

Item No. 12.	Classification: Open	Date: 16 September 2014	Meeting Name: Cabinet
Report title:		Gateway 1 - Procurement Strategy Approval Southwark Works Employment Commissioning Framework	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Communities, Employment & Business	

FOREWORD – COUNCILLOR IAN WINGFIELD, DEPUTY LEADER & CABINET MEMBER FOR COMMUNITIES, EMPLOYMENT AND BUSINESS

Building a strong local economy is of the highest importance for the council, and in support of our new Fairer Future promises, the council has set a target in the new Council Plan to support 5,000 more local people into jobs and create 2,000 new apprenticeships. We believe that this is achievable if we make the best use of the wealth of opportunities in Southwark and in the London jobs market, and invest in the skills and employability of Southwark residents, particularly where they need extra help to get over barriers holding them back in an extremely competitive labour market. This proposal sets out how we will support Southwark people – and employers - by filling gaps for those people who do not get the right support from national employment services and training provision, and put them on track to get a job, stay in work, and develop their skills and earning power.

RECOMMENDATIONS

1. That cabinet approve the procurement strategy outlined in this report for the Southwark Works Employment Commissioning Framework for four years at an estimated maximum contract value of £5.275m.

BACKGROUND INFORMATION

2. Supporting people into jobs is a key priority for the council. In July 2014, cabinet adopted a new council plan, which identified the importance of building a strong local economy as a key priority theme. The plan also sets out ten new Fairer Future promises that the council will deliver over the next four years to 2018, one of which is that “we will guarantee education, employment or training for every school leaver, support 5,000 more local people into jobs and create 2,000 new apprenticeships”. The approval of this procurement strategy for the council’s employment commissioning framework is a significant milestone in the delivery of that promise.
3. The delivery of the commitment to support 5,000 more local people into jobs and create 2,000 new apprenticeships is a challenging target and represents a significant uplift in the ambition of the council to support a strong local economy. The target also comes at a point that follows a review of current employment support across the council to ensure that we continue to provide value and quality in provision.

4. Increasingly the council will be working across organisational boundaries to deliver the framework set out in this report. The procurement strategy is therefore designed to deliver a 'one council' approach that supports local people into employment and more generally improve the skills of local residents so they are able to access a wider range of job opportunities locally and so help achieve a fairer future for all.
5. The target of 5,000 local people into jobs also comes at a time when the council is increasingly working across borough boundaries, most notably through our innovative community budget with Lambeth and Lewisham, in particular to help support those people who are furthest from work back into employment.
6. The review of current employment commissioning, alongside the work with other boroughs, has therefore been a fundamental part in informing the design of a new local framework and the procurement strategy proposed.

Summary of employment commissioning review

7. The council has been providing employment support to Southwark residents since 2004 under the title of "Southwark Works", a brand which has been both recognised and trusted among users and local partners. With a focus on unemployed and economically inactive residents, Southwark Works fills gaps in mainstream employment services by combining tailored employment support for people with barriers to employment and access to job opportunities through employer engagement.
8. Following procurement of the existing Southwark Works provision in October 2013, the council's local economy team carried out a systematic review of local employment support provision. This has informed the strategy for the next phase of delivery following the end of contracts in March 2015. The primary objective of the review was to assess the most effective and suitable means of achieving employment outcomes of the council's economic wellbeing strategy.
9. The review analysed:
 - levels of demand for employment support (numbers of unemployed and economically inactive residents, and levels of benefit claimants)
 - barriers to employment that prevents residents from competing for jobs
 - types of support that are most effective at overcoming identified barriers to employment
 - existing gaps in existing support provision
 - the impact of welfare reform and changes in national employment support programmes.
10. The review assessed all aspects of existing employment support provision and provided options on future investment decisions by the council on provision of employment support. The framework proposed in this report is designed on the basis of these findings.

Review findings

11. Despite a recent reduction in the numbers claiming out of work benefits, the current employment rate in Southwark (66.3%) remains lower than the London rate (70.5%) and a disproportionately high number of Southwark residents

remain out of work or under-employed despite recent improvements in job numbers. Further, evidence shows that nationally commissioned employment programmes delivered through Jobcentre Plus and the Work Programme are ineffective for residents furthest from the labour market (*Alright for Some? Fixing the Work Programme, Locally* – IPPR North, 2014).

