

<b>Item No.:</b>	<b>Classification:</b> Open	<b>Date:</b> 9 June 2011
<b>To</b>	Cabinet Member for Equalities and Community Engagement	
<b>Report title</b>	Gateway 1 & 2 – Award of contract for community infrastructure support (Community Action Southwark)	
<b>Ward(s) or groups affected</b>	All	
<b>From</b>	Strategic Director of Communities, Law and Governance	

## RECOMMENDATIONS

1. That the Cabinet Member for Equalities and Community Engagement confirm their prior approval of the procurement strategy and award for the community infrastructure support by way of single supplier negotiation under Contract Standing Order (CSO) 4.4.2(e). Reasons for the exemption from the requirement to obtain at least five tenders following a publicly advertised tendering process are set out in paragraph 8.
2. That the cabinet member approves the award of contract for community infrastructure support in the borough to Community Action Southwark (CAS) for the period 1<sup>st</sup> July 2011 to 31<sup>st</sup> March 2014 with provision for two years contract extension. The value of the contract is £994,146 and the length two years and nine months.
3. The cabinet member notes that approval is given subject to review of performance on an annual basis, based on monitoring of the organisation and the efficacy of the service. If required the contract will be terminated with three months notice, if the overall strategic objectives are not being delivered and/or any significant organisational changes occur which have a detrimental impact on effective service delivery.

## BACKGROUND INFORMATION

4. CAS was previously in a three year contract from 2008-11 which expired on 31<sup>st</sup> March 2011. The organisation has established itself as a key partner to the council and delivered a high level of performance during this contract. To maintain the positive direction of travel and following approval of the council's budget in February 2011, interim arrangements for service provision were therefore put into place prior to the end of the previous contract.
5. The interim arrangement with CAS for the period 1<sup>st</sup> April to the 30<sup>th</sup> June 2011 was set out in a combined Gateway 1 & 2 report and approved by the Strategic Director of Communities, Law and Governance on the 1<sup>st</sup> April 2011. This arrangement was made to provide sufficient time to progress the single supplier negotiation procurement strategy. There was also a need for core service delivery to continue to be provided and for time to develop a new specification for this contract that takes account of the changing requirements for a borough CVS services, in the current financial climate.
6. This contract will commence on the 1<sup>st</sup> July 2011 and end on the 31<sup>st</sup> March 2014, subject to satisfactory performance and budgetary resources. Provision is also made for a possible 2 year extension to March 2016, based on satisfactory performance and budgetary resources.

## Market considerations

7. The potential market for procurement is limited to providers offering a similar service in other London boroughs. Local knowledge and effective local relationships within the sector are critical to the effectiveness of the service to be provided. Each London borough only has one provider of these services. It is unlikely that any other organisation would enter the market. CAS is the only Southwark wide CVS body. Providers in other boroughs would not therefore be able to offer the same level of local knowledge nor established relationships as CAS.

## Options for procurement including procurement approach

8. For the reasons stated in paragraph 7, officers took the view that a single supplier negotiation procurement strategy would deliver the best contract outcomes and value for money. Officers concluded that it was highly unlikely that additional value for money or improved outcomes would be achieved by following the procurement route of a publicly advertised tendering process. CAS is recognised as a key partner to the council and as the borough wide umbrella infrastructure organisation with a proven track record of delivery. Formal approval of exemption from CSO 5.4 to obtain at least 5 tenders following a publicly advertised tendering process is sought in line with the provisions of CSO 4.4.2(e)
9. Given reduced budget resources, the requirements to be met by a CVS have changed. A longer term partnering relationship with CAS is required to achieve the strategic objectives set out in the specification. This specification has been co-designed with CAS and incorporates input from council departments. Further information about the co-design process is set out in the procurement project plan.
10. The value of the 2008-11 contract was £1,098,125. The prospective value of this contract is £994,146. The annual amounts are set out in table 1 below.
11. This contract has extension provision for two years, making a total estimated contract value of £1,717,159.
12. Contract sums from July 2011 are set out in Table 1 below. This funding is vired to Community Engagement as the lead department for contract monitoring and evaluation.

