

<b>Item No.</b>	<b>Classification:</b> Open	<b>Date:</b> 6 March 2019	<b>Meeting Name:</b> Deputy Leader & Cabinet Member for Culture, Leisure, Equalities & Communities
<b>Report title:</b>		<b>Gateway 2 - Contract Award Approval</b> Council for the Voluntary Sector (CVS), infrastructure & volunteering services and the Emergency Support Scheme 2019 – 2024	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Strategic Director of Place and Wellbeing. Strategic Director of Finance and Governance	

## RECOMMENDATION

1. That the Cabinet Member for Culture, Leisure, Equalities and Communities in consultation with the Cabinet Member for Finance, Performance and Brexit approves the award of the Council for the Voluntary Sector (CVS), infrastructure and volunteering service and Southwark Emergency Support Scheme (SESS) contract to Community Southwark for a total annual sum of £783,000 over a period of up to five years (4 + 1 years for both service areas), from 1 April 2019 to 31 March 2024, making a total maximum contract sum of £3,915,000.

## BACKGROUND INFORMATION

2. The planned procurement strategy was the subject of a Gateway 1 report approved on 21 December 2018 which was followed.
3. There will be a single contract with the same contract length for the two distinct service areas of the CVS service and the management of the SESS. However, they will have separate service specifications and different values as detailed in the table below.

Service area	Duration	Annual value	Total over 5 years
1. CVS	4 years + 1 year	£383,000	£1,915,000
2. SESS	4 years + 1 year	£400,000	£2,000,000
<b>Total contract sum:</b>			<b>£3,915,000</b>

## Procurement project plan (Key Decision)

4. The timetable is set out below.

Activity	Completed by/Complete by:
Forward Plan for Gateway 2 decision	29/10/2018

<b>Activity</b>	<b>Completed by/Complete by:</b>
Briefed relevant cabinet member (over £100k)	28/11/2018
Approval of Gateway 1: Procurement Strategy Report	21/12/2018
Single supplier negotiations	17/01/2019
DCRB Review Gateway 2:	25/02/2019
CCRB Review Gateway 2:	28/02/2019
Notification of forthcoming decision	04/03/2019
Approval of Gateway 2: Contract Award Report	14/03/2019
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	22/03/2019
Contract award	25/03/2019
Add to Contract Register	01/04/2019
TUPE Consultation period (if applicable)	n/a
Contract start	01/04/2019
Publication of award notice in Official Journal of European (OJEU)	22/04/2019
Publication of award notice on Contracts Finder	22/04/2019
CVS Contract completion date	31/03/2023
ESS Contract completion date	31/03/2023
Contract completion date – if extension(s) exercised	31/03/2024

## **KEY ISSUES FOR CONSIDERATION**

### **Description of procurement outcomes**

5. This procurement exercise for the CVS service will provide a service that delivers on:
  - Voice, representation, challenge, leadership and influence for the Voluntary and Community Sector (VCS) in Southwark. It promotes social action and a voice for communities. It acts as a convening body facilitating effective communication, networking/collaboration amongst local VCS organisations and community groups e.g. Provider Led Thematic Groups, Southwark Voice, and Local Care Networks. It enables the delivery of outcomes through partnerships and relationships with the council and NHS Southwark Clinical Commissioning Group (CCG), public bodies and businesses including the development of Southwark Giving
  - Facilitating service improvement in VCS organisations/emerging groups to meet needs, build capacity and infrastructure that connects communities and delivers quality services, having robust and sustainable finances

