
Decision Maker: PORTFOLIO HOLDER FOR EDUCATION, CHILDREN AND FAMILIES

Date: For pre-decision scrutiny by the Children, Education and Families PDS Committee on 15 June 2022

Decision Type: Non-Urgent Executive Non-Key

Title: **APPROVAL TO EXTEND EXISTING CONTRACT WITH SENTINEL PARTNERS LTD FOR SUPPLY OF EARLY YEARS FUNDING SOLUTION**

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Chief Officer: Jared Nehra, Director of Education

Ward: All (All Wards);

1. REASON FOR REPORT

- 1.1 A contract was awarded by exemption to Sentinel Partners Ltd on the 31 July 2019, to provide a digital solution to support all of the elements of the Early Years Funding process.
- 1.2 The core contract term was for a period of three years. Under the terms of the existing contract there is the option to extend for up to 2 (1+1) years. The estimated total value of the extension period is £52,400 at £26,200 per annum.
- 1.3 If the extension period is used the total life contract value will be as follows:

Year 1, (start-up costs, data migration, development, licences, support)	£ 82,300
Years 2 - 3 licence and support	£ 52,400
Years 4 and 5, licence and support	£ 52,400
One-off contract variation	£ 8,500
Estimated total life value	£195,600

2. RECOMMENDATION(S)

- 2.1 The Portfolio Holder for Children, Education and Families is recommended to approve the extension of the contract with Sentinel Partners Ltd for the provision of the online early years funding solution for a period of 2 years from 31 July 2022 to 30 July 2024 at an annual value of £26,200 (Total value £52,400)

*Impact on Vulnerable Adults and Children

1. Summary of Impact: Early years funding supports vulnerable children and families through the provision of free early years education for eligible two year olds (Iam2), 15 hour universal funding and the 30 hours extended offer for working families. There are additional funding streams to support specific vulnerable children, through the deprivation supplement, early years pupil premium (EYPP), the disability access fund (DAF) and the special educational needs inclusion fund (SENIF).
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Corporate Policy

1. Policy Status: Existing Policy
 2. BBB Priority: Children and Young People; Excellent Council
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Financial

1. Cost of proposal: Estimated Cost Total value of extension £52,400 over 2 years
 2. Ongoing costs: Recurring Cost Annual cost £26,200
 3. Budget head/performance centre: Education, 121727
 4. Total current budget for this head: £
 5. Source of funding: DSG
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Personnel

1. Number of staff (current and additional): N/A
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: Statutory Requirement
 2. Call-in: Applicable:
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Procurement

1. Summary of Procurement Implications:
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Approx 6,500 children and over 400 childcare providers accessing early years funding
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 Bromley Early Years Funding team annually distribute in the region of £20 million of early years funding to local providers per academic year. There are approximately 6,500 Children accessing their funded entitlement through just over 400 providers in Bromley. The types of providers range from large nursery chains, schools, independent nurseries, preschools, and childminders.
- 3.2 Prior to 2019, the process for managing the funding claims from providers was largely paper based, relying on mass data inputting onto Excel spreadsheets and manual checking. The Council held a contract with the company Software Data Analysis (SDA) for the provision of an online eligibility checker and the Capita system was used for the annual early years census.
- 3.3 The increase in the both the volume of claims and the complexity involved, following the 2017 introduction of the extended 30 hours funding for working families, increased the risk of both errors and fraud. Therefore, the need to implement a comprehensive digital solution that would help improve efficiency and minimise risk to the Council increased.
- 3.4 Following a detailed market testing exercise in 2019 the contract for the provision of a digital early years funding solution was awarded by exemption to Sentinel Partners.
- 3.5 As well as having the functionality to process all 7 of the early years funding streams, the Sentinel system undertakes a data matching process before submitting each claim. This ensures any duplications in claims for a child are identified early on in the funding cycle and reduces the risk of over payments through errors and fraud. Their product was also the only one at that time that could be adapted to pay monthly claims based on actual hours rather than estimates. Paying providers monthly is a requirement of the DFE as stated in the Early education and childcare statutory guidance for local authorities (2018) .
- 3.6 In order to fully meet Bromley's specification, it was agreed that Sentinel Partners would further develop their off the shelf product to include a provider portal and a parent portal. This would allow both sets of service users to be able to self-serve, provide transparency across the whole process and provide a clear audit trail for the funded hours used and claimed.
- 3.7 The contract commenced on 31 July 2019 and the phase 1 of the product went live in early November 2019.