**Table 1**

Department	Community Engagement	Health & Social Care	Childrens Services	PCT (Childrens)	TOTAL
<b>2011-12</b>	£222,817	£16,105	£16,105	£16,105	<b>£271,132</b>
<b>2012-13</b>	£297,088	£21,473	£21,473	£21,473	<b>£361,507</b>
<b>2013-14</b>	£297,088	£21,473	£21,473	£21,473	<b>£361,507</b>
<b>2011-2014 Total</b>	<b>£816,993</b>	<b>£59,051</b>	<b>£59,051</b>	<b>£59,051</b>	<b>£994,146</b>

## Procurement route

13. As stated in paragraph 8, CAS has a proven track record of delivering these services in Southwark. In considering the procurement route to be followed, officers concluded that no additional value could be achieved from having more than one supplier. A single supplier is required to take a lead role in delivering the commissioned services across the sector. Council officers have been in negotiation with CAS to ensure that the contractual arrangements will deliver a high level of performance and value for money.

## **KEY ISSUES FOR CONSIDERATION**

14. During the existing contract the organisation has achieved a high level of performance. It has radically transformed itself by carrying out a re-organisation and moving to modernised premises. These provide a community hub and host a number of co-located voluntary and community organisations. It has continued to deliver its core activities and become recognised as the council's key voluntary and community sector (VCS) partner and the voice of the sector. In addition it has added value to the contract by leading on the following initiatives:

- Developing a new approach to the use of community premises for the VCS
- Developing a new model to maximise funding opportunities, income generation and the sustainability of the VCS
- Developing a project for working with new and emergent migrant communities
- Developing a framework for improving the employability skills of people aspiring to work in the VCS in Southwark

### **Summary of the business case**

15. Community Engagement Division, within Communities, Law and Governance department manages the contract for the delivery of CVS services. Community Engagement commissions CAS to support voluntary sector organisations to play a full part in the civic life of Southwark. CAS is a key strategic partner in its leadership role of the VCS in Southwark. Council departments and thematic partnerships engage with CAS in taking forward a number of policy objectives including personalisation, safeguarding and reducing worklessness. The specification contains priorities set by the funding departments listed in Table 1 above.

16. CAS is contracted to provide a conduit for communication between the council and the VCS by facilitating Southwark Voice and a number of thematic sub-groups which mirror council and statutory body thematic partnership structures. This engagement structure plays a crucial role in developing the strength of the sector and the council's relationship with it.

17. The key strategic objectives of the contract are to support and develop the sustainability of the VCS in Southwark and to work in partnership with the council to:

- Deliver effective services that improve the well being and independence of communities
- Build sustainable, inclusive and prosperous communities
- Make the most effective use of reduced resources
- Improve access to, availability and quality of community premises
- Facilitate and promote community engagement through representative bodies

18. The service being provided will co-ordinate and facilitate infrastructure support for VCS organisations. This will provide the following benefits:

- Efficient use of community premises and reduced back office costs through the development of new models
- Co-ordination and maximising inward investment and funding through appropriate sole body or consortium networks
- Reaching a broader client base and enhanced infrastructure support to all sections of the VCS across Southwark

### **Description of procurement outcomes and scope of provision**

19. The contract outcomes and scope of provision is set out in the specification.

CAS will take a lead VCS role in:

- Strategic partnership activity with the council
- Facilitation, co-ordination and support to the VCS
- Providing a strong and co-ordinated voice for the diverse VCS views in Southwark

This will result in the following outcomes:

- Improved community benefits resulting from a shared approach to service improvement, reduction in duplication of services and more efficient use of resources
- Maximisation of inward investment supporting the sustainability of the sector; positive social impact of VCS activity in delivering public services that reach vulnerable and disadvantaged communities
- Shared improved outcomes for communities through effective policy input and the role of 'critical friend'

### **Identified risks and how they will be managed**

20. A risk log that identifies potential risks, evaluates the likelihood of their occurring and sets out how these will be mitigated is attached as appendix 1.

### **Policy Implications**

21. The award of this contract supports a number of local policy objectives including Southwark's service transformation agenda to modernise and improve service delivery.

