

Item No. 6.	Classification: Open	Date: 3 December 2015	Meeting Name: Better Placed Joint Committee
Report title:		Pathways to Employment (PtE) Phase 2 – Contract Award	
Ward(s) or groups affected:		All wards across Lambeth, Lewisham and Southwark	
Cabinet Member(s):		Councillor Lib Peck, Leader of Lambeth Council Mayor Steve Bullock, Mayor of Lewisham Council Councillor Peter John, Leader of Southwark Council	

RECOMMENDATIONS

1. That the Joint Committee awards the Pathways to Employment (PtE) phase 2 contract, maximum value of £1,823,611.60, to St Giles Trust for a period of two years. The indicative start date for this contract will be 14th December 2015. The contract will be finalised once an agreement has been entered into with London Councils and they are able to draw down on European Social Funding.
2. To note that Lambeth Council will be the contracting authority for this award, though the three boroughs, in line with the Joint Committee agreement, will share risk and liabilities.
3. To note that, should the boroughs be successful in gaining more ESF match fund, the contract may be extended accordingly. The boroughs have set aside a contingency fund for this using Transformation Challenge Award funding.

BACKGROUND INFORMATION

4. Lambeth, Lewisham and Southwark are three London boroughs with remarkably comparable challenges – we have similar levels of unemployment and residents needing better skills to access employment.
5. We place a high priority on promoting a strong local economy in our boroughs; we want to see more people in work, more apprentices, and more opportunities for the 71,000 residents across our three boroughs claiming out-of-work benefits.
6. In the face of ongoing challenges for local public services as a result of ongoing reductions in funding, we believe that only by working collaboratively across our three councils with our local partners are we better placed to implement whole system change for the benefit of our residents and to help move them from dependency to employment.
7. By collaborating, sharing information and using our collective influence, we have been able to shape and develop provision to ensure it provides the right intervention at the right time for our most vulnerable residents.

8. We believe that traditional delivery models of employment and skills support can often fail to achieve outcomes because they do not address the hidden, complex issues that are really preventing our residents from working. Our approach to redesigning the local welfare-to-work system has been to engage in continual dialogue with residents, government and local partners about what works best in in our localities.
9. Together, Lambeth, Lewisham and Southwark Councils have established a Joint Committee to make joint decisions relating to the boroughs' work and skills agenda. The purpose of the Joint Committee is to ensure effective governance for the Better Placed initiative and to enhance the transparency of the decision making process.
10. The award of the contract for Phase 2 of Pathways to Employment (PtE) is the first significant decision for the Joint Committee. Phase 2 has been informed by the learning from the first phase of the programme, which ran from November 2014 to November 2015.
11. The contract award will allow the second phase of delivery to commence. Over the past year, we have run the first phase of PtE, which is designed to provide the right interventions at the right time for a range of unemployed residents with complex needs, and has supported over 100 people into work.

KEY ISSUES FOR CONSIDERATION

12. This report proposes that the Joint Committee awards the contract for PtE to St Giles Trust for a period of two years, following an open and transparent, two stage restricted procurement procedure using EU Supply. Officers across the three councils are satisfied that the consortium led by St Giles Trust can meet the requirements of the service and contract, delivering a high quality service that provides value for money for the council and its residents.
13. The three councils secured £1.1m funding for this programme through the Department for Communities and Local Government's Transformational Challenge Award (TCA), and we have since increased this by a further £985,736 through the European Social Fund (ESF) via London Councils' direct bid. Of this, £1,823,611.60 is being used to fund the PtE contract.
14. In order to access ESF funding, the three boroughs must transfer £985,736 of the TCA funding to London Councils and permit them to become a 'managing agent' of this contract. Of this amount, £911,806 will be available for contract spend and £73,930 will be for London Councils' administration fee.
15. Without London Councils' involvement, the councils would be unable to access European funding. The three boroughs will retain oversight of contract delivery and performance through the programme's Steering Group and Programme Board.
16. The TCA has been confirmed and has been received by Lewisham Council. The three boroughs have received confirmation from London Councils that our ESF bid has been accepted. London Councils are currently in negotiations with the GLA's European Programme Management Unit. The contract will be finalised once we have entered into agreement with London Councils and they are able to draw down on ESF.

17. Initially the contract value will be a maximum of £1,823,611.60 and the contract period will be 24 months. However, provision is being made to extend the contract should a further ESF bidding round allow us to access additional funding. Appendix 1 of this report details the specification for phase 2 of Pathways to Employment. Contract price and outcomes have since altered due to ESF funding amounts; this will be reflected in the final contract with the appointed provider.

