

Item No. 10.	Classification: Open	Date: 30 October 2018	Meeting Name: Cabinet
Report title:		Gateway 1 - Procurement Strategy Approval Southwark Works Employment Support Commissioning Framework	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Kieron Williams, Jobs, Skills and Innovation	

FOREWORD – COUNCILLOR KIERON WILLIAMS, CABINET MEMBER FOR JOBS, SKILLS AND INNOVATION

We have set an ambition to make Southwark a full employment borough, where everyone who wants one is able to find a decent job. We have made this a priority because for most people, a good job – and the income, purpose, agency and wellbeing that come with it – is one of the most important things in life.

We have made remarkable progress. Over the last four years the council has helped over 6,000 people into work and our employment rate is now at a record high with 79% of working age adults in work. However there is still more to do. 22,000 Southwark residents – nearly 1 in 10 working-age adults – are still either unemployed or economically inactive but wanting a job. There are also many more people working fewer hours than they need, earning poverty pay or on precarious contracts that all too often leave them in the red at the end of the month. That burden falls on the most disadvantaged in our community with women, disabled people, young people who have been in care and some black and minority ethnic groups all much more likely to be out of work.

That is why we have committed to help another 5,000 people into work over the next four years and to provide support to help people progress into good jobs. We believe that this is achievable if we make the best use of the range of opportunities in Southwark and in London, and invest in the skills and employability of Southwark residents, particularly those who face additional challenges in an ever changing labour market.

Southwark Works is central to delivering that commitment. It has been successfully providing support to Southwark residents and employers for the last 14 years as the council's flagship employment service, supporting over 2,300 people into work over the past four years. It is a service that changes people's lives for the better, providing specialist advice for those further from the labour market.

This proposal sets out how we will commission Southwark Works for the next four years. The proposed framework commissioning approach has a proven track record of delivering flexible, individualised support that both residents and employers value. The provision will deliver a significant proportion of the council's commitment to support 5,000 people into work over the next four years. It will also help people to progress to better pay and conditions and support employers to meet their skills and recruitment needs.

RECOMMENDATIONS

That cabinet:

1. Approve the procurement strategy outlined in this report for the Southwark Works Employment Support Commissioning Framework for four years commencing on 1 July 2019, for a total value of £15,800,000, which will be split between:
 - An estimated maximum annual spend of £1,950,000 by Southwark Council
 - An estimated annual spend of £2,000,000 from other boroughs.
2. Note that tenders for the initial call-off contracts will be invited from suppliers at the same time as inviting applications to the framework.
3. Approve the delegation for approval of the Gateway 2 report for the establishment of the framework to the chief executive for the reasons set out in paragraph 28.
4. Note that the approval of individual call-off contracts from the framework will be approved by the Chief Executive in accordance with contract standing orders, for the reasons set out in paragraph 29.

BACKGROUND INFORMATION

5. This report includes the following information:
 - a. Background information (paras. 6 – 33) includes the existing Southwark Works model, incorporating apprenticeship support and in-work progression support into the new framework, summary of the business case justification and market considerations.
 - b. Key issues for considerations including
 - Outline of proposed procurement route (paras. 34 – 39)
 - Detail on how framework will operate (paras. 40 – 45)
 - Risks associated with procurement (para. 46)
 - Policy implications (paras. 47 – 54)
 - Procurement process (paras. 54 - 65)
 - Implications of the procurement including community, social, economic, environmental, financial and legal considerations, as well as consultation (paras 66 – 89).
 - c. Supplementary advice from other officers (paras. 91 - 101)
6. Supporting people into jobs is a key priority for the council. In June 2018, cabinet adopted a new council plan, which includes the commitment to make Southwark a *full employment borough*. The plan also sets out a number of commitments, relating to employment and skills, that the council will deliver over the next four years to 2022:
 - Help 5,000 more people into work and create 2,500 new apprenticeships
 - Introduce a Southwark Good Work Standard
 - Make sure everyone has a basic qualification in English and maths and that residents have the digital skills to get the jobs of the future

- Provide one to one support for low paid workers to help them get better paid jobs and improve access to financial support to those who need additional funding for courses
- Make Southwark the first Equal Pay Borough so all our contractors must publish their gender pay gap and plans to reduce it
- Guarantee education, employment or training for every care leaver.

Southwark Works model

7. Southwark Works is the council's longstanding employment support programme and is formed of a network of providers who offer a range of tailored employment support based on underlying needs, such as mental health, homelessness or disability. This model aims to ensure there is expertise available locally to deal with the range of issues that affect residents' ability to gain and sustain employment whilst also providing a recruitment service for local employers. Many of the employment support providers previously contracted through Southwark Works have been voluntary and community sector organisations local to Southwark.
8. Southwark Works has operated since 2004 and has supported thousands of residents to find work and change their lives; it made a considerable contribution to the 2014-2018 council plan target to support 5,000 people into work. The programme operates through 2 main elements:
 - directly contracted employment support for a variety of target groups and within key growth sectors in the borough (i.e. construction) from a variety of specialist providers (who make up the 'network') – the subject of this report; and
 - network co-ordination – including network management, assessment of customers and referral to Southwark Works providers and/or external support; operation of a hub office for customers; customer record management to track progress and outcomes, sourcing of vacancies through employer engagement activity; providing recruitment services to local employers, organising job fairs for the network, supporting the council in communicating the successes of the 5,000 lives campaign.
9. In 2014 the council developed an employment commissioning framework to procure the Southwark Works contracts; the Gateway 2 report for this procurement was signed off in June 2015. The initial contracts let from the framework started delivery in July 2015. The Southwark Works Framework ran for a 4 year period, with call-off contracts awarded every 2 years, the current contracts end 30 June 2019, with the exception of the contracts let via lot 1 which include two contracts which will expire 31 March 2019 and another which ends 30 September 2019. It is proposed to seek, via a separate Gateway 3 report, an extension to those contracts ending 31 March 2019 for a three month period to 30 June 2019 to align with the commencement of the framework.

