

Finance and Resources Committee

10.00am, Thursday, 7 March 2019

Award of Contracts for Subsidised Childcare for Working Parents

Item number	8.1
Executive/routine	Executive
Wards	All
Council Commitments	

1. Recommendations

- 1.1 This report seeks the approval of the Finance and Resource Committee to award four contracts for the provision of Subsidised Childcare for Working Parents. The contract duration will be for 36 months, with an option to extend for up to a further two periods of 12 months each (subject to the Council's budget setting process). Each contract start date will be 1 April 2019. The total estimated value of the contracts to the Council, including extensions, is £4,380,100.

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Award of Contracts for Subsidised Childcare for Working Parents

2. Executive Summary

- 2.1 The Finance and Resources Committee approves the award of contracts to:
- 2.1.1 Smile Childcare: £1,294,065;
 - 2.1.2 Childcare Connections Limited: £661,200;
 - 2.1.3 North Edinburgh Childcare: £1,976,845; and
 - 2.1.4 Kidzcare Limited: £447,990.
- 2.2 The contracts are for the provision of Subsidised Childcare for Working Parents for a period of 36 months, with options to extend for a maximum of two 12-month periods at total estimated value of £4,380,100. The awards will be subject to the Council's standard terms and condition and will reviewed regularly as part of the Council's budget setting process.

3. Background

- 3.1 In 2013, the Council undertook a review of the its 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.
- 3.2 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.
- 3.3 In [May 2015](#) the Finance and Resources Committee approved the award of contract to four providers for two years with the option to extend for one further year. The contracts provided community based, targeted subsidised childcare places in the four priority areas of Wester Hailes, South Edinburgh, North Edinburgh and Craigmillar.

- 3.4 There was a further direct award which is to end on 31 March 2019. This extra year allowed for a full review of the service, to assess if the same service will continue to be a requirement in the coming years, in line with supporting those families in working poverty, through access to affordable childcare, enabling them to progress into further education, training or employment.
- 3.5 In [June 2018](#) this co-production process was detailed and the outcomes noted at the Housing and Economy Committee.

4. Main report

- 4.1 In December 2017, a Project Board was established which included representation from Council officers from Economic Development, Communities and Families and Commercial and Procurement Services (C&PS), Department for Work and Pensions (DWP), NHS Lothian, Edinburgh Voluntary Organisations Council (EVOC), One Parent Families Scotland (OPFS) and Capital City Partnership (CCP).
- 4.2 Between January to March 2018, extensive co-production was undertaken, with outcomes to be reflected in the Procurement process for the contract starting 1 April 2019. This included:
- 4.2.1 Workshop with current Providers and their staff teams;
 - 4.2.2 Workshop with key stakeholders including representation from Economic Development, EVOC, Early Years, DWP, One Parent Families, Family Solutions, Capital City Partnership, NHS Lothian and Commercial and Procurement Services;
 - 4.2.3 Employability Providers' survey;
 - 4.2.4 Citizens' survey;
 - 4.2.5 Workshop with parents;
 - 4.2.6 Focus groups with ESOL groups, Saheliya and groups in each locality in partnership with Parents and Carers in Edinburgh;
 - 4.2.7 Workshops with employability network through locality sessions;
 - 4.2.8 Presentation at Joined Up For Jobs forum; and
 - 4.2.9 Survey to the Joined Up For Jobs network and wider service providers; and a Survey to Edinburgh residents.
- 4.3 An online link was also sent out to those who could not attend any workshops or who wanted a more private forum to report into.
- 4.4 Some of the outcomes highlighted during the co-production include: parents should be better supported and signposted to additional services to help tackle in-work poverty; parents will be supported to access alternative childcare for more flexible solutions where required; and there will be a more holistic approach to supporting parents.

- 4.5 The Housing and Economy Committee on 7 June 2018 considered the findings of the review of Subsidised Childcare and endorsed the development of a new service specification to take account of the findings. The new specification is provided in appendix 2 for reference.
- 4.6 In April 2018, a Prior Information Notice (PIN) was published to establish market interest and invite interested providers to a supply market event to share outcomes of the co-production.
- 4.7 Seven providers noted interest in the PIN; of which three providers withdrew interest upon gaining greater understanding of the requirement through reading the briefing.
- 4.8 Only the incumbent providers attended the supplier co-production event.
- 4.9 Based on the above market interest and historical lack of commercial interest in any advertised procurement, and taking into consideration that this is a care and support service with the 'Light Touch Regime' applied under the Public Contracts (Scotland) Regulations 2015 and supplemented by The Procurement (Scotland) Regulations 2016, the Council can direct award contracts with no competition when competition is absent for technical reasons.
- 4.10 The lack of competition may be due to Scottish Government provision of minimum hours.
- 4.11 However, to ensure that the Council was being fair, open and transparent and still receiving best value, Procurement advised that a tender with negotiation would be the best course of action with incumbent providers. This process was undertaken and evaluated to ensure quality and cost was assessed; to ensure that providers understood the changes and expectations of the Council within the contract specification. This process is detailed within Appendix 1.
- 4.12 All four tenders received were evaluated based on weighted 70:30 for quality and price. Quality being of greater importance due to the nature of the service. Pricing was negotiated with each provider due to the different organisational set up. The capacity of each provider also helped determine the funding allocated to each provider per annum.
- 4.13 All providers were assessed as meeting the quality criteria and the price was based on the average subsidised rate to the Council, across the different services such as nursery full day, nursery part day, holiday full place or breakfast clubs:

Supplier	Mandatory requirements all met	Quality Tender Score 70/100	Acceptable Pricing Negotiated with Provider
Smile Childcare	Y	39	Y
Kidzcare Ltd.	Y	44	Y
North Edinburgh Childcare	Y	51	Y
Childcare Connections Ltd.	Y	45	Y

4.14 Please note, the scoring does not reflect the model of the organisation or their ability as a childcare provider but rather their ability to meet the criteria.