12. The table below shows the numbers of working age Southwark residents claiming benefits. It can be seen that the numbers of claimants of Jobseekers Allowance and health-related benefits (Employment Support Allowance (ESA) and Incapacity Benefit) remain high.

Table 1: Working-age client group – benefit claimants (February 2014)

Claimants	Southwark (numbers)
Total claimants	29560
By benefit group:	
Jobseekers Allowance (JSA)	8160
ESA and Incapacity Benefit	13050
Lone parents	3530
Carers	2020
Others on income related benefits	820
Disabled	1770
Bereaved	210

(Nomis, 2014)

13. Other findings include:
- Nearly half of JSA claimants who have been claiming for over 12 months are aged between 50-64
 - Nearly half of the claims made for ESA and IB over the last ten years in Southwark have been related to mental health issues
 - 2090 JSA claimants in Southwark have between 1 and 5 children
 - Black & minority ethnic claimants are over-represented in the JSA claimant figures
 - The DWP Work Programme is noted as being ineffective at supporting those with high needs (long term unemployed, those affected by health issues, ex-offenders) into work
 - Qualification levels of the working age population in Southwark are polarised. 30% of the workless population in Southwark are qualified to level 4 but a higher proportion of residents have low-level or no qualifications in comparison to London.
14. The review also found that the most effective interventions are those that address individual needs combined with support to identify relevant job opportunities. For a programme to be effective, it must be strongly focused on achieving sustained employment, offering employers well-prepared and work-ready clients for particular jobs.
15. In addition to the local review, research carried out as part of the Southwark, Lambeth and Lewisham Community Budget work identified six characteristics of effective employment support. These were:
- Customer-centric (designed around the needs of individuals)

- Well defined, strongly linked partner network (specialist services co-operating and cross-referring customers according to customer need)
- Clear catalogue of services and navigation (clear criteria for eligibility and referral)
- Flexible to local employment needs (skills and support that are appropriate for local job seekers and relevant employment opportunities)
- Single point of contact (i.e. no wrong door for customers seeking support regardless of the type of need)
- Tailored customer journey (with relevant progress measures and clear outcomes to aim for)

Proposed model

16. Help to find and keep a job is of paramount importance to an increasing number of residents in the face of welfare reform and an increasingly competitive labour market; conversely, there is evidence of gaps in national, mainstream employment services and the work programme. Since 2004, the council has commissioned employment support on an annual basis, provided through a network of providers under the brand of Southwark Works.
17. The proposed framework will establish a network of providers that can deliver employment support over a four year period. This will be commissioned through a process that allows inclusion of services specified by those council departments that have identified employment outcomes as a high priority for their client groups. Support purchased via the framework will form a whole council commissioned employment support network from April 2015.
18. The framework will drive service improvements by increasing the use of common standards and success measures for employment support across the council and therefore make achievements against council plan outcomes easier to demonstrate, track and deliver.
19. A council wide framework offers an opportunity to refresh existing provision, seek innovation through an outcomes-based approach, and establish a flexible and responsive portfolio of employment support by:
 - testing the market for proposals to deliver specialist packages of employment support
 - undertaking an assessment of proposals to establish preferred suppliers
 - mini-competitions or single-supplier negotiations leading to call-off contracts with the preferred suppliers.
20. In accordance with the findings of the review, providers will be asked to submit bids for service provision according to a set of service types and matched to "lots" within the specification. These lots will define needs and outcomes required for priority groups, and will include opportunities for services based on specialist knowledge of employment and training in particular employment sectors. The range of services and priority groups will include:
 - Outreach and engagement of participants
 - Customised job-specific pre-employment preparation with bespoke training and support needed to gain employment
 - Employer engagement to improve the candidates' knowledge and understanding of a specific role or sector.