Existing framework

10. The table below provides a summary of providers and contracts called off from the framework in 2015-2019.

Table 1: Existing framework overview

Framework Lot	2015-2017 provider	Current (2017-2019) provider
Lot 1 (Young People)	Inspire	St Giles Trust (to September 2019)
Lot 2 (Long Term Unemployed)	Renaisi	Renaisi
Lot 3 (Mental Health)	SLaM	SLaM
Lot 4 (Health including Autism, Physical & Learning Disabilities)	Mencap	Mencap
Lot 5 (Lone Parents and disadvantaged families)	JCCS Ltd	JCCS Ltd
Lot 6 (ESOL)	No providers appointed to this lot	
Lot 7 (Offenders)	Pecan	Pecan
Lot 8 (Substance Abuse)	SLaM	No contract award after 2017
Lot 9 (Homelessness)	St Mungos	St Mungos
Lot 10 (Gangs)	The Salmon Youth Centre	No contract award after 2017. Cohort supported via lot 1 contract for 'vulnerable young people'.
Lot 11 Sectors (Retail and hospitality)	Step Ahead	Good People
Lot 11 Sectors (Construction)	JCCS Ltd	JCCS Ltd
Lot 11 Sectors (Retail and hospitality)	CITE (included health and social care)	Get Set
Total number of contracts	12	10

11. The current Southwark Works Network Coordination contract was procured for a 4 year period in 2015 (2 years + 2 years) and will also end on 30 June 2019, following an extension for a 3 month period from April-July 2019, approval of which has been obtained through a separate Gateway 3 report.
12. An evaluation of the 2015-2018 Southwark Works service is included at Appendix 1 which provides a summary of findings which inform this commissioning; including the following:

- 2015-2018 performance
 - Service user, caseworker and employer feedback
 - Labour market analysis
 - Council colleague (departmental) feedback
 - Current provider feedback.
13. The new council plan target to support 5,000 more residents into employment comes at a time when the employment rate is at an unprecedented high; meaning the majority of residents using the council's employment support service are likely to be further from, or disadvantaged in, the labour market. The world of work is changing and adapting to modern technologies and ways of working, meaning that residents need a new type of support to help them into 'better' jobs. This presents new challenges for the council to meet this target:
- Engaging and supporting residents with a variety of needs in terms of training and pre-employment support
 - Ensuring residents who want a better job are supported
 - Working with residents to address multiple barriers to work such as housing and skills
 - Working with employers to ensure that all Southwark residents can access opportunities in the borough

Integration with other council services

14. As part of the re-commissioning, a greater emphasis will be placed on integrating the Southwark Works service with other council services including libraries, children's centres, adult education services, housing, social care and mental health services in order to increase access to employment support for residents already in contact with other council services.

Incorporating an apprenticeship offer into Southwark Works

15. The current model for Southwark Works does not have any particular focus on apprenticeships as a pathway for residents to get into work. To stimulate a greater apprenticeship focus, a more integrated approach will be taken for the new framework.
16. First, pre-apprenticeship support for providers will be built into the network co-ordination function. This will help promote apprenticeships within the network and deliver support and guidance to providers to help them to better support their clients into apprenticeships.
17. Second, apprenticeship targets will be introduced within all framework lot contracts. Agreed targets will be dependent on a number of factors such as cohort etc. but this will require potential providers to consider their capabilities and how they may wish to develop these in order to best deliver apprenticeship outputs moving forward.
18. Third, a specialist pre-apprenticeship provider will be introduced within the network of delivery organisations, via a specific lot on the framework, to increase access to apprenticeship opportunities for Southwark Works clients, including those furthest away from the labour market. A specialist pre-apprenticeship support provider would have the expertise and dedicated resources to engage employers and deliver the full range of support services to clients wishing to access an apprenticeship and help to

ensure that Southwark Works is a one-stop shop for a wider range of career opportunities.

Incorporating an in-work progression support offer into Southwark Works

19. The current Southwark Works model focuses on job sustainment, rather than progression. Providers are currently able to claim any progression as a sustainment (i.e. if a client gets a better job in the 26 week job sustainment period). Providers have reported that many clients are ready to move on to their next step sooner than the 26 week sustainment window. In order to account for this, the council recently amended monitoring requirements to accept progressions to count as a sustainment. If a client is in work for 26 out of 34 weeks this will be counted as a sustainment.
20. In addition, providers are currently able to support repeat clients if they have not received support in the last year. Providers also report that many clients come back to them before this one year period is up, and although they do not turn the client away they are unable to count any work towards contractual KPIs. Providers report that the clients are often still in work but are struggling to progress and need more training and support to find a better job. The council recently amended monitoring requirements so that clients can return to Southwark Works at any point and providers are able to record these outcomes towards contractual KPIs.
21. In response to both of these issues, we propose that the new framework will measure both sustainments and in work progression outcomes to encourage providers to continue to provide support and training to clients who have found work. This will enable caseworkers to have conversations with clients who have been successful in securing a job about their ongoing aspirations and provide support accordingly.
22. The new Network Coordination service, which will include more client engagement and outreach work, will also engage with residents who are already in work. In-work support services will be promoted via Southwark Works so that clients who are not currently registered with/receiving support from a Southwark Works provider and who are interested in improving their employment circumstances will be able to access support via the Network Coordination team. Job starts and in work progression will be monitored under two separate KPIs through quarterly monitoring.

