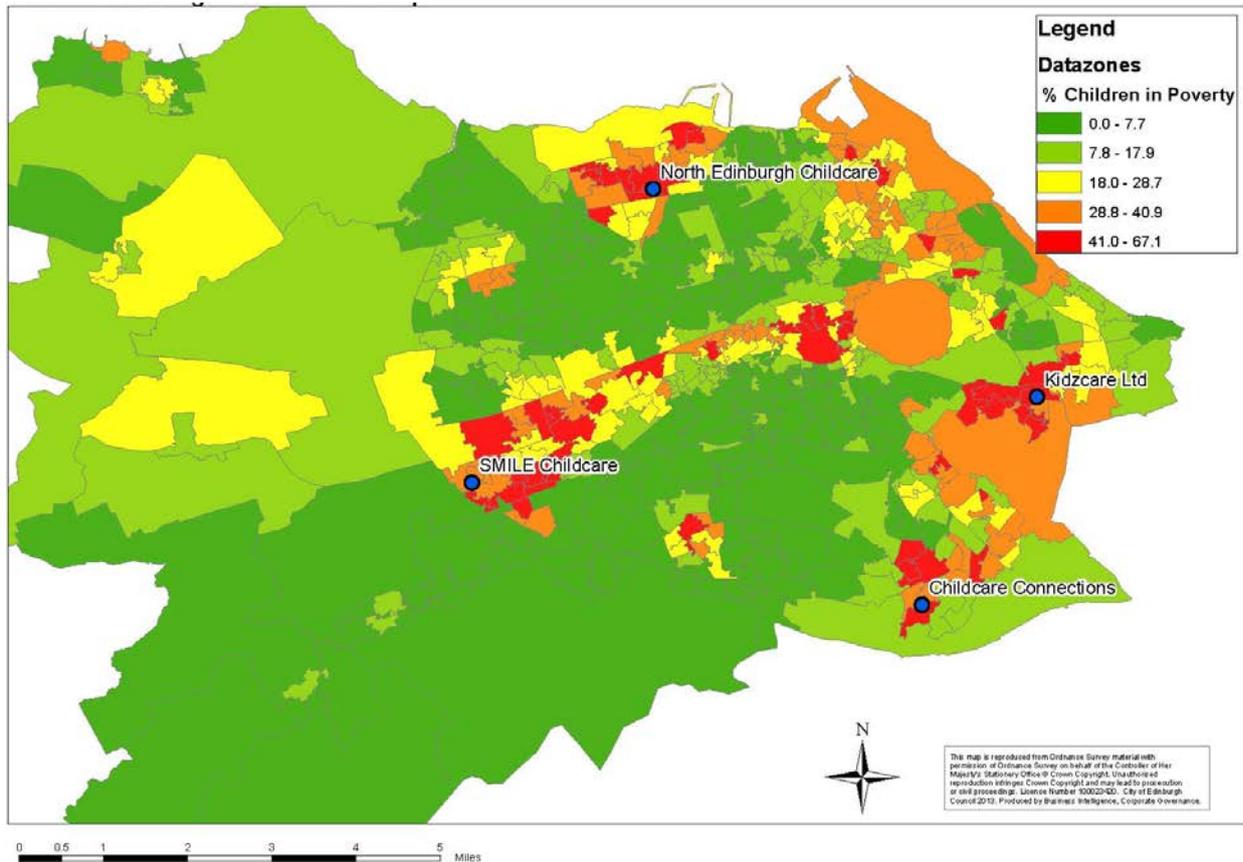
Coalition pledges

Council outcomes CO9 – Edinburgh residents are able to access job opportunities

Single Outcome Agreement SO1 – Edinburgh’s Economy delivers increased investment, jobs and opportunities for all

Appendices Appendix 1 – Coverage and location of subsidised provision

Appendix 1 –Location of Providers with Child Poverty Heatmap



The map shows the wards in the city in relation to the percentages of children in poverty based on;

- Numbers of families with children who are in receipt of Child Tax Credit and who also have a household income of less than 60% of the median income level (£211 per week) for Edinburgh residents.

Subsidised Places through the Transition Service Specification will be provided predominantly in four areas of the city;

- Childcare Connections – Liberton, Gilmerton
- Kidzcare - Craigmillar
- North Edinburgh Childcare – Forth, Inverleith, Leith
- Smile Childcare – Sighthill, Broomhouse, Wester Hailes

The pilot voucher scheme aims to extend this coverage to other low income households who live outside these geographical locations