- Work placements & work trials (when required by employers)
- In-work support (or supported employment) to support job retention and progression
- Brokerage and screening
- Soft skills, confidence building, mentoring, coaching & motivation
- Careers advice
- Functional skills (numeracy, literacy, information technology and training in English for speakers of other languages)
- Incentives – such as training which includes work experience and/or a guaranteed interview
- Access to benefits/housing/debt/money management/childcare advice in relation to starting work and/or increasing hours

Priority groups

21. This support offer will provide support for the following priority groups identified in the review:

- Young people (aged 18-24)
- Long term unemployed, including those aged 50-plus
- People with mental health problems
- People with health conditions (including learning difficulties and physical and learning disabilities)
- Lone parents
- People in need of ESOL provision
- Offenders and ex-offenders
- People with substance abuse problems
- Homeless people (or at risk of homelessness)
- People in a gang or at risk of being in a gang

Priority sectors

22. All available jobs will be assessed as relevant opportunities within the framework. Based on a combination of knowledge of Southwark-based developments and regeneration schemes, and research commissioned by the Lambeth, Lewisham & Southwark community budget partnership (Centre for Economic & Social Inclusion, 2014), the employment sectors below will be prioritised. These sectors have been identified as growth areas where London's employers are forecast to increase demand for employment and skills, and are therefore likely to lead to sustained employment, wage growth and career progression opportunities:

- Construction
- Hospitality
- Health & social care
- ICT
- Retail
- Business administration
- Marketing

A four year, flexible framework

23. In contrast to the current annual commissioning of employment support which requires a constant cycle of renewal with the associated bureaucracy, a 4-year framework will allow for longer contracts and enable better planning in service

delivery and innovation. A 4 year framework also aligns well with the current council plan cycle, creating a very clear association between the outcomes planning to be achieved in terms of jobs and the framework and process that supports those outcomes.

24. A 4-year framework will also give the council greater flexibility to respond to changing labour market needs by purchasing services quickly and efficiently through call-off contracts. In addition to allowing for fresh market testing and encouraging outcomes-based innovation, it will replace the current resource-intensive, annual open tender commissioning that is currently undertaken.
25. Additional benefits of the framework include:
 - a stable strategic mechanism for buy-in by a range of council services to procure employment support for the delivery of the Economic Wellbeing Strategy, Fairer Future promises and council plan priorities
 - better understanding of the impact employment support interventions can have on improving outcomes in statutory service delivery
 - more effective integration of council services seeking employment outcomes for their customer groups
 - support for a more standardised approach to securing employment support outcomes, better performance and common measures.

Framework value

26. The framework will have an estimated maximum value of £5.275 million over 4 years. The maximum value for an individual contract will be £0.5m. Contract lengths will vary according to the type of intervention. The maximum contract duration will be 2 years initially, with optional extensions for one plus one year. Extensions will be based on performance and evidence of continuing need.

Operation of the framework

27. Providers will be invited to join the framework via a two-stage process. The first stage of the process will be a pre-qualification questionnaire (PQQ) to establish eligibility. The second stage will involve an invitation to tender (ITT). Further details on the tender evaluation process are provided in section 54-59 below. In the ITT, providers will be assessed on their ability to provide quality services that deliver value for money based on a weighting of 80:20 (quality:price). Providers will submit bids for individual lots (i.e. priority groups).
28. Successful bidders at ITT stage will be selected as approved providers on the framework. The specification and the tender documentation will set out clear rules governing contract award through use of direct call-off contracts and mini-competitions with other providers in their 'lot' to establish quality and value. Being an approved provider on the framework is by itself no guarantee of a contract to deliver employment support services for the Council.

Market considerations

29. Tenders will be actively sought and encouraged from locally based voluntary and community sector organisations, which often hold much expertise on the most effective support for priority groups. Generally, providers from both public and private sectors, including social enterprises, will be sought from amongst known

providers already delivering support for a range of commissioning bodies including the DWP, the Skills Funding Agency, the Ministry of Justice, the City Corporation and other local authorities.

30. Partnership and consortium bids will be encouraged in order to secure the most effective combinations of support and opportunities for smaller, specialist providers.