Summary of Business Case

- 3.8 The software provider, working in partnership with Bromley early years funding team, have developed a highly sophisticated system capable of processing all aspects of early years funding in line with government requirements. As a result of this joint working, the system now manages the processing of seven funding streams, allows for the flexibility required to manage a stretched offer of funded hours and pays providers on a monthly basis based on actuals. These features make this a unique product on the market at this time. The product also gives parents the opportunity to claim their educational funding in a fully flexible way.
- 3.9 Although the development, testing and roll out of the provider portal presented officers and end users with a series of operational challenges at the time, the core product as it currently stands is highly efficient and functions well. It provides the Council with a clear audit trail for the funding paid to providers and has virtually eliminated incidents of duplicate claims.
- 3.10 The small funding team, consisting of 4 FTE's (including the Funding Manager) are able to manage and process monthly claims for 6,500 children. Providers are paid promptly on a monthly basis, and because the system calculates claims on actuals, they are able claim for new children who join during each monthly period.

- 3.11 Sample auditing can now be undertaken across the funding year, as officers can access documents in the online provider portal to evidence eligibility and parental confirmation of contracted hours.
- 3.12 The annual early years census process is also fully integrated into the Sentinel system. Providers are able to use the system's data hub to populate the census and add any additional information required. Once validated and quality checked, Bromley EY funding can pass the data collected under census to the DfE's Collect system via a data feed.
- 3.13 The addition of the Parent Portal has been put on hold whilst a review of the business case is completed. A Parent Portal Steering Group has been established to consider this. If a decision is made to proceed, the group will also consider and identify the resources and wider support required by early years from other teams within the Council to ensure an effective delivery and roll-out.
- 3.14 As referenced in 3.2.2 above, there have been performance issues with this contract, which is not unusual when bespoke IT solutions are being developed. At times, the development work undertaken by the provider, from the Council's perspective, appeared to be ad hoc rather than systematic and both staff and end users expressed their frustrations when unanticipated errors arose following changes to the live system. However, the service provider has demonstrated their willingness to work with the Council to address those issues.
- 3.15 In response to the numerous issues that arose during product roll out and the addition of new functionalities into the live system, contract meetings were established between LBB and Sentinel, held every two weeks. The meetings were attended by at least one of the company Directors accompanied by a member of the software development team working on the early years solution product.
- 3.16 Sentinel Partners recognise the potential to their own business that could arise from the development of a unique funding solution and remain committed to the concept of completing the parent portal functionality should the Council decide to continue with the original vision.

Service Profile / Data Analysis

- 3.17 Bromley Early Years Funding team annually distribute in the region of £20 million of early years funding to local providers each academic year. There are approximately 6500 Children accessing their funded entitlement via just over 400 providers in Bromley. The types of providers range from large nursery chains, schools, independent nurseries, preschools, and childminders.

Options Appraisal

- 3.18 There were two options that were considered. These were to return to the open market for an off the shelf product or seek approval to use the option to extend the current contract.
- 3.19 The open market for this type of product has remained fairly static over the last three years. It continues to be a niche market, dominated by 4 main software solutions; Wizard Early Years Portal; Capita One; Servelec Synergy and Sentinel Partners.
- 3.20 Of the 4 main market providers, Sentinel remains the only product sufficiently flexible to manage the stretched 30 hours funding offer in real time and process monthly payments based on actual attendance rather than estimated monthly average followed by end of term adjustments. It also continues to be the only product that undertakes a data matching prior to processing the online claims. This enables issues such as duplicate claims across multiple providers to be identified

prior to payment processing. Bromley early years funding are now able to resolve potential over-claiming immediately they appear rather than being left undetected until the end of a funding period when it becomes much more difficult to resolve historical entitlement disputes.

- 3.21 Whilst there were initial issues with the stability of the Sentinel product when some of the bespoke functionalities were rolled out, the core product delivers a good service. It helps minimise the risk of fraudulent claims and over-payments and enables monthly tracking of expenditure. Compared to other products on the market at the current time, it continues to provide good value for money.
- 3.22 Council officers, including staff from IT and finance teams, have invested significant time and expertise in supporting the bespoke development and implementation of key features within Sentinel product to ensure it is aligned closely to the needs and strategic aims of the Council. The high level of automated processes provided by the system have ensured that the high volume and increased complexity of monthly funding claims are managed efficiently by a team of 4 FTE employees.
- 3.23 In addition, the Early Years Funding Manager, retired at the end of March 2022. Changing over to a new product is complex and resource heavy. If the service were to return to open tender at this time and risk moving to a new supplier, this may risk introducing a destabilising factor into an changing team working environment. This could potentially have a negative effect on service delivery at a time. For this reason a return to the open market is not recommended at this point in time.