Cross-borough framework participation

23. The council has had exploratory discussions with other boroughs about joint use of the framework. These discussions are ongoing and no agreement has been reached with other boroughs at this stage. Given the framework has a 4 year lifespan; the council may wish to keep the option for further collaboration open with other boroughs. If utilising the framework is a workable option for another borough, they will take on Southwark's terms and conditions and will be charged a reasonable access and management fee for this service.

Summary of the business case/justification for the procurement

24. When the council enters into any procurement process there needs to be a clear business case and justification set out. This section of the report sets out this case. In 2017 the council facilitated sessions with providers to develop a mission statement for Southwark Works as follows:

Southwark Works provides high quality employment support to Southwark residents to help them get the job that's right for them and achieve their aspirations.

Everyone has unique experiences, circumstances and aspirations. We work with residents to understand what they want to achieve and what barriers are in the way, including training and skills needs. We use this to develop compassionate and individualised support that gives residents the confidence to move towards their goal. Every client gets a quality, reliable service that has their best outcome as the top priority.

Local employers are key to our success. We work with businesses, exploring how improved employment conditions can help them and their employees. We also work closely with other partners including training providers, charities and public sector groups to make sure our residents are at the front of the queue for the outstanding job opportunities available in Southwark.

25. The new framework will focus on reinforcing the mission statement and core values of Southwark Works, continually supporting the network to capacity build providers and the offer of employment support for residents and employers. Alignment of this proposal with the procurement of Southwark Works network coordination contract creates a model for efficient referral of clients across types of commissioned support to meet complex and multiple needs, as well as a means to improve referral to other statutory or voluntary and community sector services and training provision.
26. Southwark Works will deliver a significant proportion of the council's commitment to support 5,000 people into work over the next four years.
27. Paragraphs 15-22 explain why the new framework will include a focus on apprenticeships and in-work progression, responding to the changing needs of the labour market and the council plan commitments.
28. Approval for the award of the framework is sought via Chief Executive delegated authority to ensure that the framework agreement is in place to allow call-off contracts to be in place by 1 July 2019. The procurement has 10 lots and therefore will require extensive evaluation meaning that timescales for cabinet approval are unlikely to be met.
29. The framework has a 4 year timeframe and initial contracts will be let for a 2 year period, with the option to extend for a further period of up to 2 years following review. At this point we may seek new providers via mini competitions or via direct call-off from the framework. Approval for these call-off contracts will be via Chief Executive delegated authority as the maximum annual value of the individual call off contracts in the first two years of delivery will be £150,000.

Market considerations

30. Since procuring the original Southwark Works Framework in 2014, there have been several changes to the labour market and the employment support provision which operates within it, not least the move of many benefit claimants to Universal Credit.
31. As noted above the employment rate is high, there are fewer visible job seekers and, those that are seeking employment support present more multifaceted and complex needs. The employment support provider market in Southwark has been maintained though it can be said there are fewer smaller providers than there were 4 years ago. Larger welfare to work contracts continue to be awarded by the government and via

the European Social Fund and there has been a marked increase in the number of contracts which are payment by results.

32. The specifications for the framework lot contracts require a combination of effective support for unemployed and underemployed residents with specific needs (health, housing, etc.), strong employer engagement and in-work support. This capacity is to be found across a wide range of potential providers in the national, regional and local employment support market, including Department for Work and Pensions (DWP) providers, mainstream skills providers, charities and larger national/regional voluntary and community sector employment and training providers.
33. When this opportunity was last tendered in 2015, 48 responses were received at the Stage 1 (pre-qualification), of which 42 met the criteria and were invited to bid at stage 2 (Invitation to Tender). 47 tenders were received from 28 providers (VCS, SMEs, private sector and social enterprises), because they were able to bid for multiple lots. It is anticipated that a similar level of interest will be garnered for this opportunity. A market engagement event is planned for November, during the pre-qualification stage, to support providers interested in bidding to be appointed to the framework.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

34. This procurement is driven by the need to deliver a fairer future for all, to achieve value for money, and provide employment services that achieve positive outcomes for residents and employers. This procurement falls under the light touch regime (LTR) as defined in the (EU) Public Contracts Regulations 2015.
35. The following options have been considered for procurement:
 - a) Commission services through individual contracts as and when required:
The framework agreement has allowed providers to work together around the needs of their clients. If commissioned individually the contracts will have an annual cost of between £70,000 and £150,000, producing a total value of between £140,000 and £300,000 per contract over the 2 year initial contract period. As the individual contract values are below the LTR threshold the council could seek competitive tenders from a minimum of 5 providers on a more ad hoc basis, however this is arguably not an effective means of maximising leverage and fostering a more collegiate approach to delivery within a network of providers.
 - b) Commission via a Dynamic Purchasing System (DPS): Whilst a DPS offers more flexibility than a framework in terms of being able to add new providers to the pool of approved suppliers at any time it is not considered the most effective means of procuring employment support contracts in a relatively stable market. A DPS is resource intensive and requires a large amount of management in terms of ongoing tender evaluation and contract award.
 - c) Tendering via a competitive EU compliant procurement process in order to establish a framework of providers: **This option is recommended.** As the value of this framework is above the LTR threshold the council needs to competitively tender its requirements in line with the Public Contract Regulations 2015. There are a number of different procurement routes the council could use such as open procedure, restricted procedure and competitive procedure with negotiation.