Branding

31. Since 2004, the council has commissioned employment support on an annual basis, provided through a network of providers under the brand of Southwark Works. Southwark Works is a recognised and trusted brand that is viewed by users as a preferred alternative to mainstream provision delivered by Jobcentre Plus or the Work Programme. It is therefore proposed to retain the Southwark Works brand to deliver future employment support and jobs brokerage.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

32. Officers considered the range of options below in detail. The proposed procurement route – a commissioned framework – is proposed as the most suitable option for the reasons set out in paragraphs 23 to 25. A number of other options, although considered, were rejected. These were:
33. **Option 1: Alliance.** An alliance contract sees a number of parties enter into an agreement to work collaboratively to share risk and reward, measured against set performance. It allows the commissioner to enter into a single supplier negotiation with a range of providers that have been deemed best placed to deliver the specification/outcomes required. This arrangement has been rejected due to a lack of evidence of successful use to secure employment on the scale set out in the new council plan (e.g. 5,000 local people into work) and apparent suitability for highly specialist small-scale interventions.
34. **Option 2: Annual tendering.** This is the current commissioning model, but it is rejected as it is resource intensive and because of its inherent instability and uncertainty for smaller providers from one year to the next.
35. **Option 3: In-house delivery.** The delivery of a service of this nature requires extensive recruitment, management and development of specialist staff; the council does not currently employ sufficient staff with the required range of skills.
36. **Option 4: Single provider.** Few providers dispose of sufficient capacity and cash reserves to take on the whole package of employment described in the framework; and those who do would be unlikely to have the local knowledge and contacts required for successful delivery.

Proposed procurement route

37. The preferred option of a 4-year commissioning framework offers longer contracts and enables better planning in service delivery and innovation, greater flexibility to respond to changing labour market needs by purchasing services quickly and efficiently through call-off contracts. In addition to allowing for fresh

market testing and encouraging outcomes-based innovation, it will replace the current resource-intensive, annual open tender commissioning.

38. Whilst the services comprising the proposed framework are considered to be part B services under the EU Procurement Regulations (meaning the council is not legally compelled to comply with EU advertising requirements), in order to attract the widest possible interest the EU restricted tendering procedure will be followed, which comprises two stages:

- **Stage one:** Interested providers express an interest by requesting and completing a Pre Qualification Questionnaire (PQQ)
- **Stage two:** providers short listed at stage one will be invited to submit a tender. We will aim to invite at least 5 tenders to bid as per EU guidelines.

39. All providers appearing on the framework will have satisfied the cabinet standards in relation to health and safety, equalities, financial health. When conducting mini-competitions, officers will be able to focus on selecting the most appropriate proposal for a particular project which will mean that the procurement process will be much quicker and easier.

Identified risks for the procurement

No.	Risk	Risk Level	Mitigating Action
Procurement process			
1.	Delays in contracting timetable	Medium	<ul style="list-style-type: none"> • Temporary reallocation of officer resources to keep the process on track; reducing other areas of the timetable that can be shortened.
2.	Not enough tenders received	Low	<ul style="list-style-type: none"> • The framework will be advertised widely and targeted at providers across the region • Contracting timetable allows for sufficient time to submit high quality bids.
3.	Changes in welfare and employment policy and funding (regional and national)	Medium	<ul style="list-style-type: none"> • Additional engagement with providers to refine the specification requirements/avoid duplication/ensure effective targeting of project activity
4.	Changes to market capacity due to structural changes in national and regional provision/commissioning)	Medium	<ul style="list-style-type: none"> • Service specification will have substantial scope for an outcome-led approach, therefore flexible enough to allow negotiation of outcomes with providers where capacity can be identified
Service delivery			
3.	Timing – deviations from planned timetable	Low	<ul style="list-style-type: none"> • Project start up requirements for this service will be minimal and contract monitoring will identify any emerging issues. • Project outputs are known to be deliverable within stated