Preferred Option

- 3.21 For the reasons stated in sections 3.18 – 3.23 above, the preferred option is to extend the existing contract with Sentinel Partners for the two years as allowed for under the original contract terms. This will ensure continuity of the current service and provide stability for service users. It will also allow for further development and improvement of the product. This could include consideration of the parent portal functionality, which will provide transparency of total entitlement and hours used for Bromley families and a clear, coherent online pathway for providers, from the initial parental requests for places through to payments for the funded hours delivered .

4. MARKET CONSIDERATIONS

- 4.1 At the time of the soft market testing exercise in 2019, five off the shelf digital solutions for managing early years funding were identified: Capita One; Open Objects, Sentinel Partners, Servelec Synergy and the Wizard Early Years Portal. One of these companies, Open Objects, has now removed their early years product from their portfolio of IT solutions, leaving the above remaining four players dominating the market.
- 4.2 Servelec Synergy (owned by Monatagu Private Equity) and Capita One (part of Capita plc) are the two largest players in the market. The Wizard Early Years portal is the newest player and was developed by Northumberland County Council (NCC). This product, newly launched at the time of the LBB market testing exercise in 2019, continues to be under development, but at a much slower pace than the more commercial product offered by Sentinel Partners currently in use by Bromley early years funding. The development of new functionalities has been based upon the priorities of NCC and it lacks the flexibility to manage the full range of funding streams accessed by providers in Bromley via the existing system.
- 4.3 Sentinel Partners are a small data specialist company, based in the midlands, who provide a range of specialist data solutions for local authorities. During the life of the current contract they have been open to adapting their off the shelf product with bespoke solutions to meet the

requirements of the Bromley finance and risk assurance processes. They have been responsive to requests for support and provide a helpline that is manned during office hours.

- 4.4 Product costs have remained very similar across the 4 off the shelf solutions and all require a significant start up commitment. The Sentinel product has slightly higher annual hosting costs, however it conrues to be the most comprehensive product on the market and therefore provides good value for money and enables Bromley early years funding to operate a paper free process. Given the current performance of the product and it's compatibility with Bromley systems (.g. finance) extending the contract for a further 2 years enables the Council to gain best value for money out of it's original start-up investment.

5. STAKEHOLDER ENGAGEMENT

- 5.1 The majority of Bromley childcare providers report being generally happy with the Sentinel System. They appreciate it's intuitive design and the easy ability to access information about the funding being claimed and their payments. More recently, providers have commented that receiving their SENIF payments via the system is cutting down on paperwork and making the process easier and more streamlined for them.

6. PROCUREMENT AND PROJECT TIMESCALES AND GOVERNANCE ARRANGEMENTS

6.1 Estimated Value of Proposed Action:

Year 1, (start-up costs, data migration, development, licences, support)	£ 82,300
Years 2 - 3 licence and support	£ 52,400
Years 4 and 5, licence and support	£ 52,400
One-off contract variation	£ 8,500
Estimated total life value	£195,600

6.2 Other Associated Costs: N/A

6.3 Proposed Contract Period:

Core contract	3 years: 31 July 2019 – 30 July 2022
Extension period	2 years: 31 July 2022 – 30 July 2024
Total contract period	5 years

- 6.4 The original contract made provision for an extension period of up to two years (1+1)

7. IMPACT ASSESSMENTS

- 7.1 This contract impacts on early years providers in Bromley who provide funded early years childcare to local families.
- 7.2 Funded providers are issued with their own secure login to the system, which they can access free of charge. The system uses adaptive web design to ensure that screens will function across multiple devices and screen sizes and is compatible with multiple operating systems such as mobile phones, tablets and desktop pc's.
- 7.3 Bromley Early Years Funding team provide training to new providers to help them get started on the system. Illustrative step-by-step user guides are available to download from within the provider portal.

7.4 Therefore no provider or provider type are affected disproportionately as a result of this contract.

8 POLICY CONSIDERATIONS

8.1 Local Authorities have a statutory duty to secure funded childcare provision, including the 30 hours entitlement, 3 and 4 year old universal provision, and 15 hours for 2 year olds in disadvantaged families plus support for the most vulnerable children with deprivation supplement, the Early Years Pupil Premium (EYPP) and the Disability Access Fund (DAF) as well as providing SENIF funding for children with significant delays in their development. This includes the management and distribution of the early years funding for this provision.