- d) Provide services in house: The council does not currently employ sufficient staff with the required range of skills and recruiting these staff would be a financial risk to the council. Locally branded provision that sits outside of direct delivery creates a degree of independence whilst ensuring that the council can continue to hold the provider to account.

Proposed procurement route

36. **Option C – EU Restricted Procedure:** It is recommended that the framework contracts will be advertised through the OJEU as a restricted tendering procedure, comprising of two stages:
- Stage 1: Interested providers express an interest by requesting and completing a SQ (selection questionnaire). The SQ stage will create a short list of suppliers based on the organisation's capacity to deliver; their economic and financial standing, previous technical or professional ability.
 - Stage 2: Providers shortlisted at Stage 1 will be invited to submit a tender.
37. An open procedure in a one stage process means there is no opportunity to remove bidders from the process who have failed to meet standards in terms of quality, equalities, finance, safeguarding etc. A two stage process allows unsuitable providers to be rejected at an earlier stage therefore ensuring that only those who meet the required standards are invited to bid for the framework lot contracts. A restricted procedure is considered the best route as a two-stage process allows the council to draw up a shortlist of interested parties by undertaking a pre-qualification stage, prior to the issue of invitation to tender documents. The SQ has been developed to assess capability and experience to deliver locally and as such will enable a shortlist of providers to be invited to tender to secure a place on the framework.
38. A commissioning framework offers contracts of an appropriate length (2+2 years) to enable better planning in service delivery and innovation and greater flexibility to respond to changing labour market needs by purchasing services quickly and efficiently through call-off contracts. This means that if the economy changes over the 4 year lifespan of the framework we are able to adapt to changes accordingly. It also allows a level of collegiate working that means providers can work together, and with the council, to achieve the best outcomes for residents. We will establish a framework partnership agreement which all providers will sign up to deliver as part of the framework, further encouraging good partnership working. In addition this option allows the council to test the market and ensure that value for money is improved in commissioning of employment support services.
39. The new framework will not differ greatly from the current framework; the changes that have been implemented are reflective of the varying needs of those seeking employment support, as follows:
- A pre-apprenticeship support lot is included to reflect the need for specialist provision in this area and to better align apprenticeship provision with employment support.
 - The English for Speakers of Other Languages (ESOL) lot has been removed as no providers were appointed to this lot in the original framework. Providers on the framework will be required to ensure that ESOL, English, Maths and digital basic skills provision will be accessible through Southwark Works and work will

continue through the delivery of the Southwark Skills Strategy to ensure that sufficient provision is available for those with language needs.

- Lot 1 (vulnerable young people) will be a larger value lot as a result of Youth Fund funding provision being procured as part of the framework.

How the new framework will operate

40. The framework includes 10 lots; details of these are included in Table 2. Tenderers may bid for any number of lots but a single supplier can only be appointed to a maximum of 3 lots across the framework.
41. A maximum annual contract price will be set for each lot. These will vary in annual contract value from between £70,000 to £150,000 for the first 2 years of delivery. A minimum output requirement will be set for each lot. This is based on the anticipated unit costs to deliver job outputs for specific cohorts, determined by current contract delivery costs and assumptions about the labour market and levels of need over the next four years.

Framework appointment and initial award of contracts

42. This procurement exercise will establish the framework of providers and will appoint initial 2 year call-off contracts for each lot. Initial call-off contracts will be awarded as set out in Table 2.

Contract review

43. The council will closely monitor and evaluate the delivery of the contracts over the first 2 year period to inform delivery from 2021. In the event that the council is satisfied that the initial contract provider is performing well, they will be considered for a contract extension for a further 2 years, via a Gateway 3 report. Where performance has not met expected levels the council may seek to offer to offer a new contract to a different framework provider. This will either be through direct award of a contract or through a mini-competition.

Table 2: 2019-2023 Framework Lots

Lot	Title	Max. number of providers appointed to the framework	Number of initial call-off contracts offered per lot	Proposed outline
Lot 1	Vulnerable young people, including Care Leavers	6	2 or 3	<ul style="list-style-type: none"> • Provide support to support to vulnerable young people who have complex needs and may: <ul style="list-style-type: none"> ○ be care leavers ○ be aged 16-19 and Not in Education Employment or Training (NEET) ○ be lone parents ○ be carers, ○ have had contact or are currently in contact with the criminal justice system, are considered at risk of offending ○ have special educational needs or disabilities, ○ mental health needs ○ housing needs • The provider(s) will engage with clients through Children’s Services (Southwark Choices, Looked After Children, Youth Offending Services, Preparing for Adulthood teams) and HYP (Health and Young People – substance use and sexual health service)
Lot 2	Long term unemployed / older people/health conditions/carers	4	1	<ul style="list-style-type: none"> • Provide employment support to people who have been unemployed for over 12 months, including older people aged 50+ and those with physical and long term health conditions such as musculoskeletal (MSK) disorders • Includes a focus on building IT and digital skills • Link to Adult Social Care hubs
Lot 3	Mental health	4	1	<ul style="list-style-type: none"> • Support for those with a range of mental health conditions, including mild mental health conditions, anxiety/depression, and long-term or complex mental health needs