No.	Risk	Risk Level	Mitigating Action
			timescales and to specified volume and quality criteria. <ul style="list-style-type: none"> Staged payments will provide an incentive for the contractor to deliver against key milestones.
4.	Barriers caused by national or local changes in regulations, policy or priorities	Low	<ul style="list-style-type: none"> A break clause will be included in the contract to allow for changes to service delivery in response to any unexpected national/ regional changes.
5.	Budgetary changes affecting indicative budget for 2015-2019	Low	<ul style="list-style-type: none"> Break clause allows for contract break or variation in response to budgetary constraints affecting the Council
6.	Cost overrun/ underperformance	Low	<ul style="list-style-type: none"> Staged payments, with phasing based on successful delivery of outputs gives the council control over expenditure and will ensure costs do not exceed contractual limits. This also removes the need for performance bonds or parent company guarantees.

Key/non-key decisions

40. As a strategic procurement costing more than £0.5m per year, the decision to approve the proposed procurement strategy is deemed to be a key decision under the council constitution.

Policy implications

41. In July 2014, cabinet adopted a new council plan with a set of Fairer Future promises, among which Fairer Future Promise 8 states: We will guarantee education, employment or training for every school leaver, support 5,000 more local people into jobs and create 2,000 new apprenticeships; and under the theme “Building a strong local economy” states the aim that the council should “make sure local residents benefit from new jobs and apprenticeships.”
42. The core aims of the cabinet Economic Wellbeing Strategy 2012-20 include supporting local people into employment and mitigating against financial challenges:
- Ambition 1: Employment – narrowing the gap with the London employment rate
 - Ambition 4: Promoting financial wellbeing and independence
43. The EWS further states in support of ambition 1: *We therefore aim to make better use of London’s opportunities, and close this gap by supporting Southwark residents into work and off benefits, enabling people to stay in jobs and progress beyond entry level low-paid work. We remain committed to making support into employment inclusive.*

44. By providing a unified 4-year framework for council-led employment activity the framework supports the achievement of objectives in the Children and Young People's Plan, the Joint Health and Wellbeing Strategy, the emerging Housing Strategy and the Safer Southwark Partnership Action Plan.

Procurement Project Plan (Key Decisions)

Activity	Complete by:
Forward Plan (if Strategic Procurement)	01/08/2014
DCRB Review Gateway 1	04/08/2014
CCRB Review Gateway 1	14/08/2014
Notification of forthcoming decision – despatch of cabinet agenda papers	02/09/2014
Approval of Gateway 1: Procurement strategy report	16/09/2014 (cabinet)
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	29/09/2014
Completion of tender documentation	26/09/2014 (PQQ)
Advertise the contract in OJEU	29/09/2014
Closing date for expressions of interest	29/10/2014
Completion of short-listing of applicants	26/11/2014
Invitation to tender	01/12/2014
Closing date for return of tenders	23/01/2015
Completion of evaluation of tenders	06/03/2015
Approval of Gateway 2 reports:	March 2015
Contract awards following mini-competitions and call-off	April 2015 onwards
Place award notice in Official Journal of European (OJEU)	24/04/2015
Contract starts	From April 2015 onwards
Contract completion break date (2 yrs +1 +1)	From 31/03/2017
Contract completion date – (if extension(s) exercised)	31/03/2018, 31/03/2019

TUPE implications

45. The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will apply on a service provision change where activities cease to be carried out by a contractor on the cabinet behalf and are instead carried out by another contractor on its behalf, where there is an organised grouping of employees whose principal purpose is the carrying out of that activity, and where the activity is to be carried out otherwise than in connection with a single specific event or task of short-term duration. Only those employees assigned to the transferring activity will transfer.
46. There are no TUPE implications for the council as an employer because the council does not deliver these services directly.
47. TUPE will not apply on appointment to the framework. If TUPE does apply it will be at call off, either on an initial call-off or subsequent call-off where a contract is awarded to a new provider who undertakes fundamentally the same activities as an existing provider.