4.15 The designated Contract Manager from Capital City Partnership will be responsible for monitoring delivery and reporting of Community Benefits by the individual providers.

5. Next Steps

5.1 All providers have been kept in close communication throughout this process and are aware that award of contract is dependent upon committee approval.

5.2 Contract Award documentation will be prepared and issued for contract start date of 1 April 2019.

5.3 In line with the Public Contracts (Scotland) Regulations 2015, the Council will issue an award notice on Public Contracts Scotland.

6. Financial impact

6.1 The providers have agreed to a fixed pricing structure for a minimum of three years. The benefit of this will be easier contract management, clearer expectations and greater financial stability for providers.

6.2 The contract awards will be made in line with the Council's standard contract terms and conditions and will be subject to regular review as part of the Council's annual budget setting process.

6.3 The proposals from all providers have been within agreed budget.

- 6.4 Financial assessments have been completed for all providers and they are all a pass.
- 6.5 All providers will be supported to access additional funds over the period of the contract, for example North Edinburgh Childcare, will seek additional funding to expand service provision to create an additional 80 full time equivalent places at an estimated cost of £1.7 million. Their priority is to target families in economic deprivation to offer free places where possible. With the stability of Council funding, they have raised £328,000 from the Robertson Trust, £100,000 from the Clothworkers Foundation, £21,173 from the Children's Lottery, £30,000 from Spifox and have been invited to apply for £500,000 from Resilient Scotland.
- 6.6 The costs associated with procuring this contract are estimated to be between £20,001 and £35,000.

7. Stakeholder/Community Impact

- 7.1 Stakeholder and local Communities have been involved in this process. Please refer to main body for full explanation of stakeholder involvement within the process.
- 7.2 An [Equalities Impact Assessment](#) was completed in May 2018 and all recommendations have been addressed throughout the process.
- 7.3 The contracts with these providers have been in operation for the past four years with no service issues identified, therefore there will be no learning curve with the continuation of the core service.
- 7.4 To ensure the quality of the service, the providers must comply with the following;
- 7.4.1 registration with and maintenance of a minimal Care Inspectorate grading of four; and
- 7.4.2 staff working for the Providers are required to have the relevant early learning and childcare qualifications as recognised on the Scottish Credit and Qualifications Framework.
- 7.5 The outcome of awarding these contracts will be to ensure good quality affordable childcare for working parents, which makes better use of resources and increases the positive and sustainable employment outcomes for Edinburgh's citizens.
- 7.6 No significant environmental impacts are expected to arise from this contract.
- 7.7 This procurement has adhered to policy on Sustainable Procurement and Implementing Community Benefits guidance.
- 7.8 The success of these projects will be measurable against Key Progress Indicators contained in the Economic Strategy, including child poverty, benefits dependency and financial wellbeing.
- 7.9 The Department of Work and Pensions have been involved in the co-production of this service. The roll out of Universal Credit will not affect these arrangements nor

lead to duplication. Rather, it will support families on low incomes and those facing challenges at transition points between benefits and work.

8. Background reading/external references

- 8.1 <https://www.gov.scot/publications/blueprint-2020-expansion-early-learning-childcare-scotland-2017-18-action/>

9. Appendices

1. Summary of Tendering and Tender Evaluation Process
2. Subsidised Childcare – Specification of Service

Appendix 1 – Summary of Tendering and Tender Evaluation Processes

Contract	CT2464	
Contract Period	3 years with the option to extend by a further two periods of 12 months each	
Estimated Total Contract Value (including extensions)	Smile Childcare: £1,294,065; Childcare Connections Limited: £661,200; North Edinburgh Childcare: £1,976,845; and Kidzcare Limited: £447,990.	
Procurement Route Chosen	Negotiated Procedure under the Light Touch Regime	
Tenders Returned	4	
Price / Quality Split	Quality 70	Price 30
	Criteria	Weighting (%)
Evaluation Criterion and Weightings	Service Provision	40%
	Management and Staffing	15%
	Partnership Working & Communication	10%
	Contract Management	15%
	Added Value	5%
	Community Benefits	10%
	Fair Work Practices	5%



The City of Edinburgh Council

Service Specification – Affordable Childcare for Working Parents

Contract Start: 1 April 2019

Service Specification – Affordable Childcare for working parents

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1 INTRODUCTION

- 1.1 The City of Edinburgh Council is one of the largest local authorities in Scotland currently covering a rising population of 507,000. One of the key functions within the Council is the Economic Development Service which hosts the Employability and Talent Development (ETD) team. The ETD team work closely with a range of internal and external partners across the Edinburgh and South-East Scotland City Deal region, Joined up for Jobs network, Edinburgh Guarantee, Developing Young Workforce and Locality partnerships to promote inclusive growth.
- 1.2 The Economic Development Service, in collaboration with Communities and Families, has funded subsidised childcare for children aged 0 – 12 years for many years, specifically for families who require assistance to secure or remain in work. These services have been focussed in four of the most deprived areas of the city: North Edinburgh, South Edinburgh, Wester Hailes and Craigmillar. **See Appendix 1.**
- 1.3 Four providers are currently contracted to provide this service and the most recent contracts run from June 2015 to March 2018, subsequently extended through to March 2019 to allow the council to review, evaluate and co-produce a new service specification to meet the needs of low income working families. An individual or consortium approach will be considered for the new contracts.

- 1.4 Research and co-production has demonstrated that there is more demand than ever for good quality affordable childcare in the areas noted above, with a clear need for more holistic support to support parents to progress into more secure, better paid employment which in turn would release the subsidy for more families in need.
- 1.5 The new contract will be for an initial 3-year period, reviewed annually, with the possibility to extend for a further 2 years on a one year plus one year basis.