#### **Southwark policy framework**

- The sustainable Community Strategy – Southwark 2016
- The Council's Business Plan 2011-14
- The Council's Medium Term Resources Strategy
- 'A Fairer Future for All' Vision
- The Council/VCS policy framework
- The Council's Asset Management Plan

Under the Local Government & Public Involvement in Health Act 2007 local authorities are under a duty to inform and consult representatives of local residents, as appropriate, in the exercise of local authority functions whilst having regard to statutory guidance issued by the Secretary of State. The VCS in partnership with the council is a key contributor to this agenda.

#### **National policies**

- The government's Big Society agenda supporting and expanding the VCS
- The Localism Bill devolving power down to the lowest practicable level
- Personalisation of health and social care support services
- Welfare reform

Further national policy drivers are outlined in the specification.

## 22. Procurement project plan

Activity	Complete by:
CAS Specification co-design meeting	25 <sup>th</sup> January 2011
First draft CAS specification provided to CAS for consultation	16 <sup>th</sup> February
Second draft CAS specification provided to CAS for consultation	16 <sup>th</sup> March
Forward Plan (if Strategic Procurement)	March 2011
DCRB CCRB Review Combined Gateway 1 & 2: Procurement strategy approval and contract award report (this report)	26 April 2011 26 May 2011
Notification of forthcoming decision - Five clear working days (if Strategic Procurement)	9 June 2011
Approval of Gateway 1& 2: Procurement strategy approval and contract award report (this report)	16 June 2011
Scrutiny Call-in period and notification of implementation of Gateway 1 & 2 decision	24 June 2011
Contract award	25 June 2011
Contract start	1 July 2011
Contract completion date	31 March 2014
Potential start of 2 year contract extension period	1 April 2014
End date of contract extension period	31 March 2016

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

23. Paragraphs 4 & 5 set out the transitional arrangements and the need for a new specification. This has been co-designed with CAS to ensure that the current direction of travel is maintained and that core functions continue to be delivered, as well as services that support the council in taking forward new and evolving strategic objectives. The core functions provide continuity between the old and new contracts. The negotiation process relating to the specification has also been part of the transition from the old to the new contract.

### Plans for monitoring and management of the contract

24. The future contract will be monitored on a quarterly basis with reports submitted by CAS detailing progress against the draft work plan and covering key performance areas including service delivery outputs, outcomes, organisational and financial governance and systems. A log setting out risks and possible mitigation has been prepared given the reliance on a single supplier for this contract (attached as Appendix 1). Given the cross-cutting nature of the functions of the CVS, liaison meetings with departmental officers will also be held to ensure that CAS delivers against its overall strategic targets. The provider will carry out an annual survey of VCS organisations to establish the level of satisfaction with the services provided and to establish members' priorities for the coming year.

25. Departmental commissioners will also engage in the forum and sub-groups on specific issues relating to premises, the skills forum and partnership groups established to lead on key strategic initiatives as/when required.

### **TUPE implications**

26. There are no TUPE implications as the contract will be awarded to the current supplier.

### **Tender process and tender evaluation**

27. As set out in paragraph 8 a single supplier negotiation procurement strategy was followed in line with CSO 4.4.2(e). The single supplier negotiation process consisted of the following stages: co-design meeting with CAS to develop new specification; production of first draft specification including outputs and outcomes; negotiation with CAS relating to staffing resources, key deliverables and monitoring framework; production of further specification; further consultation; agreement on final specification and monitoring framework. Key milestones in the process are set out in the procurement project plan in paragraph 22. Tender process information and tender evaluation criteria are not therefore applicable.

### **Community impact statement**

28. CAS plays 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. CAS provides infrastructure support to organisations meeting needs in these areas:

- Integration of specific communities of interest
- Support for marginalized communities e.g. refugees and asylum seekers
- The impact of regeneration and redevelopment on communities and the need to support the infrastructure of such communities.

29. CAS supports the aim of developing inclusive and cohesive communities by working with the VCS to engage with council in the following ways:

- Facilitating consortium arrangements for contracting opportunities by developing representative and inclusive partnerships
- Brokering access to suitable premises for the VCS and new and emerging community groups
- Designated capacity building of BME organisations on issues such as fundraising, business planning, governance and financial viability
- Facilitating charity start up by brokering shared services including management and compliance with regulatory functions for new and emerging communities
- Dissemination of information to members in accessible formats, websites, newsletters
- Targeted training on the legal and financial requirements of VCS organisations including contract compliance, accreditation, charity and company law and other regulatory frameworks.