48. The activities which will be carried out under the new framework cannot be defined with certainty until the bids are considered therefore it is not possible at this stage to say whether or not TUPE will apply and if so to which contracts.
49. However, until due diligence is carried out definitive advice on TUPE cannot be provided. This due diligence work needs to be carried out before the tender process commences as its results need to be included in the tender pack. Tenderers will be directed in the tender documentation to seek their own independent advice and no warranties will be given as to the application of TUPE. In these circumstances, TUPE considerations may apply and consequently responsibility would rest on the current contractor to surrender a range of details to a new provider in order to facilitate the smooth transition of staff. However, such circumstances would not involve the transition of staff to or from the council and responsibility rests with the cabinet contractors to adhere to employment law in this case. Nevertheless, the council has sought legal advice on this matter and will clearly identify that TUPE considerations may apply both to current contractors as well as to potential providers throughout this procurement process. By doing this, while responsibility to adhere to the law rests on contractors rather than the council itself, the council will ensure that it takes all reasonable steps to ensure that current contractors are aware of and comply with their obligations.
50. Workforce information will be obtained from current providers prior to the tendering round and will be provided to bidders in an anonymised format so that all bidders can properly assess their potential employment liabilities. This information will be explained fully in the tender documents.

Development of the tender documentation

51. The PQQ and ITT are being developed in line with the council's procurement and legal guidelines and with advice from relevant council officers. The specification, evaluation criteria, pricing documents and the conditions of contract have been developed by officers with specialist knowledge of employment support services.
52. The number of contractors to be commissioned through this tendering process has not been predetermined, however we expect that bidders will tailor their employment support service bids to support one or two of the priority client groups listed in paragraph 17 and that those bidding will focus on more than one sector to deliver their services. The geographical basis of the service will be the whole area of the borough.

Advertising the contract

53. The contract will be advertised through direct issue to employment support providers ensuring a particular focus on those operating in Southwark, but also using knowledge of providers from other commissioning bodies and local authorities. It will be advertised through OJEU, through local government networks and partnerships such as London Councils, Central London Forward, and Community Action Southwark and sent to council commissioning managers to distribute to their provider networks.

Tender evaluation

54. The evaluation of responses at PQQ stage will consist of two elements:

- A preliminary compliance check
 - Detailed evaluation
55. The detailed evaluation will be based on the following criteria:
- Company information
 - Technical Questions
 - Financial Information
 - Contracts
 - Quality Assurance
 - Equal Opportunities
 - Safeguarding
 - Health and Safety
 - Information Check and Checklist of Documents
 - Undertaking
56. The PQQ will be assessed on a pass/fail basis. The technical questions section will require providers to provide more information about their ability to deliver against the selected lots (the priority groups listed in paragraph 21) and their track record. This section will be scored and the methodology for evaluation will be set out in the PQQ instructions.
57. After the pre-qualification process short-listed applicants will be provided with detailed tender documentation including the following:
- Letter of invitation to tender
 - Instructions to applicants with details of the evaluation criteria
 - Standard conditions of contract
 - Service specification
 - Evaluation information
 - Pricing schedule
 - Any other relevant documents
58. The ITT will not duplicate assessments made at the PQQ stage but will concentrate on assessment of specific proposals to deliver employment outcomes for the lots they apply for. Providers will be asked to complete a set of questions which will assess quality and price (at a ratio of 80:20) and value for money. This weighting is required due to the need to ensure a high standard of service for a range of vulnerable groups, whose likelihood of securing employment could be actively harmed by an inappropriate intervention; at the same time a degree of rigour in assessing against price is retained in this way.
59. The framework will be divided into lots based on particular client groups with defined needs as identified in the review of employment provision and the Lambeth, Lewisham and Southwark Community Budget research,
60. Once the framework is established, individual contracts will be either called off directly or through a mini-competition between providers admitted to the framework. These contracts will be let in accordance with contract standing orders and according to the maximum contract value and duration set out in paragraph 24. A set of framework rules will be devised for issue with the tender documentation.