2 BACKGROUND

- 2.1 As there have been strategic and political changes since the current subsidised childcare contracts were last procured, the Council required to review and evaluate current provision.
- 2.2 A project board was set up to undertake an intensive period of research and consultation between November 2017 and April 2018. The project board included Council representation from Employability and Talent Development, Early Years and Procurement, in addition to NHS, Department for Work and Pensions, Edinburgh Voluntary Organisations Council, One Parent Families Scotland and Capital City Partnership.
- 2.3 The aim of the co-production process was to review and evaluate the impact of current provision, understand future demand and identify gaps in provision. The project board gathered feedback from stakeholders, service providers, current and prospective service users across the city in addition to extensive desk based research.
- 2.4 The main findings of co-production were as follows:
 - provision should target those families most in need of support;
 - provide a quality early learning environment for the children;
 - it should be less expensive than equivalent childcare provision in the immediate area; **See Appendices 2 – 4.**
 - it should support flexible childcare solutions to assist with those working shifts and outside of core service hours;
 - it should provide holistic support to families to enable parents to secure, sustain and progress in work, including sign-posting and referral to relevant agencies;
 - allocation of subsidy should be on a case by case basis as part of a childcare/work options assessment with parents;
 - subsidy should not be available to anyone whose place is funded from another source – i.e. 1140 hours, Employer, HE/FE institution or other.

3 CONTEXT AND JUSTIFICATION

- 3.1 A number of policies and strategies were also taken into consideration. These included the new Edinburgh Economy Strategy, Getting it Right for Every Child (GIRFEC), the Scottish Government's '[A Blueprint for 2020](#)' and the [Child Poverty Strategy for Scotland](#).
- 3.2 The new [Edinburgh Economy Strategy](#), which sets out the Council's ambition for the city's economy, shows that the five most deprived wards in the city are Sighthill/Gorgie, Liberton/Gilmerton, Portobello/Craigmillar, Leith and Forth. It also highlights that 21% of Edinburgh children grow up in poverty.
- 3.3 The strategy lists 'eight steps for good growth' which includes the ambition to 'Deliver new approaches to tackling the barriers that reinforce worklessness, poverty and inequality' which include an aim to improve the availability and affordability of childcare for those on low incomes.

- 3.4 In response to the Scottish Government's announcement of the Blueprint for 2020 - an expansion of funded early years childcare to 1140 hours from the current 600 - the Council's Early Years team co-ordinated a citywide consultation on childcare provision in September 2017. Of the 2,209 people who responded, the most popular childcare delivery model (favoured by 38% of respondents) is for 50 weeks per year with parents/carers able to choose hours between 8am and 6pm and with the option to purchase additional hours.
- 3.5 Economic analysis from the Scottish Government shows improving access to affordable early learning and childcare has the potential to substantially boost the labour market in Scotland. By improving access to good quality, affordable childcare in the areas highlighted above, families with young children will initially benefit. However, the impact will build as new cohorts of families benefit year-on-year. This will have a positive effect on the local and national Scottish economy and tax revenues.
- 3.6 The Council now seeks to contract provision that takes these findings into consideration to ensure that as many families as possible are supported to access subsidised childcare as part of an integrated, person centred approach to reducing poverty and inequality.

4 SERVICE REQUIREMENTS

- 4.1 The Council requires providers, or consortia of providers, to deliver a targeted affordable childcare service for children aged 0 - 12 years to help make progress towards meeting the above policy and strategic goals.
- 4.2 This will include a blend of 0 - 5 childcare provision and after school care for those of primary school age. There is also a requirement to link with other childcare providers, such as local childminders, to offer a wraparound childcare service for families who work outside of core care hours.
- 4.3 The provider(s) will be required to offer high quality childcare places and will ensure that all staff are suitably qualified or working towards relevant qualifications, whilst maintaining Care Inspectorate grades of 'Good' or above.
- 4.4 The provider(s) will deliver year-round care and be able to evidence their relationship with other local childcare providers to meet the challenges of arranging flexible care to meet families changing needs and circumstances.
- 4.5 The provider(s) will link with local, city-wide and national organisations to provide a holistic approach to supporting the wider needs of the family with regard to employability, income maximisation, health and wellbeing and employment progression. This will be monitored and referrals captured on the Council's management information system (currently Caselink).
- 4.6 A number of subsidised places will be agreed between provider and Council to be offered to families who meet eligibility criteria. This will be reviewed annually.
- 4.7 The provider(s) will carry out a financial assessment with each family. Eligibility for the subsidy will be based on whether the cost of childcare would take the household below 60% of [median income](#) which is recognised as relative low income. For this purpose, income includes money received through welfare benefits. Exceptions to this may be considered on a case by case basis as agreed by the Contract Manager. For an example of how this may be worked out see **Appendix 5** but this will be finalised before contract start.
- 4.8 This subsidy will be awarded to each family based on eligibility and reviewed on an annual basis with evidence stored on the City of Edinburgh Council's preferred client

management system, which at present is Caselink. Each provider must ensure that the relevant information sharing agreement is completed.

- 4.9 Where families receive support with childcare costs from other sources, such as Scottish Government 1140 funded childcare hours, Department of Work and Pensions, FE/HE institutions or employers, the subsidy will NOT be available.
- 4.10 The provider(s) will be expected to inform parents that their eligibility for a subsidy will be reviewed on an annual basis. The initial start date of provision should be used as the review date.
- 4.11 The provider(s) will support the collection of accurate ongoing eligibility data, relating to each subsidised place and parents should be advised that they have a responsibility to advise of any changes to income as soon as possible. This may trigger a review for eligibility of the subsidy. However, a parent will never be made to pay back the subsidy.
- 4.12 Where eligible, the provider(s) will be registered for the Scottish Government's Deposit Guarantee Scheme (DGS) Pilot. This runs until December 2019 and continuation of the service will depend on Scottish Government evaluation.
- 4.13 The provider(s) will use a mandatory application form for parent/ carers wishing to access a subsidised place from 1 April 2019. This will be developed by Capital City Partnership in collaboration with providers to ensure information meets reporting parameters.
- 4.14 The provider(s) will be committed to self-evaluation, and will monitor the experience of parents and children using the service and will have an improvement plan in place.
- 4.15 The projected demand and level of subsidised places is outlined in the table below. This is based on existing data on usage and uptake of subsidised places. There is scope for the provider(s) to adjust this projection in consultation with the Council.