- A co-ordinated approach to high quality volunteering opportunities for residents and other stakeholders, matching volunteers with VCS organisations, employer supported volunteering and mentoring services with professional and academic bodies
6. The procurement exercise for the ESS will provide a service that will:
    - Commission, manage and monitor suppliers to deliver emergency support, including the supply of food, white goods, furniture and emergency grants to the most vulnerable residents of Southwark. This includes families with children, people with disabilities, care leavers, ex-offenders and former military personnel.
  7. The proposed SESS contract value of £400,000 is in two parts: the first is a management fee of £50,000 paid to Community Southwark for the on-going management of the appropriate third sector fulfilment partners delivering SESS, and the second is £350,000 which is paid to Community Southwark to buy goods and services from a range of fulfilment partners. Spend on goods and services through SESS over the last two years has been between £340,000 and £350,000 per annum.
  8. In spring 2019 a framework for fulfilment partners will be let by Southwark Council for the supply of goods and services to ensure they cover the scope of a revised specification through the Gateway process which will be monitored and managed by Community Southwark.
  9. A formal evaluation of the current services was carried out that included:
    - Evaluation of the services which indicated a consensus that the services were needed and had been delivered to a good standard
    - Details about the funding the council provides and its purpose
    - How the contract can future proof communities and take forward team agendas
    - Engagement with the leadership to seek their views
    - A benchmarking exercise with other local authorities (LAs)
  10. Specifically in relation to SESS, there was satisfaction with the quality and value for money of the services and outcomes included;
    - The reduction of white goods prices by Family Fund following re-tendering and a reduction in delivery charges.
    - High customer satisfaction with ASDA food home deliveries through Family Fund, with people being happy with the service, feeling it promotes education around healthy eating.
    - Links with third sector providers who can provide additional services i.e. cooking lessons for people managing on a low budget and referrals to schemes funded by Save the Children and Children in Need. The review identified the need to set up a broader framework of suppliers which will be held by the council and managed by Community Southwark to ensure that all requirements for emergency support are being met.
  11. The procurement through the single supplier negotiation delivers Best Value in a number of ways. Southwark Council is under a general Duty of Best Value to “make arrangements to secure continuous improvement in the way in which its

functions are exercised, having regard to a combination of economy, efficiency and effectiveness.”

12. Taking the Best Value Duty into account the council has considered the overall value, including economic, environmental and social value, when reviewing the CVS service provision and making the decision to procure the service through a single supplier negotiation. The process followed to provide the service results in greater collaboration between local government and the civil society sector which supports more effective joint working to identify and achieve common goals and outcomes for the benefit of communities. The council formed a view following consultation with stakeholders that there was a need for the service to continue to be provided and that this could be achieved most effectively through a single supplier negotiation.

### **Key/Non Key decisions**

13. This report deals with a key decision

### **Policy implications**

14. The delivery of this contract supports several Fairer Future commitments set out in the Council Plan and Southwark’s VCS Strategy “Common Purpose, Common Cause 2017 – 2022”.
15. Priorities set out in the strategy are aligned with the following Fairer Future commitments:
  - A place to call home
  - A place to belong
  - A greener borough
  - A full employment borough
  - A healthier life
  - A great start in life
  - A safer borough
  - A vibrant Southwark
16. These strategy priorities are also supported by joint work between Community Southwark (CS), the VCS and the CCG to prevent problems from getting worse and supporting connected and healthier communities including:
  - a. Increasing healthy life expectancy
  - b. Reducing health inequalities across communities
  - c. Empowering people to live well and to take control of their lives
17. As a key partner, the VCS is helping to shape local priorities and provide services to address them. This service will support achievement of the following Southwark strategies:
  - a. Economic Wellbeing Strategy 2012-20
  - b. Southwark’s Joint Mental Health and Wellbeing Strategy 2018-2021
  - c. Creative Southwark 2017 to 2022
18. The VCS plays a key role in supporting communities with national policy change including Welfare Reform. The Care Act 2014 sets out an important role for the

voluntary sector to support the council and local residents to meet its requirements.

19. This contract will support the council in actively promoting cohesion in the context of Southwark's diverse communities. It will also assist the council to meet its public sector equality duty (PSED) to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities.

### **Tender process**

20. The process taken was a single supplier negotiation with CS as approved in the Gateway 1 report for the reasons detailed in that report. The agenda and relevant documents were sent to CS on 11 and 16 January. A negotiation meeting was held on 17 January 2019 between council commissioning officers and CS Chief Executive. The meeting covered the service specifications and service requirements, quality assurance arrangements, pricing schedules, key performance indicators (KPIs) and performance reporting formats. Method Statements were requested for just the CVS service area.

### **Evaluation process**

21. Negotiations between the council and CS determined a number of amendments to the documents emailed. These were: (1) CS to provide a Disaster Recovery Plan for just the ESS service area, (2) Updated Method Statements for the CVS service areas, (3) Updated Service Specification for the CVS service area.
22. Following the negotiation meeting the minutes with its agreed actions were shared and agreed by all parties. The negotiations have been concluded and the legal Terms and Conditions are being finalised. Single supplier negotiations between the council and CS established that this contract can be delivered for a period of up to five years from 1 April 2019, making a total contract sum of £3,915,000.
23. As a single supplier negotiation has been undertaken, it is important that the council considers how value for money is achieved. As stated in the GW1 report, for the ESS service it is recognised that it will not be possible to achieve any substantial value for money (VFM) savings by going out to the market for this niche service. For the CVS service, there was a 10% reduction in funding for 2018-19 as well as no inflationary uplift since it was first let in April 2016.
24. Following the GW1 stage, the decision was taken to align contract lengths for both services to 4 + 1 years to ensure greater consistency between the two service areas.

