



22nd April 2016

To: Section 151 Officer, Carmarthenshire County Council

EXEMPTION AND WAIVER TO REQUIREMENTS OF COMPETITION - REPORT

*This is a Request for an Exception and Waiver to the Requirement of
Competition (Section 5) - Contract Procedure Rules/Quotation
Procedure Rules in relation to:-*

The FLYING START CHILDCARE SERVICE: Flying Start Carmarthenshire (Carmarthenshire County Council) seek permission to offer a contract to a 2nd placed nursery provider, in light of the closure of the 1st placed provider, who has ceased to trade.

In accordance with CPR Condition:

5.3 Monitoring Officer and Section 151 Officer Approval followed by relevant Executive Board Member Decision

5.3 Any other exceptions to these Contract Procedure Rules shall only be given in exceptional circumstances and will be authorised by the relevant Executive Board Member following consideration of a report from the Lead Officer which details the reasons for the exception and which is supported by the Section 151 Officer and the Monitoring Officer.

Summary & Background

1. In 2014 a tender exercise was undertaken on Sell2Wales to source a childcare/nursery provider to run a newly built childcare facility, on Pembrey Primary School site. This facility was created and funded by the Flying Start capital grant to support the expansion of the Flying Start service locally, which offers free childcare services to eligible parents living in the locality who have 2-3 year old children. The Flying Start programme offers this free childcare service as a key element of the national programme, funded directly by Welsh Government in the form of an annual revenue grant.

2. An open and transparent procurement exercise saw 2 agencies successfully pass the process, however, only one was to be appointed as there was a requirement

to be based within the new purpose built facility, rather than purchase childcare places at an existing Nursery. **Cylch Meithrin Pembrey** were awarded the contract as 1st placed provider. **Serendipity Nursery were placed in the 2nd position** and therefore not offered the contract to run the new childcare facility.

3. Despite supporting the Cylch Pembrey to open the provision, which took 18 months from contract award (May 14 to September 15), we saw significant delays and numerous hurdles, and unfortunately only opened for only one month (September 2015) before they had to reduce their 2 sessions a day to 1, due to limited income. The next 3 months saw Flying Start heavily supporting the Cylch, with business support, childcare provision support and mentorship. Yet despite best efforts they remained unable to generate further income and took the decision to cease trading and closed on 29th January 2016, this year.

4. Eligible Flying Start children were at this stage receiving childcare from the newly built venue, therefore contingency plans were put in place immediately, on a temporary basis, to continue to offer the childcare service (funded by Flying Start) from the nearby venue of the 2nd placed provider; Serendipity Nursery, who have continued to provide a good quality service since that time, in difficult circumstances. The Procurement Dept advised this arrangement was acceptable in the circumstances as the 1st provider had ceased trading. **Unfortunately, this means we now have an empty unused purpose built childcare facility on Pembrey Primary School.**

Proposal & Approval Required

5. The basis of this Exemption Report therefore, is to request permission to offer Serendipity Nursery the contract to deliver services from the newly built Flying Start facility, in order to utilise the purpose built venue and meet terms and conditions of the Flying Start capital grant; the 5 year clause states the venues has to be available to deliver Flying Start services for a minimum of 5 years.

6. It is also requested that the Serendipity Nursery be offered the contract to align to the contract duration of the forthcoming renewal and re-commissioning of the other existing childcare contracts (up to 30th September 2020), but only be extended on an annual basis (subject to availability of grant funding). Eg initial contract to be awarded on the completion of CSSIW registration for the new venue approx:

- Sept/Oct 16 to 31st Mar 17, if grant continues, extend contract from:
- 1st April 17 to 31st March 18, extended subject to grant funding from:
- 1st April 18 to 31st March 19, extended subject to grant funding from:
- 1st April 19 to 31st Mar 2020, extended to 30th September 2020 when re-commissioning will be due

Time delays

7. The reasons for this request are further supported by the regulatory requirements for registering new venues for sessional childcare (2.5 hrs) enforced by Care and Social Services Inspectorate for Wales, a process of which can take up to 14 weeks. If this exemption is agreed, Serendipity Nursery could progress CSSIW registration of the facility, with a view to being open to children from September 2016. If we delay and co-incide with the re-commissioning tender (due from 1st October 16), and progress CSSIW registration from the contract award stage, at that time), we would expect to see the **facility being empty** and a longer delay in providing services until early 2017. The reasons are further supported by Welsh Government's key aims for the Flying Start childcare service, in that children are required to be ready for school on leaving the service. Paramount to this is the emotional wellbeing of 2 year olds to respond and build key relationships with the existing staff, who can provide continuity of care, as the adult child interactions and attachments built with those staff are key to aid their development, in order to be ready for school. Adding to this further, it is felt, that knowing the local market, that we would not expect any other interest in this contract, having already been to tender once with only the two named providers coming forward previously – no new agencies are known to have been developed since the last tender

Costs

8. The ongoing service costs for the Flying Start childcare service will continue to be funded through the Flying Start Revenue grant from Welsh Government. Current expected value of this childcare service for the small number of 10-12 children, is expected to be approximately £30-33,000 annually (x 4 years = £120-£132,000). However, as costs per child submitted through the tender process are now over 2 years old, these costs are no longer viable due to increases in inflation and introduction of new national living wages for employees, which would include childcare workers. We would therefore, also seek approval that the Nursery be given the opportunity to review their costs and that new rates are offered in line with cost of living, which would be subject to approval by the Flying Start management and subject to available grant funding.

Request to Proceed

10. I therefore, seek approval to proceed with the exemption to award a contract to Serendipity Nursery up to September 2020, and to allow them the opportunity to review their costs to deliver the Flying Start services, from the new Flying Start childcare facility at Pembrey Primary School (Exception and Waiver to the Requirements of Competition – Contract Procedure Rules, Clause 5.3)

Nia McIntosh
Flying Start Planning & Performance Manager
22nd April 2016