Pathways to Employment

18. Our ambition is to ensure our residents, especially those with complex needs, get the 'right intervention at the right time', supported by skills and training provision that meets the needs of the current and future London labour market to enable them to secure good quality job outcomes.
19. PtE delivers a customer-centric keyworker model to help residents with barriers to employment navigate and access different provision and support them into work. Keyworkers work closely with people to establish a relationship built on trust, help them to better understand and tackle their wider barriers, and work together to develop an action plan to progress them into positive outcomes.
20. PtE is designed to work towards the transformation of public services to a model where services are resident focused and support is delivered in an integrated and holistic manner.
21. PtE intends to demonstrate that a more devolved approach to employment support services lead to better outcomes for residents, support wider service integration ultimately lead to the creation of a localised welfare, employment and skills system.
22. In designing PtE, we have worked with Jobcentre Plus, over 150 local partners and providers from the community and voluntary sector, residents from across all three boroughs, central government, and the Public Service Transformation Network (PSTN) to generate evidence for the development of a new system of back to work support for residents with the most complex needs.
23. The fundamental principles of PtE are:
 - Comprehensive triage and assessment of people's needs and barriers to employment;
 - A customer centric, keyworker model with the needs of service users at its heart;
 - A well-defined, strongly linked network of partners across the councils and local voluntary and community sector providers as well as employers;
 - The integration of wider support services across the boroughs in order to deliver better outcomes for residents including a tailored, flexible pathway into employment but also wider benefits such as improved wellbeing;
 - Support to access training and jobs which match growth employment sectors and other opportunities which are present in the local labour market.

24. Phase 1, which began in November 2014, worked with 457 residents, with 111 supported into work to date – a success rate of 25%, far in excess of other provision for similar groups of people.
25. A procurement exercise has been undertaken and this report seeks permission to appoint St Giles Trust to deliver phase 2 of the PtE programme across three job centres in Lambeth, Lewisham and Southwark. This will be a 24 month contract, with an 18 month client intake period. Should the boroughs be successful in gaining more ESF match fund, the contract may be extended accordingly. The boroughs have set aside a contingency fund for this using Transformation Challenge Award funding.
26. This contract will be delivered through a consortium that includes The Green Man Skills Zone, Southwark Works, Tomorrow's People and Women Like Us. St Giles Trust will be the contracting organisation and responsible for managing the delivery partnership.
27. The second phase of PtE will help us develop and strengthen the process of integrating services across boundaries, by allowing us to build on findings from Phase 1 of what works and what does not work about the way we currently deliver wider support services for our residents. The learning will help inform future delivery and commissioning activity across the three boroughs.
28. The Joint Committee will be kept updated on progress with Phase 2 throughout the delivery period.

Procurement process

29. The procurement of this service has taken place in accordance with European Union procurement rules and directives. As the contract value is above EU thresholds, information has been published on EU Supply on the OJEU website.
30. Lambeth Council led on the procurement, and published all procurement documentation at PQQ stage and used extended bidding timescales in order to encourage quality bids. In order to encourage partnerships and smaller organisations to access this procurement, all three councils shared the opportunity throughout their local supply chains and provided extended bidding time periods.
31. Potential suppliers were also informed about the potential TUPE implications. 11 members of staff who have been delivering phase 1 of the programme would have the opportunity to TUPE to the new provider.
32. At the pre-qualification questionnaire (PQQ) stage, providers in the marketplace were able to access all the tender documents. We received thirty (30) bids, with twenty-four (24) of these fully compliant.
33. It was stated in the PQQ instructions that the highest scoring six (6) providers would be invited to submit full tenders (the invitation to tender, or ITT, stage). The PQQs were evaluated, individually, by a panel of 3 (one representative from each borough) and then fully moderated to produce the results.

34. At PQQ, tenderers were required to complete a business questionnaire and respond to questions designed to demonstrate experience of delivering similar employment programmes. Suppliers were evaluated on:

Criteria	Weighting
Experience of delivering similar programmes Give details of one current or recent (last three years) project(s)/programme(s) of a similar design and purpose to that which Lambeth Council is commissioning	40%
Experience of building relationships and effectively accessing local services to address multiple barriers	15%
Experience of brokering job opportunities and enabling clients with complex needs to secure work experience and jobs and place clients into work, as well as providing post-employment support.	15%
Experience in assessing clients' needs in order to produce and maintain an effective action plan	15%
Experience of delivering and managing a complex programme, (for example previous ESF projects, the Work Programme, or any similar undertaking).	15%