Community impact statement

61. This programme targets a combination of groups that are overrepresented in unemployment measures, including some of the most marginalised groups in the labour market. It seeks to bridge the gap in mainstream service provision provided largely by Jobcentre Plus and the Work Programme
62. By focusing attention of these groups this service specifically aims to meet the needs of protected characteristics groups, in line with the council's published Equalities Approach. Due regard has been paid to the Public Sector Equality Duty (PSED) in section 149 of the Equality Act 2010 specifically; to have due regard to the need to eliminate discrimination, harassment, victimisation or other prohibited conduct; advance equality of opportunity; though providing the means to engage in the labour market and improve socio-economic outcomes and wellbeing, and foster good relations between people with protected characteristics and those who do not. The relevant protected characteristics specifically supported through this provision are age, disability, race and sex.
63. In order to most effectively address identified needs, the specification, the tender assessment process and measurement of project performance will be designed to take into account explicitly the findings of the employment support review and the community budget research in relation to addressing inequality in accordance with the Public Sector Equality Duty. Each provider's approach to equalities will be assessed as a gateway requirement.
64. All services procured through the framework will seek to ensure that local employment opportunities are made available to Southwark residents.
65. Community benefits will accrue through the direct outputs of this project (principally through measurement of numbers in defined groups entering employment
66. Service specifications will encourage bids from Southwark-based specialist providers of employment support services in the voluntary and community sector.

Economic considerations

67. This proposal explicitly seeks to increase employment of Southwark residents. An increasing number of residents accessing employment will also directly reduce the demand for work-related benefits, for out of work support and or services which for unemployed residents, as well as indirect reduction of demand for other public services related to poor health and homelessness for example. Full consideration is given in the sections above on policy and market implications, and particular efforts will be made to encourage bidding by Southwark-based providers.

Social considerations

68. The aim of this programme is to increase the employability of target client groups who are unemployed or under-employed (less than 8 hours per week) and who in many cases experience multiple barriers to employment. Access to a job, improved skills, increased hours and/or progression in work will also strengthen the financial independence and resilience of these individuals and is likely to improve health and wellbeing. Employers who recruit through the council's

employment support framework will also gain access to a local candidate pool that will assist the diversification of their own their workforce.

69. Research conducted by officers and the Lambeth, Lewisham and Southwark Community Budget Pilot has been used to inform this procurement and will continue to be fed into the development of the framework specification and tender documentation. The research was based on consultation with users, providers, and commissioners of employment support from the all of the priority groups targeted in this framework and findings have been built into the development of the framework.
70. The contracts will specify that all providers (and their partners or sub-contractors) pay their employees the London Living Wage. Providers will be encouraged to negotiate the London Living Wage with employers when clients successfully secure employment through Southwark Works.

Environmental considerations

71. Service providers will be required to supply details of all environmental sustainability initiatives they will employ during the delivery of the service.
72. This project is based on one-to-one and some one-to-many contacts between employment advisors and members of the public, and as such has few direct environmental impacts and minimal scope for carbon reduction. One-to-many events are likely to be held in the venues nearest to transport hubs to permit easy access by public transport.

Monitoring and management of the framework

73. The framework and contracts will be managed and monitored within existing staff resources within Corporate Strategy. Contract monitoring arrangements in line with council procedures and established processes will include:
 - Payment related to performance
 - Quarterly monitoring of outputs and outcomes
 - Regular meetings with contractors appointed Project Managers to review and manage performance
 - Regular review of costs
 - Consultations with internal customers of this project to monitor its contribution to Council-wide policies and priorities
 - Management and oversight of ongoing risks and staging of payments following the completion of project phases.
74. Payments will be made on a quarterly basis in arrears subject to achievement of defined performance output measures by the contractor.
75. In addition to the contract management arrangements, arrangements for the framework will include monitoring of all contractors admitted to the framework to ensure that PQQ criteria continue to be met throughout the life of the framework regardless of when or whether a contract is awarded, and to future contract decisions throughout the life of the framework are based on accurate and current information.

Staffing/procurement implications

76. There are no direct staffing implications.

Financial implications

77. The total value of the framework is estimated to be a maximum of £5.275m over four years, funded largely through section 106 and general fund contributions. It is noted that in setting this figure the general fund continues to remain under pressure across the council. In the event that available resources reduce a break clause will allow the council the flexibility to reduce the cost.