Childcare Places Defined by Provider Location and Areas 2017-2018						
Number of Places (FTE) per day						
		NEC	CC	Smile	Kidzcare	Totals
1	0-2 year olds Nursery Care – 50 weeks	15	-	18	8	41
2	2-3 year olds Nursery Care – 50 weeks	18	-	15	11*	44
3	3-5 year olds Early Years Learning and Nursery Care – 50 weeks	33	-	32	-	65
4	4-5 year olds – P1 Transition Club - 4 weeks	0	5	0	-	5
5	5-12 year olds Term Time Out of School Care - 38 weeks	248	160	90	40	538
6	5-12 year olds Term Time Breakfast Club - 38 weeks	80	30	40	-	150
7	5-12 year olds – Holiday Out of School Care – 12 weeks	132	40	60	5	237

**Kidzcare nursery provision only take children up to their 4th birthday then they transfer to local statutory provision..*

- 4.15 The provider(s) should specify the number of subsidised places they can provide within the agreed budget. There is scope for this to be reviewed in consultation with the Council on an annual basis.

5. AIMS AND OBJECTIVES

- 5.1 To assess the childcare needs of families and help to put appropriate childcare solutions in place within their own locality where possible and to signpost to other childcare providers where service cannot be offered.
- 5.2 To work closely with local employability services to advise and support families who are seeking childcare information and provision to enable them to secure employment.
- 5.3 To build links with other childcare providers such as childminders and other facilities to support working families to secure flexible childcare that meets their employability needs.
- 5.4 To maintain or expand current level of uptake of subsidised places for eligible parents/carers.
- 5.5 To ensure that children in low income households are in receipt of 'high quality early learning and childcare' that maximise their potential in terms of educational and social attainment.
- 5.6 To support relationships with parents and children to ensure continuity of care and enable positive progressions throughout the setting and the transition into school.
- 5.7 To encourage parents to develop a user parenting group or similar, to share information, support and educate on relevant topics.

6. PARTNERSHIP WORKING

- 6.1 The provider(s) will attend partnership meetings with The City of Edinburgh Council lead officer and any other relevant partners. These meetings will take place bi-annually; however, other meetings may be convened when required.
- 6.2 The provider(s) will demonstrate an active role in the community, by supporting local volunteers within the organisation and having knowledge of and linking in with local childcare networks.
- 6.3 The provider(s) will build links with local childminders either through Scottish Childminding Association or through individual relationships with local childminders who must achieve Care Inspectorate grades of 'Good' or above.
- 6.4 The provider(s) will also build supportive relationships and networks with local and citywide CEC funded employability services and other relevant support to assist families to progress along the Strategic Skills Pipeline. These will include the locality based Integrated Employability Service Hubs, CEC or locally funded Debt and Welfare Advice, All In Edinburgh and Skills Development Scotland where appropriate.
- 6.5 The provider(s) will be fully involved in the relevant Locality Improvement Plans actions through the Economy/Employability or Children and Young People's themes.
- 6.6 The provider(s) will support service improvement by inputting to research and/or evaluation and will assist in convening groups of parents to participate in focus groups as required.

7. STAFF RECRUITMENT, TRAINING AND REGISTRATION

- 7.1 The provider(s) will ensure that, where appropriate, each member of staff:
 - Has, or is working towards, the relevant early learning and childcare qualification as recognised on the SCQF Framework;
 - Is registered with the Scottish Social Services Council (SSSC)
 - Is registered for the Protecting Vulnerable Groups (PVG) Membership Scheme
 - Participates in continued professional development
 - Complies with data protection requirements
 - Attend training if required to use a management information system

8. KEY PERFORMANCE INDICATORS

- 8.1 To determine the basis on which we judge whether the contract is succeeding, and to be aligned with section 9 - Contract Management and Reporting, the provider(s) will demonstrate:
- 100% uptake of subsidised places by families on low income
 - 100% of families who receive subsidy should be offered information on how to access employability or other support services (benefits, money advice, health etc)
 - 10% of families moving off subsidised place due to higher earnings/more hours
 - 100% completeness and accuracy of data entered into client management system
- 8.2 Providers should achieve a Care Inspectorate grading of Grade 4 or above. If this grading drops below 4, the provider must inform the Council within 48 hours. All parties will work together to develop an improvement plan to address the concerns.
- 8.3 KPIs will be continuously reviewed to ensure that the service continues to meet the needs of the Council and families using the service.

9. CONTRACT MANAGEMENT AND REPORTING

- 9.1 Compliance with monitoring systems will be required. This includes bi-annual visits for audit monitoring by a dedicated contract manager from Capital City Partnership, use of Caselink as well as qualitative reports.
- 9.2 All activity in relation to client engagement will be recorded and tracked on Caselink, which will also be used to refer clients to services within the Strategic Skills Pipeline and to receive referrals from other providers.
- 9.3 In addition to the evidence required in relation to the KPIs, the provider(s) will supply the following information by the end of the second week of each new quarter:
- Any new Care Inspectorate grades/ reports
 - Narrative report detailing any successes or challenges in delivering the service and reflecting on KPIs which will include:
 - number of families receiving a subsidised/ unsubsidised rate
 - number and age profile of children receiving subsidised/unsubsidised rate
 - number of families moving off subsidised rate due to positive change in circumstances
 - number of families taking up offer of employability or other support
 - any additional external funding received to support the service and what the funding is to be used for
 - Income generated from childcare or related services
- 9.4 In addition, the provider(s) will also be expected to maintain records regarding:
- evidence of eligibility for a subsidised place
 - an annual review of families to measure any in-work progression
 - other organisations the family have engaged with whilst using the service
 - referral or signposting to other childcare provision where you have been unable to meet the needs of a family.
- 9.5 The provider(s) will supply an annual composite report providing a synopsis of the employability and holistic support activity and impact of the preceding 12 months that will include the collation of all quarterly data and case studies to highlight the positive impact. This should include a progress statement detailing the successes, challenges and a forward plan with proposed improvements for the next 12 month period. This

should be submitted no later than six weeks after the end of the financial year and signed off as complete by the Council no later than the first week of September each year.