35. Breakdown of PQQ evaluated scores were as follows:

Supplier	Experience of delivering similar programmes (out of 40)	Experience of building relationships and effectively accessing local services to address multiple barriers (out of 15)	Experience of brokering job opportunities and enabling clients with complex needs to secure work experience and jobs and place clients into work, as well as providing post-employment support (out of 15)	Experience in assessing clients' needs in order to produce and maintain an effective action plan (out of 15)	Experience of delivering and managing a complex programme (out of 15)	Total (%)
B	32	12	12	12	12	80
C	32	12	12	12	12	80
D	32	9	12	12	12	77
St Giles	32	9	9	12	12	74
E	32	9	9	12	12	74
F	32	9	9	12	12	74
G	32	9	9	9	12	71
H	32	12	9	6	12	71
I	32	12	9	9	9	71
J	32	9	9	9	6	65
K	32	6	9	9	9	65
L	32	6	9	6	9	62
M	24	9	9	9	9	60
N	24	9	6	9	9	57
O	32	6	6	6	6	56
P	24	9	6	6	9	54
Q	24	6	6	9	9	54
R	24	6	6	9	6	51
S	24	6	6	9	6	51
T	16	9	9	9	6	49
U	24	9	6	6	3	48
V	24	6	3	6	6	45

Supplier	Experience of delivering similar programmes (out of 40)	Experience of building relationships and effectively accessing local services to address multiple barriers (out of 15)	Experience of brokering job opportunities and enabling clients with complex needs to secure work experience and jobs and place clients into work, as well as providing post-employment support (out of 15)	Experience in assessing clients' needs in order to produce and maintain an effective action plan (out of 15)	Experience of delivering and managing a complex programme (out of 15)	Total (%)
W	16	6	6	6	6	40
X	16	3	6	6	6	37
Y	16	3	6	3	3	31
Z	16	3	3	6	3	31

36. At ITT stage, five (5) bids were received, with one provider withdrawing from the procurement the day before the tender deadline.
37. Tenders were evaluated on:

Criteria	Weighting
Service design	60%
Demonstrating outcomes	20%
Managing the delivery of the contract	20%

38. The evaluation panel consisted of representatives from all boroughs and the LLS Community Budget Programme Manager. The five (5) proposals were evaluated individually and then moderated to give an overall winner. Breakdown of tender scores were as follows:

Tenderer	Service design (out of 60)	Demonstrating outcomes (out of 20)	Managing the delivery of the contract (out of 20)	Total (weighted %)
St Giles Trust	49	14	16	79
Supplier B	46	14	12	72
Supplier C	44	13	12	69
Supplier D	34	13	8	55
Supplier E	26	12	13	51
Supplier F	Tender not returned			

Policy implications

39. All three boroughs are committed to working collaboratively to achieve the best possible outcomes for our residents. We share a common aspiration to help residents with complex barriers make the most of the opportunities that London has to offer.
40. We are using our collective influence to transform local employment support provision for the hardest to help groups, with the ultimate aim of ushering in a completely new way of delivering services which focuses on individual need considered in a localised context.
41. This work aligns with the Cities and Local Government Devolution Bill 2015-16, which makes provision for conferring additional functions on local authorities.
42. The work demonstrates our proactive response to the devolution agenda, as discussed at the Institute for Public Policy Research event *Better Placed: Is a Local Offer Best?* in July 2015.
43. This work aligns with strategic priorities at all three boroughs.

44. The pilot contributes directly to the achievement of the following outcomes in Lambeth's *Community plan (2013-16) and Outcomes Commissioning Framework*:
- People have the skills to find work
 - People achieve financial security
45. The pilot ties in with *Shaping Our Future: Lewisham's Sustainable Community Strategy (SCS)* and Lewisham's *Work and Skills Strategy 2015-2017 (WSS)*, and in particular with the following priorities:
- Dynamic and prosperous - where people are part of vibrant communities and town centres, well connected to London and beyond; (SCS)
 - Ambitious and achieving - where people are inspired and supported to fulfil their potential (SCS)
 - Deliver employment support for those with the most complex needs (WSS)
46. The core aims of Southwark's *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
47. Furthermore, the Work and Pensions Select Committee's [welfare-to-work report](#) (published in October 2015) highlighted PtE as a model of excellent practice, recommending its key principles be adopted on a national scale.

Resource implications

48. The three councils secured £1.2m funding for this programme through the Department for Communities and Local Government's Transformation Challenge Award (TCA).
49. This has since increased by a further £985,736 through the European Social Fund (ESF) via London Councils' direct bid, giving total funding for the programme of £2,185,736. Of this, £1,823,611.60 is being used to fund the PtE contract.
50. In order to access ESF funding, the three boroughs must transfer £985,736 of the TCA funding to London Councils and permit them to become a 'managing agent' of this contract. Of this amount, £911,806 will be available for contract spend and £73,930 will be for London Councils' administration fee.
51. Whilst Lambeth Council is the contracting body, Lewisham Council is the accountable body for the funding, and as such holds the funds for this contract. There are no general fund implications for any of the three boroughs as the contract will be funded through external funding.