30. Officers' view is that this procurement will therefore have a positive community impact.

### **Sustainability Considerations**

31. CAS is a partner to the council's service transformation agenda in making more efficient use of community premises and sharing back office functions. The contract therefore has the potential to reduce the VCS carbon footprint and energy costs.

## **Economic considerations**

32. The VCS is a major employer in Southwark. The most recent national third sector survey of the VCS workforce indicates that there were 14,331 full time (or equivalent) employees in the sector in Southwark, the fourth highest of the London boroughs. CAS plays 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. Through its close links with communities, CAS is well placed to offer skills training, volunteering and employment opportunities to reduce economic inactivity and promote economic independence and entrepreneurship. This contract will enhance the capability of the VCS to attract inward investment and contribute to a dynamic economic landscape in Southwark. The contract will play a key part in the continuation of a sustainable VCS and in supporting the capacity of the VCS to remain a major employer.

## **Social considerations**

33. CAS supports thematic partnerships which mirror council partnership arrangements. These improve outcomes for residents in the areas of community safety, adults and childrens well being and independence, skills, training and employment, access to justice and access to community premises. CAS also provides support and capacity building to organisations which have a significant social impact delivering services in these areas. The contract will therefore provide a social return on the investment as well as the economic benefits outlined above in paragraph 32.

## **Market development considerations**

34. CAS is a not for profit organisation with a Southwark area of activity and has less than 50 employees. The contract will support the sustainability of economic activity within the VCS and the capacity of the sector to engage with large procurement contracts such as the Single Work Programme supply chain, as well as the impact of the personalisation of health and social care support.

## **Plans for Monitoring of the Contract**

35. The contract will be held and monitored by Community Engagement. The contract will be monitored on a quarterly basis. Annual work plans will be subject to review and we will consult with departments on these. We will agree annual work plans with CAS. Quarterly monitoring reports will be required covering key performance areas including service delivery outputs, outcomes, organisational and financial governance and systems. The provider will carry out an annual survey of VCS organisations to establish the level of satisfaction with the services provided and to establish members' priorities for services for the following year. Key performance indicators will include:

- An annual service users' satisfaction survey with a target of 80% rating as good or very good
- Weekly team uploads to CAS website and Basecamp
- Annual increase in organisational membership
- Monthly team based e-newsletters
- Southwark Voice delivered to annual work plan schedule
- Southwark Forum and thematic sub-groups delivered to annual work plan schedule

## **Resource Implications**

36. The current funding for CAS is contained within the Community Engagement budget. Resources will be vired from other contributing council departments proposed. Table 1 in Paragraph 12 sets out the amounts and contributing departments.

### **Staffing Implications**

37. Management and monitoring of the contract will be met from within existing staffing resources within Community Engagement.

### **Legal Implications**

38. Legal implications of this report are outlined in the concurrent report from the Strategic Director of Communities, Law & Governance below.

### **Other Implications or Issues**

39. There are no other specific implications.

### **Consultation**

40. Consultation has been carried out with CAS, Health & Social Care, Economic Development and Childrens' Services in developing the specification. CAS has fed into the process. For further details see the project procurement plan in paragraph 22.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Strategic Director of Communities, Law & Governance**

41. This report seeks the Cabinet Member for Equalities and Community Engagement's confirmation of his earlier approval of the procurement strategy, and award of contract to CAS for community infrastructure support for the period and value noted in paragraph 2. By a variation decision dated 3<sup>rd</sup> June 2011 the Leader has delegated these decisions to the Cabinet Member.
42. The provision of these services is considered a Part B service under the EU procurement regulations and is therefore not subject to the full application of the regulations. The service is however still subject to the general EU Treaty principles of fairness, transparency and non-discrimination. Whilst there is no requirement under the regulations for the council to undertake a full EU procurement process, the council must consider whether the service has been adequately advertised to meet these general Treaty principles. Paragraphs 7 and 8 of this report set out the justification for seeking an exemption from the requirement to seek 5 tenders for this service and enter into a contract with CAS, as permitted under Contract Standing Orders.
43. Contract Standing Order 2.3 requires that no decision to award a contract can be made until the expenditure involved has been identified. Paragraph 36 sets out how the contract is to be funded.