10 CONTRACT VARIATION

- 10.1 The Council may agree to vary this Contract including any consequent price change as a direct result of changes in legislation, statutory guidance or other directions which impact on the payment of the contract and which may have an impact on the full cost recovery of the service. Variations should be made within 6 months of the commencement of any changes in legislation, statutory guidance or other directions. The Council shall require evidence such as open book accounting to justify any proposed changes to pricing. Prior to any variation becoming effecting, proposed changed will need to be reviewed and agreed within the relevant Council approval procedure.

11. PAYMENTS & INVOICING

- 11.1 Payment will be made, quarterly in advance, following the submission of a narrative report (including progress on KPIs) and a valid financial claim to Capital City Partnership.

12. BUSINESS CONTINUITY

- 12.1 The Provider(s) shall have in place appropriate and tested contingency arrangements to ensure delivery of the Services.

13. FAIR WORKING PRACTICES

- 13.1 The City of Edinburgh Council is committed to the delivery of high quality public services and recognises that this is critically dependent on a workforce that is well rewarded, well-motivated, well-led, has access to appropriate opportunities for training and skills development, is diverse and is engaged in decision making. These factors are also important for workforce recruitment and retention, and thus continuity of service.
- 13.2 In order to ensure the highest standards of service quality in this Contract we expect the provider(s) to take a similarly positive approach to fair work practices as part of a fair and equitable employment and reward package.

14. TRANSITIONAL AND EXIT MANAGEMENT

- 14.1 The provider(s) shall submit an Exit Management Plan to the Council 6 months before the end of the contracted term setting out transitional arrangements if the contract should not be renewed.
- 14.2 The provider(s) should develop a co-operative approach to sharing services with the aim of reducing operational costs in future.
- 14.3 The provider(s) will be responsible for ensuring a smooth and seamless transition between the current and future contract specification. This will specifically relate to communication with parents and transfer to any new service.
- 14.4 The provider(s) will ensure that all information and data relevant to the contract is shared with the Council or Replacement Service Provider.

15. THE ENVIRONMENT

- 15.1 This Contract should contribute to the achievement of the Council's environmental and sustainability objectives. Securing sustainable development is a strategic objective for the Council. The Sustainable Edinburgh 2020 document emphasises the Council's commitment to act on climate change and reduce carbon emissions across the city. http://www.edinburgh.gov.uk/info/20206/sustainable_development_and_fairtrade/841/sustainable_edinburgh_2020
- 15.2 It is expected that the provider(s) and their personnel make every effort to minimise the impact of the delivery of the services on the environment. The Provider shall use their best endeavours to achieve the efficient use of energy and, where possible, to maximise the use of biodegradable or recycled products.

16. COMMUNITY BENEFIT

- 16.1 As detailed in the Council's Sustainable Procurement Policy, the Council is committed to maximising social, economic and environmental benefits through the delivery of Council Contracts (known as 'Community Benefits'). Community benefits include targeted recruitment and training; sourcing from Small and Medium Enterprises (SMEs), Social Enterprises and Third Sector Organisations; contributions to education within communities; community consultation, engagement and strengthening of community relations; environmental improvement; volunteering; providing community resources; mentoring and sponsorship of community organisations.
- 16.2 The Council will work in partnership with the successful provider(s) on supporting the Edinburgh Guarantee's vision of increasing the number and range of employment opportunities or other support available for the city's young people. Further information on the Edinburgh Guarantee can be found at: http://www.edinburgh.gov.uk/info/20163/opportunities_for_young_people/69/edinburgh_guarantee
- 16.3 The provider(s) shall endeavour to secure further community benefits, which may include beneficial links/networks and learning and expertise which will enhance the experience of the Children and Young People.

17. GENERAL DATA PROTECTION REGULATIONS

- 17.1 The Provider shall meet, in all areas of the Service, the provisions of the General Data Protection Regulations (GDPR) <https://ico.org.uk/for-organisations/guide-to-the-general-data-protection-regulation-gdpr/> . As part of this the Provider must;
- process the personal data only on the documented instructions of the Council; comply with security obligations equivalent to those imposed on the Council (implementing a level of security for the personal data appropriate to the risk); ensure that persons authorised to process the personal data have committed themselves to confidentiality or are under an appropriate statutory obligation of confidentiality;
 - only appoint Sub-processors with the Council's prior specific or general written authorisation, and impose the same minimum terms imposed on it on the Sub-processor; and the Contractor will remain liable to the Council for the Sub-processor's compliance. The Sub-processor must provide sufficient guarantees to implement appropriate technical and organisational measures to demonstrate compliance. The Contractor must inform the Council of intended changes in their Sub-processor arrangements;

- make available to the Council all information necessary to demonstrate compliance with the obligations laid down in Article 28 GDPR and allow for and contribute to audits, including inspections, conducted by the Council or another auditor mandated by the Council - and the Contractor shall immediately inform the Council if, in its opinion, an instruction infringes GDPR or other EU or member state data protection provisions;
- assist the Council in carrying out its obligations with regard to requests by data subjects to exercise their rights under chapter III of the GDPR, noting different rights may apply depending on the specific legal basis for the processing activity (and should be clarified by the Council up-front);
- assist the Council in ensuring compliance with the obligations to implementing a level of security for the personal data appropriate to the risk, taking into account the nature of processing and the information available to the Contractor;
- assist the Council in ensuring compliance with the obligations to carry out Data Protection Impact Assessments, taking into account the nature of processing and the information available to the Contractor; and
- notify the Council without undue delay after becoming aware of a personal data breach.