Lot	Title	Max. number of providers appointed to the framework	Number of initial call-off contracts offered per lot	Proposed outline
				<ul style="list-style-type: none"> • Aim to integrate with core mental health services to secure referrals • Focus on in-work support to help residents maintain employment • Link to Wellbeing Hub
Lot 4	Learning difficulties and disabilities including autism	6	2	<ul style="list-style-type: none"> • Support for young people with SEND and adults with physical health needs, learning difficulties and disabilities • Focus on those engagement with All Age Disability services • Provider will need to support clients with a range of disabilities, for this reason we expect to appoint 2 contracts as providers will have specialisms in different disabilities • Link to Adult Social Care hubs
Lot 5 Expecting to appoint 1 contract	Families / lone parents	4	1	<ul style="list-style-type: none"> • The provider will work with the council's Family Early Help team and children's centres to engage with clients • Focus will be on supporting lone parents (or parents who are eligible for Troubled Families support) into employment • Employment is likely to start with part time and progressing to more hours
Lot 6	Offenders	4	1	<ul style="list-style-type: none"> • Support for residents who have had contact or are currently in contact with the criminal justice system to support the transition back into work and maintain employment • The provider will engage with clients through probation services • Specific support needed to build client confidence in disclosing convictions
Lot 7	Substance use	4	1	<ul style="list-style-type: none"> • Outreach and engagement through the council's substance use service (delivered by Change, Grow, Live) • Provision will support those with a dual diagnosis (of mental health)

Lot	Title	Max. number of providers appointed to the framework	Number of initial call-off contracts offered per lot	Proposed outline
				<ul style="list-style-type: none"> • Pre employment support will be integrated into treatment, helping clients to consider longer term career aspirations and next steps beyond treatment • Specialist support for young people (to include those affected by cannabis use)
Lot 8	Homelessness	4	1	<ul style="list-style-type: none"> • Support will be targeted to those who are homeless and at risk of homelessness • The provider will engage with clients through the council's Housing Solutions and Sustain Services, housing associations as well as local and regional VCS provision • Support clients with range of issues such as mental health or substance use issues, as well as requiring proof of the right to work
Lot 9	Pre apprenticeship support	4	1	<ul style="list-style-type: none"> • This lot will provide support for the whole network to help clients engaged with Southwark Works into apprenticeships • Engagement with local employers to create apprenticeships • The provider will work particularly closely with Vulnerable Young People lot providers to support care leavers into apprenticeships • The provider will link with council work on engaging employers to create apprenticeships, Passmore Centre, Southwark Construction Skills Centre
Lot 10	Sectors	6	2 or 3	<ul style="list-style-type: none"> • The lot will provide sector-specific support which is likely to focus on construction, health and social care, retail, tourism and hospitality, creative and digital, • Expecting to appoint 2 or 3 contracts ensuring that providers will have specialist knowledge of working with employers in the different sectors • Expected to link with the council's Adult Learning Team, Construction

Lot	Title	Max. number of providers appointed to the framework	Number of initial call-off contracts offered per lot	Proposed outline
				<p>Skills Centre, the council's construction careers company, local developers, local businesses (including local Business Improvement Districts), British Libraries project and the council's Innovation Fund</p> <ul style="list-style-type: none"> • Front door for employers to Southwark Works, providers will have a role in contributing vacancies for the Framework and to provide or access role or sector specific training

44. Other councils have expressed an interest in procuring employment support provision via the framework but there has not yet been any confirmation in relation to the value that could be contributed. As a result, Southwark have decided to increase the total framework value from £7,800,000 to £15,800,000 in order to allow other boroughs to access the framework. It will be made clear to bidders that £8,000,000 is set aside for external boroughs to use the framework. Any interested boroughs will need to access services as set out in the framework specification. Appropriate access and contract management fees will be determined in consultation with colleagues in Legal and Procurement. Further details of this will be included in the Gateway 2 report.
45. It should be noted that alongside this framework the council is also commissioning a separate 'network coordination contract' through a separate gateway process and is expected to be appointed in March/April 2019.

Identified risks for the procurement

46. The following risks have been identified for this procurement:

No.	Risk	Risk Level	Mitigating Action
Procurement process			
1.	Delays in contracting timetable	Medium	<ul style="list-style-type: none"> • Robust project management in place. • Temporary redeployment of Local Economy Team 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"> • Knowledge of the existing market will be applied to ensure that, in addition to advertising the opportunity in OJEU and Pro Contract, it will be targeted at known providers across the region. • Contracting timetable allows for sufficient time to submit high quality bids.
3.	Limited lead in time for new providers	Medium	<ul style="list-style-type: none"> • The procurement timetable is designed to allow sufficient lead-in time to establish the new network provision and manage any outstanding TUPE issues ahead of implementation of the framework
Service delivery			
4.	Service does not meet the needs of target groups	Low	<ul style="list-style-type: none"> • The breadth of the offer available via the lots and the knowledge and experience within the network of providers means this is unlikely
5.	Lack of market interest – not enough bids of sufficient quality to form the framework	Low	<ul style="list-style-type: none"> • It is likely that at least all existing appointed framework providers will consider bidding for this opportunity • Market engagement event will be held to promote opportunity and support providers