Investment implications

78. None

Legal implications

79. TUPE considerations may apply and appropriate steps have been taken to ensure that the council supports its existing contractors to meet their statutory responsibilities in this matter. Paragraphs 37 to 42 set out further detail on key points for consideration with regard to TUPE

Consultation

80. Research conducted by the Lewisham, Lambeth and Southwark Community Budget pilot tested the views of service users, providers and commissioners and established the 10 priority groups for whom this proposal will provide services. Additional lessons from this research on what makes an effective pathway into employment for these groups will be used in the definition of outcomes and service standards in the specification and performance measures for all services commissioned.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

81. This report is seeking approval of the procurement strategy for an employment commissioning framework. The framework shall be divided into lots based on particular client groups with defined needs.

82. The report explains the benefits of a four year framework to enable contracts to be called off from, in comparison to the current strategy of procuring contracts on an annual basis.

83. With a contract of this size and nature, EU regulations apply. The report confirms that a restricted (2 stage) procurement process will be followed which is in line with the regulations and satisfies the council's contract standing orders.

84. The timeline for the project is achievable provided appropriate and adequate resources are available on the procurement when necessary.

85. The evaluation methodology for setting up the framework will be on the basis of the most economically advantageous tender and in determining this shall use a

quality/price ratio of 80:20. Whilst this is not in line with the cabinet current approach, the justification for this is contained within the report.

86. The report explains that once the framework is established individual contracts will either be called off directly or through a mini competition process and confirms that a set of framework operating rules will be issued with the tender documentation.
87. With the report being silent on governance arrangements for this procurement, it is assumed that appropriate overview of key tender documentation will be in place to ensure the successful delivery of this procurement.

Director of Legal Services

88. This report seeks approval of the procurement strategy involving the establishment of a framework for the provision of employment support services. The report also seeks approval of the delegation of a future decision to appoint successful tenderers to the framework.
89. Although the services comprising the proposed framework are classed as “Part B” services under the current EU Procurement Regulations (meaning that the council is not obliged to adhere to the prescribed requirements for tendering under those Regulations) a contract notice will be published in the Official Journal of the European Union (“OJEU”) in order to attract the widest possible interest in the framework and the director of legal services will advise and assist in connection with that exercise and throughout the procurement process. The procedure summarised in paragraphs 29 and 30 meets all relevant requirements of the EU Regulations and the council’s Contract Standing Orders (“CSOs”). The procurement strategy is also consistent with corporate policy.
90. The report confirms the advice which has been provided by the director of legal services (corporate team) regarding the possible application of the TUPE Regulations to the procurement of the framework.
91. The Community Impact Statement explains how the proposed procurement is intended to satisfy the Public Sector Equality Duty prescribed by the Equality Act 2010, both in relation to bidders and service users. Paragraph 55 indicates that an equality analysis has been undertaken, which assists in demonstrating compliance with the statutory duty. The estimated value of the proposed framework is such that the decision to approve the procurement strategy is one which is required to be taken by the cabinet under CSOs.

Strategic Director of Finance and Corporate Services (FC14/020)

92. This report seeks cabinet approval to the procurement strategy for the council’s Employment Commissioning framework contract for four years at an estimated maximum contract value of £5.275m. The financial implications are contained within the body of this report.
93. It is noted that some funding is subject to further agreement and that annual budgets continue to be under increased pressure. In the event that available resources reduce a break clause will allow the council flexibility to reduce costs.
94. Staff costs associated with implementing this decision can be contained within existing resources.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Economic Wellbeing Strategy	160 Tooley Street, London SE1 2QH	Graham Sutton 020 7525 5456
Link: http://www.southwark.gov.uk/info/347/economic_development/2024/economic_wellbeing_strategy		
Research report: Alright for Some? Fixing the Work Programme, Locally – IPPR North, 2014	160 Tooley Street, London SE1 2QH	Graham Sutton 020 7525 5456
Link: http://www.ippr.org/publications/alright-for-some-fixing-the-work-programme-locally		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Communities, Employment & Business	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Graham Sutton, Principal Strategy Officer	
Version	Final	
Dated	4 September 2014	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Head of Procurement	Yes	Yes
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	4 September 2014	