### **Plans for the transition from the old to the new contract**

25. There are no specific implications as the current service provider will be the new provider and there have been no significant changes to the service specification.

### **Plans for monitoring and management of the contract**

26. The council's community & voluntary sector engagement division will continue to monitor CS's performance for all the CVS service areas in line with performance

indicators related to service outputs and outcomes and client group demographics. Quarterly performance monitoring and review meetings will continue to take place between the CS Chief Executive and the council. For the CVS service area, payments will be made to CS quarterly in advance. Payments are subject to CS providing satisfactory evidence of performance for all service areas at the quarterly meetings. These meetings will take place in the second month after the end of the quarter for which performance monitoring information is being provided.

27. The council's finance & governance department will continue to monitor CS's performance for all the ESS service areas at monthly monitoring meetings.
28. For the ESS service area management and administration fee element, CS will invoice the council quarterly in advance. Each invoice will be paid on the first day of each quarter. For the fulfilment partner costs, the council will determine the fee to be invoiced by the provider based on the previous quarter reconciliation.
29. Performance reports will be provided to the DCRB on a 6 monthly basis and annually to the CCRB

**Identified risks for the new contract**

30. The table below identifies risks associated with this procurement strategy and controls to mitigate the risks:

Risk No.	Risk Identified	Risk level	Mitigation
R1	Possible risk of challenge for not undertaking a competitive tender exercise.	Low	Market research shows the market is extremely limited for both these service areas, and it is not believed that there are providers who would be able to provide this service to the requirements of the council.
R2	Disaster affecting CS and its ability to deliver the ESS management service	Low	"Disaster Recovery" plan requirement added to the CS ESS Managing Agent service specification
R3	Problems with the financial stability of CS affects its ability to deliver these services	Low	CS has a risk based reserves policy which provides that available reserves should be based on an assessment of the financial impact of the risks faced, plus an estimated amount to cover redundancy and wind up costs if these risks materialised. Trustees review this risk based assessment every twelve months

31. A performance bond and parent company guarantee were not required for this contract.

## **Community impact statement**

32. Infrastructure services and the organisations that provide them play a key role in promoting equalities and diversity by providing a range of services to organisations meeting the needs of Southwark's diverse communities. The council recognises the importance of having organisations that support and enable emergent, excluded and minority communities to access mainstream services that enable them to fully participate as citizens. The service specification specifically refers to the ability to engage and support with groups in the protected characteristic areas.
33. Infrastructure services promote inclusive and cohesive communities by working with the VCS and supporting them to engage with the council by:
  - Providing tailored capacity building including fundraising, business planning, governance and financial viability
  - Facilitating charity start-up including for emerging communities
  - Disseminating information to members
  - Delivering targeted training for VCS organisations
34. The provision of an Emergency Support Scheme through Community Southwark will enable the building of capacity within VCS organisations to identify and support vulnerable residents, which is significant in light of welfare reforms, in particular the ongoing rollout of Universal Credit.
35. As part of having due regards to the council's PSED the effect of changes to the services to be provided to the community have been considered through consultation with a wide range of groups and networks. Particular efforts have been made to reach those networks and organisations who are not users of the current service.

## **Social Value considerations**

36. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the well being of the local area can be secured. The social value considerations included in the tender (as outlined in the Gateway 1 report) are set out in the following paragraphs in relation to the tender responses, evaluation and commitments to be delivered under the proposed contract.

## **Economic considerations**

37. A 2017 survey of Infrastructure and Support Services for Civil Society Organisations in London revealed that Local Authorities still provide the mainstay of CVS/volunteer centre funding.
38. Infrastructure services play a key role in supporting the capacity of the VCS to fulfil its potential to generate economic activity and benefit alongside the private and public sectors. The VCS is a major employer in Southwark and through its close links with communities offers skills training, volunteering and employment opportunities to reduce economic inactivity and promote economic

independence, entrepreneurship and well being. This contract will enhance the capacity and capability of the VCS to attract inward investment and contribute to a dynamic economic landscape in Southwark.

### **Social considerations**

39. The service will improve outcomes for residents in the areas of well-being and independence, skills, training and employment, access to justice and access to community premises.
40. This service has committed to having at least one Statutory Apprentice.
41. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, its providers and sub-providers pay staff at a minimum rate equivalent to the LLW rate. CS confirmed that all paid staff employed in the delivery of this contract will be paid a minimum of the London Living Wage.
42. The on-going roll-out of Welfare Reform is expected to increase the demand for Southwark's ESS including food packages, furniture and funds. Therefore the management of SESS is a key element of supporting residents who require additional support.

