



## **Contract and Financial Procedure Matters Report**

### **SUMMARY**

- 1.1 This report deals with the following items that require reporting to and approval by Council Cabinet under contract and financial procedure rules:
- Revised childcare charging policy
  - Additional external funding for the extension of the wireless marketplace across the Cathedral Quarter
  - External network penetration testing contract approval
- 1.2 Subject to any issues raised at the meeting, I support the following recommendations.

### **RECOMMENDATIONS**

- 2.1 To agree the revised childcare charging policy for recommendation for adoption by maintained schools, Children Centres and Extended Services Schools.
- 2.2 To increase future childcare charges each year to reflect the standard rate of inflation, with a report back to Council Cabinet only if a significant deviation is proposed.
- 2.3 To approve the addition to the capital programme for an extension to the wireless marketplace at a cost of £110,000 funded by a grant from Derby and Derbyshire Economic Partnership.
- 2.4 To approve the procurement of the wireless network equipment from Synetrix as an extension to the existing wireless network framework agreement.
- 2.5 To approve the appointment of Supplier A on a two year contract to carry out external penetration testing at a cost of £16,630, under contract procedure rule C24.5



DERBY CITY COUNCIL

**COUNCIL CABINET**  
**18 MARCH 2008**

Report of the Corporate Director – Resources

## **Contract and Financial Procedure Matters Report**

### **SUPPORTING INFORMATION**

#### **1. Revised childcare charging policy**

- 1.1 The development of childcare throughout the City as part of the Children's Centre and Extended Schools initiatives resulted in a consistent charging policy being developed. This was approved and adopted by Council Cabinet on 1 August 2006. It was necessary to develop this consistent charging policy as whilst many of the childcare places continue to be heavily subsidised with revenue funding from the General Sure Start Grant the aim must be for them to become sustainable through charging.
- 1.2 It was agreed the charging policy would build in a standard rate of inflation for income in its budget process to be applied in future years to the childcare charges. However any proposal that would deviate significantly from this needs further Cabinet approval. The charging policy will be adopted by all Local Authority settings including all designated Children Centres providing full day care but can also be adopted by governing bodies in maintained schools.
- 1.3 The childcare currently provided in the Neighbourhood Nurseries within the Children's Centres is being supported by £280,000 funding from the General Sure Start Grant with continued reliance from the ring fenced Sure Start Early Years and Childcare Grant in 2008-2011. An increased charging policy is imperative if we are to reduce reliance on this. The ring fenced Children's Centre revenue grant for 2008/09 of £2,976,638 will need to incorporate funding for a further 4 Children's Centres. The programme is not sustainable if childcare is heavily subsidised.
- 1.4 The proposed charging policy in appendix 2 represents an increase of 5% rounded up to the nearest 25 pence for each session cost as parents found the current ad hoc amounts confusing. This is in line though with the price increases being seen throughout the sector for full day care as reported by the Daycare Trust. The proposed revised pricing policy reflects the charges being levied for childcare across the city in both the private and voluntary sectors. The increase is required to cover staff costs, using suitable qualified staff to meet national standards for day care registration, but also working within the Council's pay and conditions which are considerably higher than those seen in the private, independent and voluntary sector. The increased charges are needed to aid sustainability of the childcare provision.

- 1.5 Childcare which is offered by maintained schools, Children Centres and Extended Services schools needs to be sustainable, but needs to take into account affordability to the parents and carers who will access it. By increasing the charging policy at the higher rate of 5% this will help towards increasing the income of the childcare provision and their longer-term sustainability. This is important if the Council is going to meet its new duty under the Childcare Act 2006 to have sustainable and sufficient childcare available for working parents or those returning to training. The impact of the proposed increase will need to be monitored to assess continued take up of places.
- 1.6 Appendix 2 sets out the revised charging policy. This can only be a recommendation where the childcare is the responsibility of the school, where governors would make the final decisions about charges. DCSF guidance on extended schools states that 'parents should be charged for all childcare... except the free entitlement of provision for three and four year old children', which is currently 12.5 hours per week. Parents on lower incomes may be eligible to reclaim up to 80% of the costs of childcare through the childcare element of the Working Families Tax Credit.

## **2 Extension to the Marketplace Wireless Network**

- 2.1 DDEP have made available an additional grant of £110k to support the extension of Wireless network, currently deployed in the Market Square, more widely across the Cathedral Quarter, including a wireless corridor back from Westfield to the Cathedral Quarter and covering Sadler Gate with the growing number of "street cafes". This grant will need to be drawn down before 31<sup>st</sup> March 2008 and it is proposed to procure the wireless equipment from Synetrix who have already provided the equipment and installation for the Wireless Market Place, Synetrix have also completed site surveys and a feasibility study, and prepared a fully costed proposal in anticipation of the extension into both the Westfield Corridor and Cathedral Quarters, . This procurement will utilise the OGC framework agreement for Telecom Networks- Wireless Data Infrastructure and the equipment will be an extension to the existing wireless network, Framework Agreement Code RM 374/L6. Agreement is sought to waive contract procedure rules for this procurement

## **3 External Network Penetration Testing**

- 3.1 The Council employs a third party to carry out external network penetration testing to make sure that the Council's network is secure from external attacks and hacking. A tendering exercise has been carried out with five specialist companies who provide external network penetration testing services. Only four companies responded.
- 3.2 Network penetration testing is a particularly important activity, as keeping the Council's external networks secure is essential. The evaluation criteria therefore reflected this with a heavy emphasis on quality. The split between quality and price was set at 80/20. Three officers carried out the evaluation exercise, and Supplier A scored consistently the highest on quality, having provided detailed information on testing activities and technical quality assurance. They were the second cheapest on cost. The cheapest quote came third in our quality evaluation.

