

**Item 7.****Tender - Reject and Negotiate - Work Based Child Care - Chippendale****File No:** X005298**Tender No:** 1950**Summary**

Chippendale Child Care Centre is the City's work based child care centre providing priority to child care spaces for City of Sydney employees. This report provides details of the tender Work Based Child Care - Chippendale, and tenders received to deliver work based child care through the Chippendale Child Care Centre.

In 2009, the City sought tenders from not-for-profit child care providers to operate the City's work based child care centre, Chippendale Child Care Centre.

Under the contract, the City pays a management fee for the management and operation of the service in line with legislation pertaining to education and care services, providing City of Sydney employees with first priority to child care places. Currently, the take-up by City of Sydney employees is at 23.8 per cent of enrolments.

On 21 September 2009, Council approved Children's Services Community Management (CSCM) to operate and manage Chippendale Child Care Centre, and entered into a five year agreement with Children's Services Community Management with an option for a further five-year term. On 7 December 2016, the City exercised the five-year option. This five-year term was due to end 30 December 2021.

On 21 May 2018, Community Early Learning Australia formally notified the City that Children's Services Community Management was no longer in a position to operate and manage Chippendale Child Care, and were seeking to end the management arrangement by 21 August 2018.

On 6 August 2018, Council accepted a contract variation offer from Children's Services Community Management to operate Chippendale Child Care to 31 December 2018, with an option to extend the arrangement for an additional six months to 30 June 2019.

On 13 May 2019, Council entered into a contract variation with Children's Services Community Management to end the period of management of the child care service by 31 December 2019. A new provider is being sought via an open tender process.

This report recommends that Council reject and negotiate the tender offers of suitably qualified tenderers for Work Based Child Care - Chippendale to enable a new operator to be appointed for the period 1 January 2020 to 30 December 2021 to ensure continuity of service provision to existing families.

## **Recommendation**

It is resolved that:

- (A) Council reject all the tender offers received for the provision of Work Based Child Care - Chippendale Child Care Centre for the reasons set out in the confidential Tender Evaluation Summary, Attachment A to the subject report;
- (B) Council does not invite fresh tenders, as it is considered that inviting fresh tenders would not attract additional suitable tenderers over and above those that have responded to this tender;
- (C) authority be delegated to the Chief Executive Officer to enter into negotiations with any person with a view to entering into a contract in relation to the subject matter of the tender;
- (D) authority be delegated to the Chief Executive Officer to execute and administer a contract with the suitable tenderer following completion of the negotiations; and
- (E) Council be informed of the successful provider by CEO Update.

## **Attachments**

**Attachment A.**      Tender Evaluation Summary (Confidential)

## Background

1. In 2009, the City sought tenders from not for profit child care providers to operate the City's work based child care centre, Chippendale Child Care Centre. This service provides priority to City of Sydney employees to places in the service.
2. On 21 September 2009, Council approved Children's Services Community Management (CSCM) to operate and manage the Chippendale Child Care Centre and entered into a five year agreement with an option for a further five year term. On 7 December 2016, the City exercised the five year option. The five-year term was due to end 30 December 2021.
3. Under the agreement, the City pays Children's Services Community Management a management fee to manage and operate the service in line with legislation pertaining to education and care services, and to provide City of Sydney employees with first priority to child care places. Currently, the take up by City of Sydney employees is at 24 per cent of enrolments. The centre is licenced to take up to 36 children and 6 of these are children of City staff.
4. On 21 May 2018, Community Early Learning Australia formally notified the City that Children's Services Community Management was no longer in a position to operate and manage Chippendale Child Care and were seeking to end the contract agreement by 21 August 2018.
5. By Resolution of Council on 13 May 2019, Council resolved to enter into a contract variation with Children's Services Community Management to end the management term on 31 December 2019. A new provider was sought via an open tender process.
6. A provider for the period 1 January 2020 to 30 December 2021 (the remainder of the five-year term) is required to ensure continuity of service provision to existing families.

## Invitation to Tender

7. The tender was advertised in The Sydney Morning Herald and The Daily Telegraph on Thursday 25 July 2019 and closed on Tuesday 27 August 2019.

## Tender Submissions

8. Three submissions were received from the following organisations:
  - Counterpoint Community Services Inc.;
  - KU Children's Services; and
  - SDN Children's Services.
9. No late submissions were received.

## Tender Evaluation

10. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
11. The relative ranking of tenders as determined from the total weighted score is provided in the Confidential Tender Evaluation Summary – Attachment A.
12. All submissions were assessed in accordance with the approved evaluation criteria being:
  - (a) the management fee, schedule of child care fees, and annual operating budget that support the running costs of the service in a financially sustainable manner;
  - (b) provider approval issued by the NSW Department of Education;
  - (c) demonstrated experience in operating quality and compliant education and care services that are financially sustainable;
  - (d) personnel allocation, qualifications, experience and capacity, including sub-contractors and fair work requirements;
  - (e) financial stability and financial position of the tenderer;
  - (f) proposed transition of service program and capacity to achieve this in the specified timeframe;
  - (g) proposed operations plan, including compliance with the Education and Care Services National Law and Regulations and any other legislation pertaining to education and care services and work based child care;
  - (h) environmental management;
  - (i) Work, Health and Safety; and
  - (j) financial and commercial trading integrity, including insurances.

## Performance Measurement

13. Key Performance Indicators were identified in the Request for Tender document. Performance will be evaluated regularly, at least annually, and always upon completion of the management agreement. Each assessment will form the basis of the Performance Review.

## Financial Implications

14. There are sufficient funds allocated for the existing level of management fee within the current year's operating budget, and future years' forward estimates.

### Relevant Legislation

15. The tender has been conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005 and the City's Contracts Policy.
16. Attachment A contains confidential commercial information of the tenderers and details of Council's tender evaluation and contingencies which, if disclosed, would:
  - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
  - (b) prejudice the commercial position of the person who supplied it.
17. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

### Critical Dates / Time Frames

18. The arrangement with the current provider ends on 31 December 2019. In order to maintain continuity of service provision to existing families, a new operator must be appointed prior to 1 January 2020. The regular Christmas shut-down period will allow for handover to the new provider, and enable the new provider to commence operations with minimal disruption to families.
19. (a) Contract awarded November 2019  
(b) Handover of site to new provider December 2019/January 2020  
(c) New provider operational January 2020

### Options

20. Families currently accessing Chippendale Child Care Centre are awaiting news of the new provider and their available options for child care in 2020.
21. It is recommended that the City reject and negotiate with suitably qualified providers to ensure seamless provision of education and care to families.

**Public Consultation**

22. Existing families and staff of Chippendale Child Care Centre have been notified of the City's intent to request tenders for the provision of the service. Communication to families has included the City's intention to have a seamless transition between providers and continue with education and care arrangements for existing families into 2020.

**ANN HOBAN**

Director City Life

Marley Woods, Acting Manager Child and Family Services