### **Environmental/Sustainability considerations**

43. The letting of a framework for fulfilment partners for ESS provision will take into account the use of local suppliers in order to reduce transport of goods and lower the carbon footprint of the service. In addition we will continue to promote the recycling of goods where appropriate.

### **Market considerations**

44. CS is a not-for-profit company limited by guarantee and a registered charity. It provides borough wide infrastructure, capacity building support to the wider voluntary sector in the borough as well as support for volunteering. The organisation is a key strategic partner of the council in its role as Southwark's designated CVS. It has fewer than 50 employees.

### **Staffing implications**

45. The letting of this new contract will have no staffing or TUPE implications. The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will not apply on re-procurement by a single supplier negotiation because the identity of the provider (and employer) will not change.
46. Current staffing arrangements are considered sufficient to manage this contract.

### **Financial implications**

47. The risks associated with single supplier arrangements have been considered in paragraph 31 to 32 of this report and the comprehensive costs associated with the provision of the CVS, infrastructure and volunteering service and SESS will be captured by the contract award to Community Southwark.
48. The funding for this contract will be met by the General Fund.

49. The on-going budget of £383,000 for the existing CVS contract for infrastructure and volunteering is sufficient to fund this component of the new strategy.
50. The current balance for SESS reserve is £2,483,365, sufficient to fund the SESS component for the five year duration of the new strategy, at the levels proposed in paragraph 3 of this report.

### **Legal implications**

51. Please see the comments of the director of law and democracy at paragraph 61.

### **Consultation**

52. Consultation on the CVS service specification for this contract has been carried out with internal and external stakeholders including:
  - Children's and Adults' Services
  - Chief Executive's Office
  - Finance and Governance
  - Communities Division
  - Public Health
  - Culture, Libraries, Learning & Leisure
  - NHS Southwark CCG
  - VCS organisations, including the Forum for Equalities and Human Rights (FEHRS).
53. Consultation on the ESS service specification for this contract has been carried out with internal and external stakeholders including:
  - Family Fund
  - Staying First
  - Community Southwark
  - Southwark Local Support Service
  - Exchequer Senior Management Team

### **Other implications or issues**

54. None

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Strategic Director of Finance and Governance**

55. This report is requesting approval from the Cabinet Member for Culture, Leisure, Equalities & Communities for the award of the contract for the delivery of Council for the Voluntary Sector (CVS), infrastructure and volunteering services and the Southwark Emergency Support Scheme (SESS), after a single supplier negotiation, to Community Southwark (CS) for a five year period.
56. The strategic director of finance and governance notes that funding for CVS element is to be met from existing service budgets and adequate funding is available providing budgets remain at around current levels throughout the five

year duration of the arrangement. It is also noted that there is a sufficient earmarked reserve of £2,483,365 to fund the SESS for the proposed five year period.

57. Staffing and any other costs connected with this recommendation are to be met by resources identified in paragraphs 49 and 50.
58. Additionally the Strategic Director of Finance and Governance notes the risks accompanying a single supplier arrangement are to be mitigated by the controls proposed in paragraphs 30 to 31 of this report.

### **Head of Procurement**

59. This report seeks the Cabinet Member's approval for the award of the Council for the Voluntary Sector (CVS), infrastructure and volunteering service and Southwark Emergency Support Scheme (SESS) contract to Community Southwark for a total annual sum of £783,000 over a period of up to five years, from 1 April 2019 to 31 March 2024, making a total contract value of £3,915,000.
60. This procurement was undertaken based on a single supplier negotiation, compliant with Public Contract Regulations 2015, Regulation 32(2) (b) under Light Touch services, for the reasons detailed in Gateway 1.
61. The report confirms the monitoring and contract management arrangements as per paragraphs 25 to 28 that will be in place for the life of the contract.