Key/non-key decisions

47. This is a key decision.

Policy implications

48. Improving employment and skills outcomes for residents are at the heart of the Council Plan 2018-22, Economic Wellbeing Strategy and the Southwark Skills Strategy. The aims and ambitions of the strategies are aligned to council plan ambitions and Fairer Future Promises.
49. Employment is a key strategic priority for the council and frontline programmes help sustain the high employment rate in the borough and promote a strong local economy. The council aspires for all Southwark residents to have work that is fairly paid, underpinned by the council's lead on promoting the London Living Wage. We also want Southwark residents to have secure employment and the skills to progress beyond entry-level, insecure or low-paid work.
50. The council remains committed to making support into employment inclusive, recognising the gender wage gap, childcare and housing costs, and other invisible barriers to work and progression that affect our residents.
51. Recognising the significance of ensuring residents are equipped with the skills they need to achieve good employment outcomes the Skills Strategy vision is to secure a high quality, local skills offer that is accessible and responsive to learner and employer needs. This offer will support all learners to build resilience and develop valuable workplace skills for a strong local economy now and in the future. Key ambitions of the strategy are to *ensure that all young people leave education equipped with the skills and knowledge they need to enter the world of work and that learners of all ages, including those in work, are able to develop their skills to progress into better jobs and increase their earnings.*
52. By providing a unified framework for council-led employment activity the Southwark Works employment support commissioning framework supports the achievement of objectives across a suite of council plans including the Children and Young People's Plan, the Joint Health and Wellbeing Strategy, the Housing Strategy and the Safer Southwark Partnership Action Plan.
53. The council continues to work on a cross-borough basis to deliver employment programmes such as Working Capital and the Work and Health Programme. The Local Economy Team work closely with DWP locally and will explore opportunities to utilise DWP Community Budget funding to support the delivery of the Southwark Works framework. Efforts are continually made to ensure that all national and regional provision is aligned to the local employment support delivered by Southwark Works and valued by local residents and employers.
54. The anticipated project plan for this procurement is set out below:

Activity	Complete by:
Enter Gateway 1 decision on the Forward Plan	03/08/2018
DCRB Review Gateway 1	21/09/2018

Activity	Complete by:
CCRB Review Gateway 1	04/10/2018
Brief relevant cabinet member (over £100k)	28/08/2018
Prior Information Notice (PIN) published	15/10/2018
Notification of forthcoming decision - cabinet	22/10/2018
Approval of Gateway 1: Procurement strategy report (cabinet)	30/10/2018
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	07/11/2018
Completion of tender documentation	02/11/2018
Publication of OJEU Notice	09/11/2018
Publication of Opportunity/SQ on Contracts Finder	09/11/2018
Market engagement events	19/11/2018 and 22/11/2018
Closing date for receipt of SQ	07/12/2018
Completion of short-listing of applicants	11/01/2019
Invitation to tender	14/01/2019
Closing date for return of tenders	25/02/2019
Completion of any clarification meetings/presentations/evaluation interviews	08/03/2019
Completion of evaluation of tenders	18/03/2019
DCRB Review Gateway 2	26/03/2019
CCRB Review Gateway 2	04/04/2019
Notification of forthcoming decision	08/04/2019
Approval of Gateway 2: Contract Award Report	15/04/2019
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	22/04/2019
Debrief Notice and Standstill Period (if applicable)	26/04/2019
Framework appointment and call off contract award	01/05/2019
Add to Contract Register	08/04/2019
TUPE Consultation period (if applicable)	01/05/2019
Place award notice in Official Journal of European (OJEU)	10/05/2019
Place award notice on Contracts Finder	10/05/2019
Framework contract start and first initial call-off contract start	01/07/2019
Lot 1 initial call-off contract 3 start	01/10/2019
Initial contract completion date	30/06/2021
Contract completion date – (if extension(s) exercised)	30/06/2023

TUPE/pensions implications

55. Whilst TUPE should not apply on the appointment of a new provider to the proposed framework it is likely to apply on the call-off of a contract from the framework where an incumbent provider has in place an organised grouping of employees whose principal purpose is the carrying out of the activities which are the subject of that call-off contract. This is on the basis that the contracts for the services being retendered expire immediately before the service commencement date of their corresponding call-off contracts under the new framework. Due diligence of the current suppliers' workforce will be carried out to assist in informing the tender process but it is how their workforce is organised at the point of a call off from the framework which will be determinative. 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.
56. There are no TUPE implications for the council as an employer because the council's contract management and administrative function will remain with the council and these activities will not form part of the contract specification. The council's role will involve acting as a conduit through which information on provider staff can be collated and communicated to bidders. Consideration of timescales linked to the TUPE process has been accommodated within the project plan and appropriate provision for TUPE will be made within relevant conditions of contract. The bidders will need to take their own independent legal advice on the application of TUPE and whilst the council can form a view it should not give any assurances or warranties or make any representations in the tender process.

Development of the tender documentation

57. The tender documentation will be 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 the framework agreement will be developed by officers with specialist knowledge of employment support services in the council's Local Economy Team.

Advertising the contract

58. The Framework will be advertised through OJEU, as well as being directly notified to local government networks and partnerships such as London Councils and Central London Forward, Community Southwark and the existing provider network, thus ensuring a particular focus on those operating in Southwark, but also using knowledge of providers from other commissioning bodies and local authorities.
59. The opportunity will be advertised via Pro Contract and specifically communicated to local, successful providers.

Evaluation – 2 stage process

60. Evaluation panels will be made up of representatives from the Local Economy Team and other council departments with relevant knowledge of client groups.
61. The framework will be awarded using a restricted tender process consisting of 2 stages, Selection Questionnaire (SQ) and Invitation to Tender (ITT) as set out below.