16.2 Consent from service users shall be obtained by the Provider to share personal and special category data with the Council. The documentation used to collect this consent will be agreed with the Council.

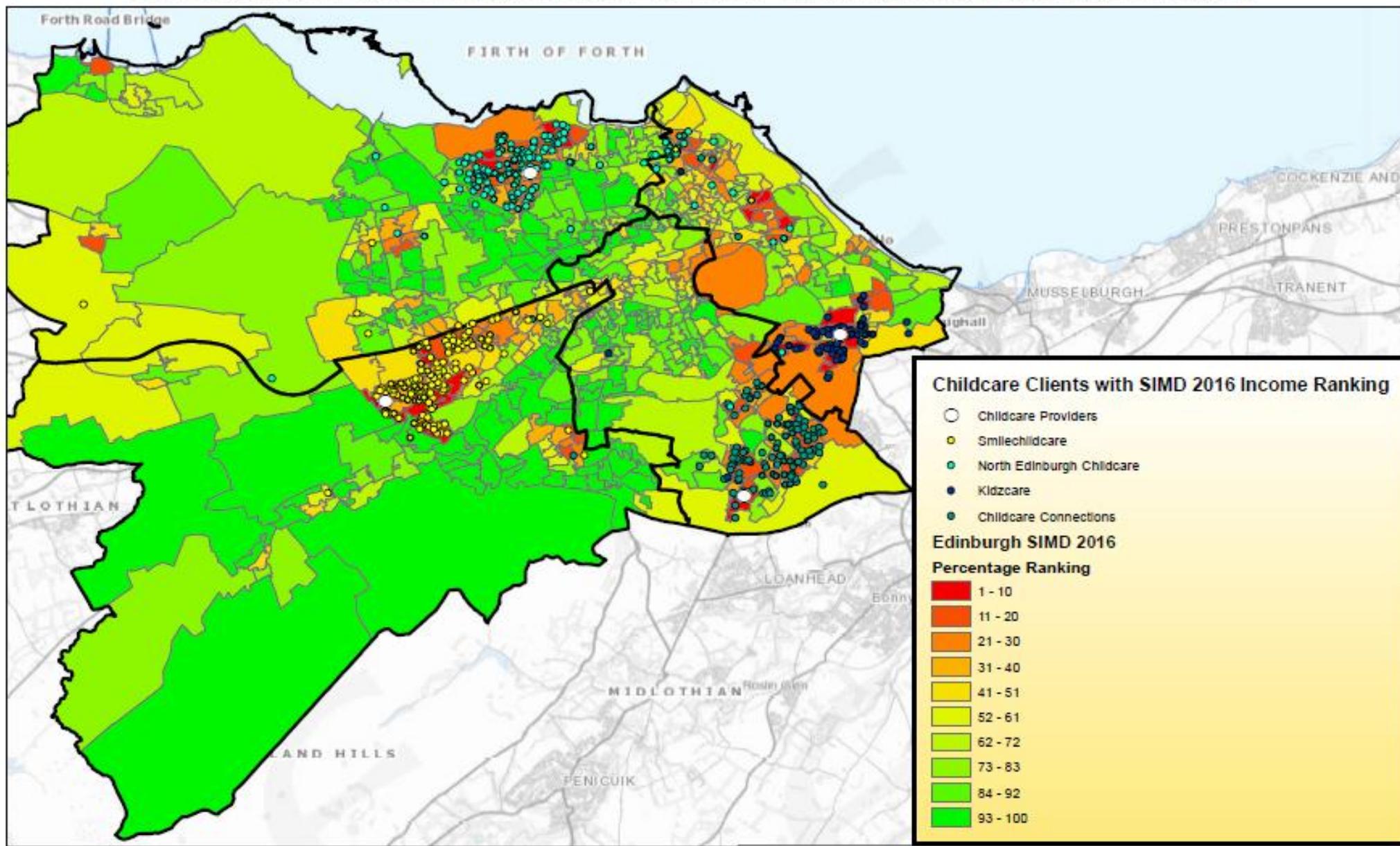
16.3 Personal and special category data shared with the Council will be used for the purpose of monitoring the performance of the Service.

APPENDICES

- 1. SIMD income deprivation map with childcare engagements 2016 - 2018**
- 2. Average Private Nursery Childcare Rates**
- 3. Sample of After School Care Prices**
- 4. Current Providers Fee Structure**
- 5. Example of how to calculate 'remaining income'**

APPENDIX 1

Distribution of Childcare Engagements in 16/17 and 17/18 with SIMD 2016 Income Ranking



0 1.5 3 6 Miles

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APPENDIX 2

Cost of Private Nursery Childcare in Edinburgh by Locality (per day) (taken from Nursery Guide Edinburgh & Lothian 2018)

North East	0-2yrs	3-5yrs
Heriot Hill	£52	£52
Edinburgh Nursery	£50	£43
Bright Horizon - Annandale	£59	£54
Busy Bees Newhaven	£54	£51
Forbes	£59	£56
Around The World	£45	£38
Headstart Leith	£57	£52
The Meadows Pilrig	£53	£50
Kidzcare Haystax	£35	£35
Rocking Horse	£53	£50
Cosy Cottage	£42	£40
Cherrytrees	£48	£47
The Brighton Nursery	£50	£50
Seabeach	£53	£51
Blossom Day Nursery	£44	£39
Kidzcare Portobello	£42	£39
AVERAGE	£50	£47

North West	0-2yrs	3-5yrs
New Town	£50	£48
Arbor Green	£50	£50
The Orchard Nursery	£52	£51
Crewe Road	£46	£42
North Ed Childcare	£38	£37
Bright Sparks	£55	£52
Waterfront	£45	£40
Bonnington House	£59	£57
Summerside	£52	£52
Trinity Tots	£50	£50
Murrayfield	£53	£43
Bright Sparks	£55	£52
Edinburgh Day Nursery	£65	£63
Jigsaw	£47	£47
Wee Gems	£52	£51
Peek-a-Boo	£46	£44
Leaps and Bounds	£50	£48
Flying Colours	£51	£50
Little Monkeys Cramond	£58	£56
Busy Bees Edinburgh Park	£52	£48
Bright Horizons Cramond	£58	£56
Little Flyers	£52	£50
Kirkliston Orchard	£48	£46
Nippers Dalmeny	£40	£40
Leaps and Bounds (orchard)	£47	£45
Nippers Kirkliston	£40	£40
Claylands	£45	£44
AVERAGE	£50	£48