### **Finance Director**

44. All the funding commitments outlined in table 1 have been agreed by the departments and the PCT. Funding will be vired to Community Engagement when the contract commences so providing a single point of contact for the operation of the contract. This is an improvement to the fragmented approach that this contract seeks to replace.



45. The contract monitoring arrangements outlined in paragraph 35 will need to be an integral part of this innovative method of supporting the VCS. Each funding contributor will require regular evidence that their specific needs are being achieved through the contract therefore, acting as lead commissioner, Community Engagement has a responsibility to provide suitable contract monitoring resources.

### Head of Procurement

46. This report is seeking to formalise a previous decision to enter into negotiations with and approval to award a contract to Community Action Southwark (CAS) to deliver community infrastructure support services for the council. This appointment will allow ongoing support to help build sustainability in the voluntary and community sector.

47. Paragraph 4 confirms that CAS has been acting as a key partner to the council for some time placing them in a unique position which cannot be matched by any other organisation at present. This provides justification to follow a single supplier negotiation procurement route. Paragraph 13 and 14 confirm that CAS has continued to achieve a high level of performance and there appears to be no reason why the council would not wish to continue contracting with CAS. The single supplier negotiation process that was undertaken is outlined in paragraph 27.

48. Paragraph 14 describes how CAS has been making the necessary changes within their organisation to enable them to meet the council's requirements going forward. A new specification formed the basis of the negotiation and the initial annual work plan produced by CAS (Appendix 1) was assessed as part of the evaluation process. Paragraph 35 describes how the contract will be monitored with the use of agreed annual work plans, surveys and measurement of performance against set KPIs.

### BACKGROUND PAPERS

Background Papers	Held At	Contact
Council Voluntary Sector Framework	CLG, Community Engagement	Bonnie Royal
Southwark Compact	CLG, Community Engagement	Bonnie Royal
Service Specification CAS	CLG, Community Engagement	Bonnie Royal
CAS Staff Structure Chart	CLG, Community Engagement	Bonnie Royal
CAS Draft Work plan	CLG, Community Engagement	Bonnie Royal

### APPENDICES

Appendix number	Title of appendix
1	Risk Log

### AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Abdul Mohamed, Equalities & Community Engagement		
<b>Lead Officer</b>	Stephen Douglass, Head of Community Engagement		
<b>Report Author</b>	Andrew Matheson, Senior Development Officer		
<b>Version</b>	Final		
<b>Dated</b>	9 June 2011		
<b>Key Decision?</b>	Yes	<b>If yes, date appeared on forward plan</b>	March 2011

<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Head of Procurement	Yes	Yes
<b>Contract Review Boards</b>		
Departmental Contracts Review Board	Yes	Yes
Corporate Contracts Review Board	Yes	Yes
<b>Date final report sent to Constitutional Officer</b>		9 June 2011

## BACKGROUND DOCUMENT – CONTRACT REGISTER UPDATE - GATEWAY 2

MANDATORY: Please complete the following details:

Contract Name	Community Action Southwark
Contract Description	Borough wide infrastructure CVS support
Fixed Price or Call Off	Fixed Price
Contract Lead Officer (name)	Bonnie Royal
Contract Lead Officer (phone number)	0207 525 7389
Department	Communities, Law & Governance
Division	Community Engagement
Business Unit	Commissioning & Voluntary Sector Support
Estimated Contract Award Date	23 <sup>rd</sup> June 2011
Supplier(s) Name(s)	Community Action Southwark
Contract Total Value	£994,146
Contract Annual Value	£361,507
Contract Start Date	1 <sup>st</sup> July 2011
Contract Review Date – 18 months before initial contract end date	Annual
Initial Contract End Date	31 <sup>st</sup> March 2014
Contract End Date if extension options utilised	31 <sup>st</sup> March 2016
Number of Contract Extensions	One

OPTIONAL: If available, please complete the following details:

Services/Supplies/Works Contract – delete as appropriate. EU CPV Code – if appropriate and available	N/A
SAP Vendor Number	1000018147