3.3 The overall scores are provided in the table below.

Supplier	Evaluation Scores		
	Quality	Costs (2 year contract)	Ranking
A	146	£16,630	1
B	98	£17,550	2
C	87	£9,950	3
D	78	£47,600	4

3.4 A two year contract with Supplier A to carry out penetration testing will cost £16,630. These costs will be contained within the Computer Services revenue budget.

3.5 Cabinet approval is required to appointment of Supplier A under contract procedure rule C24.5 as they were not the lowest cost.

For more information contact:	Carolyn Wright 01332 255349 e-mail carolyn.wright@derby.gov.uk
Background papers:	None
List of appendices:	Appendix 1 – Implications Appendix 2 – Children’s Centre Charging Policy 2008/2009

<b>IMPLICATIONS</b>
---------------------

**Financial**

1. As outlined in the report.

**Legal**

2. Whilst the Local Authority can give guidance about childcare charging policies, the final decision will rest with the governing body where the service is delivered in maintained schools.

**Personnel**

3. The provision of sustainable childcare will provide considerable employment opportunities. However if the childcare provisions do not become sustainable there is potential for redundancies.

**Equalities impact**

4. Childcare should be accessible and available for all. Parents and carers can be supported to access working tax credits and other benefits to achieve this.

**Corporate priorities**

5. These recommendations, where relevant, are in line with approved budgets which accord with the Council's corporate priorities.

## Children's Centre Charging Policy 2008/2009.

<b>Children Centre</b>					
<b>Charging Policy</b>	<b>0-2's</b>				
<b>Session</b>	<b>Current SS</b>	<b>% Increase</b>	<b>New Cost</b>	<b>Hourly</b>	<b>Actual</b>
	<b>Cost</b>	<b>at 5 %</b>	<b>to nearest 25p</b>	<b>Cost</b>	<b>% Increase</b>
7.30am-1.00pm	£15.79	16.58	£16.50	£3.00	4.50
8am-12.45pm	£15.00	15.75		£0.00	
8.00am-1.00pm	£15.79	16.58	£16.50	£3.30	4.50
1.00pm-6pm	£15.79	16.58	£16.50	£3.30	4.50
9am-3pm	£19.15	20.11	£20.25	£3.38	5.74
7.30am-6.00pm	£25.88	27.17	£27.25	£2.60	5.29
8am-6pm	£25.88	27.17	£27.25	£2.73	5.29
Full Week	£129.38	135.85	£135.75	£2.72	4.92
Per Hour				£3.30	new charge
<b>Charging Policy</b>	<b>2-3's</b>				
<b>Session</b>	<b>Current</b>	<b>% Increase</b>	<b>New Cost</b>	<b>Hourly</b>	
	<b>Cost</b>		<b>to nearest 25p</b>	<b>Cost</b>	
7.30am-1.00pm	£14.49	15.21	£15.25	£2.77	5.24
8am-12.45pm	£13.70	14.39			
8.00am-1.00pm	£14.49	15.50	£15.25	£3.05	5.24
1.00pm-6pm	£14.49	15.50	£15.25	£3.05	5.24
9am-3pm	£19.15	20.11	£20.25	£3.38	5.74
7.30am-6.00pm	£25.36	26.63	£26.75	£2.55	5.48
8am-6pm	£25.36	26.63	£26.75	£2.68	5.48
Full Week	£126.27	132.58	£132.50	£2.65	4.93
Per Hour				£3.30	new charge
<b>Charging Policy</b>	<b>3+'s</b>				
<b>Session</b>	<b>Cost</b>	<b>% Increase</b>	<b>Hourly Cost</b>		
7.30am-1.00pm	£14.49	15.21	£15.25	£2.77	5.24
8am-12.45pm	£13.70	14.39			
8.00am-1.00pm	£14.49	15.50	£15.25	£3.05	5.24
1.00pm-6pm	£14.49	15.50	£15.25	£3.05	5.24
9am-3pm	£19.15	20.11	£20.25	£3.38	5.74
7.30am-6.00pm	£24.32	25.54	£25.50	£2.43	4.85
8am-6pm	£24.32	25.54	£25.50	£2.55	4.85
Full Week	£121.10	127.16	£127.25	£2.55	5.08
Per Hour				£3.30	new charge

A universal parents/provider contract will be used by all Local Authority Children's Centres which will agree payment details, terms and conditions of care, ability to terminate childcare provision if fees are unpaid. The charging policy will be reviewed annually and implemented after giving parents/carers the usual months notice from the 1 April each year.