### **Director of Law and Democracy**

62. This report seeks approval to the award of contract for the CVS and SESS service to Community Southwark for a period of up to 5 years, as further detailed in paragraph 1. As the estimated contract value is more than £2m but below £4m, the decision must be taken by the relevant individual decision maker, after consideration of the report by CCRB. The decision may therefore be taken by the Cabinet Member for Culture, Leisure, Equalities and Communities.
63. The nature and value of these services is such that they are subject to the light touch tendering requirements of the Public Contract Regulations 2015 (PCR15). However Regulation 32(2) (b) allows the council to award a public contract by negotiation, without prior publication in OJEU, where those services can only be supplied by a particular provider due to competition being absent for technical reasons. However this ground may only be used where no alternative or substitute exists. The Cabinet Member is advised that when relying on any ground for exemption from the requirements of the PCR15, there is a potential risk of challenge on the basis that the council does not have sufficient grounds to justify negotiation in these circumstances. However as noted in this report, and particularly in paragraph 30, it is considered that there are no other providers who are able to provide this service to the requirements of the council.
64. The Cabinet Member's attention is drawn to the Public Sector Equality duty (PSED General Duty) under the Equality Act 2010, and when making decisions to have regard to the need to (a) eliminate discrimination, harassment, victimisation or other prohibited conduct, (b) to advance equality of opportunity and (c) foster good relations between persons who share a relevant protected characteristic and those who do not share it. The relevant characteristics are age, disability, gender reassignment, pregnancy and maternity, race, relation,

religion or belief, sex and sexual orientation, The duty also applies to marriage and civil partnership but only in relation to (a). The Cabinet Member is specifically referred to the community impact statement at paragraphs 32-35, setting out the consideration that has been given to equalities issues and to the consultation which has taken place (noted in paragraphs 53-54) which should be considered when approving award of this contract.

65. Contract standing order 2.3 requires that no steps are taken to award a contract unless the expenditure involved has been approved. Paragraphs 47-50 confirm the financial implications of the award of this contract.

**1. DECISION(S)**

As set out in the recommendations of the report.

**2. REASONS FOR DECISION**

As set out in the report.

**3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION**

Not applicable.

**4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION**

**5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST**

*If a decision taker or cabinet member is unsure as to whether there is a conflict of interest they should contact the legal governance team for advice.*

**6. DECLARATION ON CONFLICTS OF INTERESTS**

**I declare that I was informed of no conflicts of interests.\***

**or**

**I declare that I was informed of the conflicts of interests set out in Part B4.\***

(\* - Please delete as appropriate)

## BACKGROUND DOCUMENTS

Background documents	Held At	Contact
CVS service specification	Community & Voluntary Sector Engagement Division Place & Wellbeing Department	Angus Lyon x54069
ESS service specification	Client Services, Finance & Governance	Nicole Homer x 53538
CVS ESS Contract 2019-2024, Minutes of negotiation meeting held on 17 January 2019	Community & Voluntary Sector Engagement Division, Place & Wellbeing Department	Angus Lyon x54069
Commissioning Plan for CVS	<a href="#">CVS Gateway 1 Report December 2019</a>	

## APPENDICES

No	Title
None	

## AUDIT TRAIL

<b>Lead Officer</b>	Strategic Director of Place and Wellbeing	
<b>Report Author</b>	Andrew Matheson, Senior Commissioning Officer	
<b>Version</b>	Final	
<b>Dated</b>	4 March 2019	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Democracy	Yes	Yes
Cabinet Member	Yes	No
<b>Contract Review Boards</b>		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
<b>Cabinet</b>	No	No
<b>Date final report sent to Constitutional Team</b>		6 March 2019

## BACKGROUND DOCUMENT – CONTRACT REGISTER UPDATE - GATEWAY 2

Contract Name	Council for the Voluntary Sector (CVS), infrastructure & volunteering services and the Emergency Support Scheme 2019 – 2024
Contract Description	Support for the VCS sector Support for Southwark residents in serious need
Contract Type	Services
Lead Contract Officer (name)	Angus Lyon
Lead Contract Officer (phone number)	020 7525 4069
Department	Place and Wellbeing
Division	Community & Voluntary Sector Engagement Division
Procurement Route	Single supplier route with the incumbent provider
EU CPV Code (if appropriate)	n/a
Departmental/Corporate	Departmental
Fixed Price or Call Off	Fixed price
Supplier(s) Name(s)	Community Southwark
Contract Total Value	£3,915,000
Contract Annual Value	£783,000
Contract Start Date	1 April 2019
Initial Term End Dates	31 March 2023 for CVS service area 31 March 2023 for SESS service area
No. of Remaining Contract extensions	1 for each service area
Contract Review Date	2022
Revised End Date	31 March 2024 for both service areas
SME/ VCSE (If either or both include Company Registration number and/or registered charity number)	Registered charity (no. 1105835) and a company limited by guarantee in England and Wales (no. 5090324)
Comments	
London Living Wage	Yes, the London Living Wage will be applied

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