52. London Councils will monitor the contract. The three boroughs will retain operational management of the provider, and this will be done through the use of existing resources.

(Approved by Paul Badiani, Senior Accountant, Lambeth; John Johnstone, Acting Group Finance Manager, Lewisham; Mark Dean, Senior Finance Manager, Southwark)

Community impact statement

53. This pilot targets residents with a range of complex needs who are overrepresented in unemployment measures, including some of the most marginalised groups in the labour market.
54. By focusing attention on these residents, this service specifically aims to meet the needs of protected characteristics groups. 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 gender.
55. In order to address need most effectively the specification, the tender assessment process and the measurement of pilot performance have been designed to take into account explicitly the findings of the Better Placed Community Budget research in relation to addressing inequality in accordance with the Public Sector Equality Duty. The provider's approach to equalities has already been assessed through stage one of the tendering process as part of the PQQ as gateway requirement.
56. The service contract will specify that employment support and local employment opportunities are made available solely to residents of Lambeth, Lewisham and Southwark.
57. Community benefits will accrue through the direct outputs of the pilot, principally through measurement of numbers entering employment, but also indirectly through meeting employer demand for a local workforce.
58. An equalities gateway criterion in the tender evaluation required at least an adequate score to be considered for funding. The impact of the pilot across equalities groups will be monitored and any disproportionate impact will be investigated through regular contract monitoring meetings.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

59. This report seeks the approval of the Joint Committee to the award of the PtE phase 2 contract to St. Giles Trust as detailed in paragraph 1. The services procured are classed as 'light touch' services, and as they are estimated to

exceed the relevant EU financial threshold must be tendered in accordance with the 'light touch' regime under the new Public Contracts Regulation 2015 (PCR 2015). As noted in paragraph 27, this procurement has taken place in accordance with those EU procurement rules.

60. Article 9.2 of part 2 of Southwark Council's constitution allows the council to establish joint arrangements with other authorities to exercise certain functions, which may involve the appointment of a joint committee with those other authorities (as permitted by the Local Government Act 2000).
61. The report confirms that Lewisham Council is the accountable body for the funding and Lambeth Council will be the contracting party on behalf of the other boroughs.
62. The Joint Committee is reminded that the PSED applies and they are directed to paragraphs 53 – 54.

(Approved by David Thomas, Contracts Lawyer, Lambeth; Mia Agnew, Senior Contract Lawyer, Lewisham; Norman Coombe, Finance and Corporate Services, Southwark)

Strategic Director of Finance and Governance

63. The resource implications in paragraphs 48 - 52 are noted. It is observed that the total cost of the contract can be covered by external funding that has already been secured from the organisations listed in paragraphs 48 and 49. The contract will be monitored by London Councils.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Better Placed: Establishing a Joint Committee between Lambeth, Lewisham and Southwark Councils	Dunraven School, 94-8 Leigham Court Road, London, SW16 2QB	Adrian Smith (asmith2@lambeth.gov.uk); 020 79260182
Link: Better Placed: Establishing a Joint Committee between Lambeth, Lewisham and Southwark Councils		
Community Budget: Establishment of a joint committee between Lambeth, Lewisham and Southwark	Civic Suite, Catford Road, SE6 4RU	Robyn Fairman (robyn.fairman@lewisham.gov.uk); 020 83146635
Link: Community Budget: Establishment of a joint committee between Lambeth, Lewisham and Southwark		
Better Placed Joint Committee with London Borough of Lambeth and London Borough of Lewisham	160 Tooley St, SE1 2QH	Stephen Gaskell (Stephen.gaskell@southwark.gov.uk); 020 75257293
Link: Better Placed Joint Committee with London Borough of Lambeth and London Borough of Lewisham		

APPENDICES

No.	Title
Appendix 1	Specification for Pathways to Employment

AUDIT TRAIL

Lead Officer	Adrian Smith, Director of Strategy and Commissioning (Lambeth Council)	
Report Author	Rahul Rana, Programme Manager (Lambeth, Lewisham and Southwark)	
Version	Final	
Dated	24 November 2015	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Democracy – Southwark	Yes	Yes
Strategic Director of Finance and Governance – Southwark	Yes	Yes
Senior Accountant – Lambeth	Yes	Yes
Contracts Lawyer – Lambeth	Yes	Yes
Group Finance Manager – Lewisham	Yes	Yes
Senior Contracts Lawyer – Lewisham	Yes	Yes
Cabinet Member – Southwark	Yes	Yes
Cabinet Member – Lambeth	Yes	Yes
Cabinet Member – Lewisham	Yes	Yes
Date final report sent to Constitutional Team	24 November 2015	