8.2 Making Bromley Even Better (2021-2031): Bromley has five ambitions for the next stage of our journey. The relevant ones to this service are:

- For children and young people to grow up, thrive and have the best life chances in families who flourish and are happy to call Bromley home.
- To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.

8.3 Transforming Bromley Our Four-Year Roadmap (2019 – 2023): To be flexible and responsive to the local needs of our residents and their wider communities, embracing new ways of working with partners, staff, and our communities. This contract ensures Bromley early years settings have flexible and open access to information regarding the funded entitlement they draw down for children in their care. If the parent portal phase is completed during the life of this extension, then parents will also have web-based access to information about the early years funding their child is entitled to, and be able to keep track of the hours accessed across each funding year.

9. IT AND GDPR CONSIDERATIONS

9.1 There are no additional GDPR issues arising from this proposal. This is a request to extend an existing contract.

9.2 There have been no data breaches to date in regard to this contract.

9.3 The supplier of this contract, Sentinel Partners LTD, are a data specialist company providing a range of software solutions focussed on services for vulnerable people and families. They work with several local authorities supplying digital products that manage data on troubled families, children's social services, MASH teams and tracking school leavers as well as early years funding. Their systems are fully GDPR compliant, all data is protected by default and can be fully encrypted.

9.4 IT colleagues contribute to the Parent Portal Steering Group to support should the option to complete the development of the parent portal and roll out for use by Bromley families.

10. PROCUREMENT RULES

- 10.1 The report seeks a two year extension to the contract with Sentinel Partners LTD utilising the formal extension options built into the contract, the value of the proposed extension being an estimated £52k with a whole life value of £195k. The extension is to run from 31 July 2022 to 30 July 2024.
- 10.2 This contract was initially awarded via an exemption route therefore for any extension, the whole life value of the contract inclusive of any extensions since it was last competitively tendered is taken into account. That whole life value is £195k.
- 10.3 The Council's requirements for authorising an extension are covered in CPR 23.6 and 13.1, but for this extension, where the initial contract was awarded via an exemption, CPR 23.6.2 and 13.4 apply. The required approval is by the Portfolio Holder following agreement by the Chief Officer, Assistant Director Governance & Contracts, the Director of Corporate Services or their representative, and the Director of Finance must be obtained. In accordance with CPR 2.1.2, Officers must take all necessary professional advice.
- 10.4 Following Approval, the extension must be applied via a suitable Change Control Notice, or similar, as specified in the contract.
- 10.5 The actions identified in this report are provided for within the Council's Contract Procedure Rules, and the proposed actions can be completed in compliance with their content.

11. FINANCIAL CONSIDERATIONS

- 11.2 The value of the proposed extension is £26k per annum. The extension request is for two years. Therefore the proposed extension will cost £52k over two years.
- 11.3 There is sufficient budget in Early Years to contain the value of this contract.

12. PERSONNEL CONSIDERATIONS

- 12.1 There are no personnel or TUPE issues arising from this contract and it's extension.

13. LEGAL CONSIDERATIONS

- 13.1 The Council has the legal power to provide and commission the Services/Supplies outlined in this report through various duties and powers under Part 3 of the Children and Families Act 2014 and associated regulations.
- 13.2 The commissioning of such a services/supplies contract, is a public services/supplies contract within the meaning of the Public Contracts Regulations 2015 (Regulations). Despite the value of the contract just exceeding the threshold set by the Regulations, such a procurement would not be governed by the Regulations for the reasons set out the report. In particular paragraphs 3.1.5 and 3.2.9 of the report explains that due to the fact that the Provider was the only provider able to meet the Councils specific requirements and the unique nature of the software the Regulations permitted a direct award under Regulation 32. This report is now seeking authority to exercise the option to extend the Contract awarded on the 31st of July 2019 for a further 2 years as expressly provided for within the contract.
- 13.3 Under the Councils Contract Procedure Rules (CPR's) authority to approve the extension of the contract term of this value, following a direct award, can be made by the Portfolio Holder with the agreement Chief Officer, Assistant Director Governance & Contracts, the Director of Corporate Services or their representative, and the Director of Finance under CPR 23.6.2 and

13.4.This must be subject to satisfactory outcomes of contract monitoring which this report has confirmed .

Non-Applicable Sections:	Social value and local / national priorities; Strategic Property;
Background Documents: (Access via Contact Officer)	[Title of document and date]