South East	0-2yrs	3-5yrs
Early Days	£52	£50
Chapter One	£54	£54
Cowgate Under 5s	£52	£52
New Town Too	£53	£52
Jigsaw	£48	£48
Forbes Childrens Nursery	£59	£56
Little Voices	£55	£52
Forbes (bruntsfield)	£59	£56
Arcadia	£52	£52
Stepping Stones	£53	£53
Meadows Nursery	£55	£51
Strawberry Hill	£52	£49
Playdays Nursery	£42	£41
St Margarets Nursery School	£54	£51
Kidzcare Norwood	£61	£55
Kidzcare Grange	£61	£55
Priestfield House	£42	£42
Little Monkeys Kilmaurs	£44	£43
Childsplay	£51	£49
Headstart Morningside	£57	£52
Little City	£53	£53
The City Nursery	£50	£45
Bright Horizon Bruntsfield	£51	£50
Melville House	£54	£47
Corner House	£61	£50
Chapter One Kirk Brae	£51	£45
Carebears	£43	£43
Edinburgh Montessori	£60	£50
Mothergoose Outdoor	£46	£44
Little Learners	£50	£44
Blossom Tree	£43	£43
Pinnocchio's	£46	£45
Start Bright	£43	£42
Bright Horizon Elsie Ingles	£60	£50
AVERAGE	£52	£49

South West	0-2yrs	3-5yrs
Busy Bees	£51	£48
Rainbow	£43	£40
Scallywags	£50	£47
Smilechildcare	£32	£23
Cranley Craiglockhart	£55	£54
Little Monkeys Craiglockhart	£48	£46
Lanark Road	£47	£46
Cranley Colinton	£47	£46
Colinton Private Nursery	£51	£48
Cranley Lanark Road	£55	£54
Cranley Buckstone	£55	£54
Bright Horizon Morton	£58	£52
Juniper Green Tots	£40	£40
Pinnocchio's HW	£53	£52
Currie Children's Nursery	£50	£48
Jigsaw	£49	£47
AVERAGE	£49	£47

OVERALL AVERAGE	0-2yrs	3-5yrs
	£50	£48
*figures are taken from Nursery Guide: Edinburgh & The Lothians. 2018 Annual		
costs are calculated by highest cost being attributed to 0-2yrs & lowest cost to 3-5yrs.		
Doesn't include funded pre-school hours.		

Table 2: prices of 50 hours a week childcare for children under three

	Nursery	
	Under two	Two
Great Britain	£232.84	£229.33
England	£236.19	£231.75
Wales	£218.73	£220.77
Scotland	£205.18	£200.66

(Family and Childcare Trust: Childcare Survey 2018)

APPENDIX 3

Sample of After School Provider prices in Edinburgh

Provider	mon-thurs (per day)	friday (per day)	holiday (per day)
Trinity and Victoria ASC	£7.30	£12.90	£20.40
Liberton ASC P1 and P2	£7.50	£12	£16
Liberton ASC P3-P7	£7	£12	£16
Towerbank ASC	£8	£13.20	£22
Skool Is Out (Bruntsfield, Sciennes, James Gillespies) P1-P2	£14.50	£17	£30
Skool Is Out (Bruntsfield, Sciennes, James Gillespies) P3-P7	£13	£17	£30
Kirkliston Primary School (leaps and bounds)	£12.50	£19.50	
East Craigs Primary (leaps and bounds)	£12.50	£19.50	
Corstorphine Primary (leaps and bounds)	£12.50	£19.50	
Clermiston Primary	£12.50	£19.50	£32
Fox Covert Primary	£12.50	£19.50	£32
Broughton Primary School	£12	£15	£22
Wardie ASC P1 - P2	£9.10	£15.90	£25
Wardie ASC P3 - P7	£8.35	£15.90	£25
Greenside ASC	£12.50	£20	£29
Royal High Primary School (Oscars)	£8.40	£14	
Craiglockhart ASC	£8.50	£15	
Central Leith ASC	£9.50	£15.50	£23
Dalry ASC - GINGERGREAD	£20 per day *	£20 per day *	£20 per day **
Lorne ASC - GINGERGREAD	£20 per day *	£20 per day *	£20 per day **
St Cuthberts ASC - GINGERGREAD	£20 per day *	£20 per day *	£20 per day **
Tollcross ASC - GINGERGREAD	£20 per day *	£20 per day *	£20 per day **
Prestonfield ASC - GINGERGREAD	£20 per day *	£20 per day *	£20 per day **
North Edinburgh Childcare	£10.99	£15.26	£24.42
North Edinburgh Childcare (subsidised)	£9.77	£14.65	£19.54
Smile Childcare	£11.07	£15.12	£25
Smile Childcare (subsidised)	£9.18	£11.88	£21
Childcare Connections	£12	£15	£24
Childcare Connections (subsidised)	£10	£12.50	£20
Kidzcare (all subsidised)	£8.50	£13.90	£19

* £20 per day or £35 (1 parent) or £46 (2 parent) p/wk

** £20 day or £65 (1 parent) or £75 (2 parent) p/wk

APPENDIX 4

Current Providers Fee Structure as at August 2018

Nursery care

	Childcare Connections		Kidzcare		North Edinburgh Childcare		Smile Childcare	
0 - 2	N/A		34.65	**	32.71	39.17	28.34	34.56
2 - 3			**	**	29.87	36.33	*	*
3 - 5			**	**	31.77	38.23	*	*
	SUB	UNSUB	SUB	UNSUB	SUB	UNSUB	SUB	UNSUB