62. **Stage 1 - Selection Questionnaire (SQ):** Providers will be asked to demonstrate their capacity to deliver a framework contract. The standard version of the SQ will be utilised for this with additional questions asked regarding Quality Assurance, Equalities, Safeguarding and Health and Safety. General compliance will be assessed on a pass/fail basis. Technical and professional ability questions will be evaluated using the council's standard scoring system and key criteria will include service delivery, local knowledge and outreach and engagement. Bidders are likely to be required to achieve a minimum score of two on each question in order to progress to ITT.
63. **Stage 2 - Invitation to Tender (ITT):** At this stage, quality and price will be tested. Providers will be asked to complete a set of questions which will assess quality and price, using a weighted model of 80% quality, 20% price/output. The council's usual quality price ratio is 30% quality and 70% price, however a high quality weighting of 80% 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.
64. Method statements will be used to evaluate tenders against key quality criteria such as outreach, customer journey, service delivery and partnership working. The specification will seek tenders from providers that can offer innovative approaches in delivering employment support which best meets the needs of the client groups or sectors identified in the framework lots.
65. The price/output evaluation will assess the number of job starts and people progressing within work that can be delivered for the tendered proposition. Each lot will have a maximum contract value set out in the specification dependent on local need but with suppliers giving their estimates of the outputs that they can provide for the contract cost. The council will also assess the sustainability of price to ensure abnormally low/unsustainable tenders are rejected.

Community impact statement

66. Southwark Works supports 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 gaps in mainstream service provision provided largely by Jobcentre Plus and DWP programme providers. The Southwark Works service focuses on building self efficacy and self esteem for all service users at all times.
67. By focusing attention on 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 gender.
68. The service contract will specify that employment support and local employment opportunities are made available solely to Southwark residents. An Equalities Impact Assessment (EIA) has been completed for this procurement. Identified mitigating actions include:

- a) Outreach and engagement will target demographic groups more likely to require employment support
- b) Tender documents will reflect EIA analysis and ask potential suppliers to describe the demographic breakdown of the clients they will support
- c) Customer Relationship Management (CRM) system – the CRM system is currently used by the majority of Southwark Works providers. Going forward it will be a requirement, allowing officers to access more robust information on the demographic breakdown of Southwark Works clients
- d) The council will ask successful suppliers to complete satisfaction surveys with their clients and a wider evaluation of outcomes every two years. This service user survey will ask questions on demographics of clients; officers will be able to use this to determine if there is disparity of wider outcomes achieved through the service.

69. Community benefits will accrue through the direct outputs of this project, principally through measurement of numbers in defined groups entering employment, but also indirectly through effective operation of the Southwark Works framework and through meeting employer demand for a local workforce.

70. The drop-in service to be provided at the Southwark Works hub office is an open access service to users and is compliant with the Equality Act 2010.

71. All of the services in the new contract will be monitored through the Local Economy Team to ensure that employment support and referral of candidates is effectively aligned with job opportunities, employment support, and training programmes arising from regeneration and development in Southwark.

Social value considerations

72. 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 details of how social value will be incorporated within the tender are set out in the following paragraphs.

Economic considerations

73. This contract explicitly seeks to promote employment opportunities for Southwark residents of working age, and is supported by a requirement to increase employment and therefore voluntarily adheres to local guidance on Social Value legislation.

74. An increasing number of residents accessing employment reduces demand for wider public services such as out of work support, social care and health services and other services which support unemployed residents.

75. An increasing number of residents moving off benefits and into employment will reduce the risks attached to low financial resilience and ultimately support improvements in quality of life and future life-chances through entry into sustainable employment.

Social considerations

76. The aim of this service is to increase the employability and sustained employment of Southwark residents who are out of work, face multiple barriers to employment, and/or are seeking to improve their employment circumstances. Getting into, progressing in and staying in work will strengthen the financial independence and resilience of residents and is likely to positively impact health and wellbeing. Employers who recruit through Southwark Works will benefit from having an increasingly local work force, and may potentially improve the diversity of their workforce as a result.
77. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, contractors and subcontractors engaged by the council to provide works or services within Southwark pay their staff at a minimum rate equivalent to the LLW rate. It is expected that payment of the LLW by the successful contractors for this contract will result in quality improvements for the council. These should include continuity of service provision resulting from reduced turnover of staff and will provide best value for the council. It is therefore considered appropriate for the payment of LLW to be required.
78. The successful contractor will be expected to meet LLW requirements and contract conditions requiring the payment of LLW will be included in the tender documents.

Environmental/sustainability considerations

79. In accordance with the Council Plan objectives, in relation to the Fairer Future Vision and the Economic Wellbeing Strategy, the service provider will be required to supply details of all environmental sustainability initiatives employed during the delivery of the service.
80. 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 will have few direct environmental impacts and minimal scope for carbon reduction. One-to-many events are likely to be held in venues nearest to transport hubs to permit easy access by public transport.

Plans for the monitoring and management of the contract

81. The contracts will be managed and monitored within existing staff resources in the Local Economy Team. Contract monitoring arrangements in line with council procedures and established processes will include:
 - Payment related to achievement of KPIs
 - Quarterly monitoring of outputs and outcomes
 - Regular meetings with contractor's project manager 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
 - Improvement planning where two consecutive quarters of underperformance occurs
 - Six monthly performance reports to Departmental Contracts Review Board (DCRB)

- Annual performance reports to Corporate Contracts Review Board (CCRB)
- Evaluation of service delivery – every 2 years.

82. Payments will be made on a quarterly basis in arrears subject to achievement of defined performance output measures by the contractor.

83. In addition to the contract management arrangements, arrangements for the framework will include monitoring of all contractors admitted to the framework to ensure that SQ 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

84. There are no direct staffing implications.

Financial implications

85. The estimated cost of the proposed framework for the council is £7,800,000 and the table below details on how the costs are expected to be funded.