*Various reductions to full rate based on 600 or 1140 funded hours

**Kidzcare charge one low rate across all age groups

After School Care

	Childcare Connections		Kidzcare		North Edinburgh Childcare		Smile Childcare	
Mon - Thurs	10.00	12.00	8.50	***	9.77	10.99	9.18	11.07
Friday	12.50	15.00	13.90	***	14.65	15.26	11.88	15.12
Full day holiday	20.00	24.00	18.65	***	19.54	24.42	21.00	25.00
	SUB	UNSUB	SUB	UNSUB	SUB	UNSUB	SUB	UNSUB

**Kidzcare charge one low rate across service

APPENDIX 5

Method of Calculation for Remaining Income

The calculation requires adding all household income of child benefit, housing benefit, earnings, tax credits or child benefit and universal credit, then subtracting rent and childcare costs (the whole rent and childcare costs as any benefit had been counted in the income sum) from the income. Dividing the result by the number of people in the family provides a workable amount to use as a way of establishing the 'Remaining Income.'

In thinking about what level of weekly 'Remaining Income' should be used, the tables should be helpful. We made comparisons based on single parent families:

- with 2 or 3 children
- claiming Tax Credits or Universal Credit,
- working 14 or 35 hours
- paying council or private rent
- using (or not) after school childcare for an older sibling.

It seemed a reasonably common scenario to consider a parent who is seeking work having a primary school aged child (needing after school care), as well as the young children relevant to the application for subsidised childcare. In the calculations we used:

- the Living Wage
- Council rent of £94 per week based on the average for Edinburgh in Housing Review Account 2016/17
- private rent of £210 per week which is £24 per week over the LHA for a 3 bed home in Edinburgh
- childcare of £55 per week based on the Family and Childcare Trust figure of the cost of after school care for one child per week.

We used the inflated amount of LHA to establish the effect differences in rent made to household income. It only made a difference of an average of £7 per week, (though for a family on a low income that is still significant). The childcare made much more of a difference especially for those families receiving tax credits who were not entitled to help with childcare (i.e. working 14 hours per week).

Recommendations

The overwhelming evidence is that families receiving tax credits working under 16 hours per week (and therefore not entitled to help with child care costs) were the worst off. Families receiving Universal Credit and working under 16 hours were better off as under the Universal Credit regulations they can receive help with child care. The more children these families have the worse off they will be due to the Benefit Cap being imposed. Families working 35 hours, irrespective of receiving tax credits or universal credit, had similar incomes but this reduced per head as the number of children increased.

We would therefore suggest that one clear group of parents that should be eligible for subsidised childcare are those working under 16 hours per week particularly those receiving tax credits. For families working over these hours a threshold could be established based on an amount per head.

Examples of Remaining Income Scenarios for the purposes of benchmarking

Currently under Tax Credits (per week)

Family Size	Hours worked per week	Afterschool childcare?	Remaining Income per head of household per week (Council Property)	Remaining Income per head of household per week (Privately Rented Property)
3 Children				
Single parent with 3 children	35	No	£90	£82
Single parent with 3 children	14	No	£70	£64
Single parent with 3 children	35	✓	£86	£80
Single parent with 3 children	14	✓	£56	£51
2 children				
Single parent with 2 children	35	No	£115	£112
Single parent with 2 children	14	No	£89	£81
Single parent with 2 children	35	✓ (£55)	£111	£103
Single parent with 2 children	14	✓ (£55)	£71	£63

Under Universal Credit (per week)

Family Size	Hours worked per week	Afterschool childcare?	Remaining Income per head of household per week (Council Property)	Remaining Income per head of household per week (Privately Rented Property)
3 Children				
Single parent with 3 children	35	No	£92	£86
Single parent with 3 children	14	No	£78	£72
Single parent with 3 children	35	✓ (£55)	£90	£84
Single parent with 3 children	14	✓ (£55)	£76	£70
2 children				
Single parent with 2 children	35	No	£118	£110
Single parent with 2 children	14	No	£99	£91
Single parent with 2 children	35	✓ (£55)	£115	£107
Single parent with 2 children	14	✓ (£55)	£97	£89

Example Calculations

Scenarios 1 & 2 - *The mother receives tax credits works 14 or 35 hours per week.* The family consists of the mother and 3 children aged 11(m), 4(f) and 6 months (f). They live in a 3 bedroom house with private rent of £210 p/w. The LHA is £186.47. The mother works for £8.75 p/h and pays £55 per week for after school care for her son. The 2 girls are looked after by their gran

	14 hrs worked per week	35 hrs worked per week	
Child Tax Credit	117.18	117.18	
Working Tax Credit	0.00	55.36	
Housing Benefit	181.42	94.38	
Non Means Tested Benefits (e.g. Child Benefit)	48.10	48.10	
Net Income from Employment	122.50	273.15	
Total Income	469.20	588.17	
Less rent	-210.00	-210.00	
Less afterschool childcare	-55.00	-55.00	
Balance	204.20	323.17	
Balance divided by size of household = Remaining Income per week	51.05	80.79	

NB.

While this mother works under 14 hours per week she gets no help to pay for childcare from tax credit. If she lost the informal help with childcare she would be unable to work.

Scenarios 3 & 4 - *The mother receives Universal Credit and works 14 or 35 hours per week.*

	14 hrs worked per week	35 hrs worked per week	
Universal Credit	375.58	280.67	
Non Means Tested Benefits (e.g. Child Benefit)	48.10	48.10	
Net Income from Employment	122.50	273.15	
Total Income	469.20	588.17	
Less rent	-210.00	-210.00	
Less afterschool childcare	-55.00	-55.00	
Balance	£281.18	£336.92	
Balance divided by size of household = Remaining Income per week	70.29	84.23	

NB. As help is given towards childcare no matter how many hours are worked this mother would be better off on universal credit, rather than on tax credits by £19 per week while working 14 hours per week.