Sources of Funding	Amount £
LET Core Commissioning Budget	1,400,000
S106 Funds	4,500,000
Annual Youth Fund Grant £475k x 4 Years*	1,900,000
Total	7,800,000

Note:

**The above assumes annual Youth Fund Grant is secured on an annual basis beyond 2019/2020*

86. The above funding plans confirms that there are sufficient budgets to contain the estimated cost of the contracts, however, this will be monitored on a regular basis and contracts should only be let against confirmed funding.

87. Initial call-off contracts will be for 2 years with an option to extend for a further 2 years. Given the continued uncertainty in the local government finance landscape, this allows the council to act flexibly in the event of any change of circumstances.

Legal implications

88. Please see concurrent from the director of law and democracy.

Consultation

89. Extensive consultation with service users was carried out as part of the 2017 Southwark Works evaluation (Appendix 1), which also included feedback from current providers, employers and partners such as Jobcentre Plus. Results for this and more recent consultation with colleagues in council departments including Social Care, Public Health, Education, Culture, Housing and Modernise, as well as the Clinical Commissioning Group, and existing Southwark Works providers have helped shape the specification for this tender and determine the target lots within the wider Southwark Works Framework.

90. As part of the development of the Southwark Skills Strategy a range of external partners were consulted including: Department of Work and Pensions, Southwark Business Forum, Better Bankside Business Improvement District (BID), Blue Bermondsey BID, Southbank BID, Team London Bridge BID, We Are Waterloo BID, Southwark Chamber of Commerce & Industry, Federation of Small Businesses, Guys and St Thomas' Hospital, London South Bank University, schools, Southwark Youth Forum, adult education providers and further education Colleges, Southwark Association of the School Governors, Central London Forward and other delivery partners. This consultation has fed into the development of the Southwark Works framework. Partnership and key stakeholder engagement will continue as the framework is implemented and reviewed.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (FC18/017)

91. This report is requesting cabinet to approve the procurement strategy outlined in this report for the Southwark Works Employment Commissioning Framework for four years at an estimated maximum value of £15.8m.
92. The strategic director of finance and governance notes that the estimated cost of the framework arrangement for Southwark can be contained with the funding detailed in the financial implications section.
93. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets.

Head of Procurement

94. This report seeks the approval of cabinet for the procurement strategy for the Southwark Works Employment Commissioning Framework. This strategy covers four years commencing on 1 July 2019. The total estimated value of the framework is £15,800,000 which covers an estimated maximum annual spend by Southwark council of £1,950,000 and includes up to £2m p.a. by other boroughs who may wish to utilise the framework once this is in place.
95. Cabinet are also asked to approve the delegation of the award decision for the Framework Agreement and the invitation for the initial 2 year call-off contracts in the Gateway 2 to Chief Executive for the reasons noted in paragraph 28.
96. The Framework Agreement is to operate for four years, across 10 different lots, each with specific focus on requirements, as set out in the table on pages 11, 12 and 13. Contracts from the framework will be let up to a maximum annual value of £150,000 for a two year period as set out in paragraphs 40-41, with future requirements to be let either as a mini-competition or via a direct award (subject to separate gateway reports).
97. These contracts will be managed by a separate Southwark Works Network Co-ordination contract that will provide the office but will have joint management as set out in paragraphs 81-83. Any use of the framework agreement by other boroughs will be subject to a management fee as set out in paragraph 23. The contracts will all require that London Living Wage is paid as set out in paragraph 78.

Director of Law and Democracy

98. This report seeks the cabinet's approval to the procurement strategy for the Southwark Works Employment commissioning framework as detailed in paragraphs 1-4 of this report. As the value of these services exceed £4m then the decision to approve this procurement strategy is reserved to the cabinet. Approval is also sought to delegate the approval of the decision to appoint onto the framework as detailed in paragraph 28.
99. The services to be provided under this procurement are classed as light touch services in accordance with the Public Contract Regulations 2015 (PCR15). As they exceed the threshold of £615,278 they should therefore be tendered in accordance with the light touch regime. This requires that a contract notice is published in OJEU, but thereafter the council has flexibility to design its procurement process, provided that certain mandatory requirements are met, such as the requirements of transparency and non-discrimination. The noted process for this procurement set out in paragraph 36 will meet the EU tendering requirements.
100. The cabinet'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, religion, religion or belief, sex and sexual orientation. The duty also applies to marriage and civil partnership but only in relation to (a). The cabinet is specifically referred to the community impact statement at paragraphs 66-71, setting out the consideration that has been given to equalities issues and specifically the EIA which is attached as a background document, which should be considered when approving the recommendations in this report.
101. Approval is sought to allow the framework to be open to other boroughs. Officers from Law and Democracy will assist the project officers in drafting tender documents which will allow those boroughs to access the framework.

APPENDICES

No	Title
Appendix 1	Evaluation of Southwark Works Service, 2015 - 2018

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Southwark Works Equalities Impact Assessment	Local Economy Team	Elaine Gunn 020 7525 5479
Link: http://moderngov.southwark.gov.uk/ielistdocuments.aspx?CId=302&MId=6085&Ver=4		
Gateway 2 - Southwark Works Employment Commissioning Framework (June 2015)	Local Economy Team	Elaine Gunn 020 7525 5479
Link: http://moderngov.southwark.gov.uk/documents/s54624/Report.pdf		

AUDIT TRAIL

Cabinet Member	Councillor Kieron Williams, Jobs, Skills and Innovation	
Lead Officer	Stephen Gaskell, Head of Chief Executive's Office	
Report Author	Elaine Gunn, Principal Strategy Officer	
Version	Final	
Dated	18 October 2018	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Democracy	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		18 October 2019