

Report of the Chief Officer Employment and Skills

Report to Director of Children's Services

Date: 23rd March 2017

Subject: Award of contracts to deliver the Skills, Training and Employment Pathways (STEP) Programme

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Exempt from Publication Appendix 1: preferred providers contract awards. Access to Information Procedure Rule number: 10.4 (3) of the Access to Information Procedure Rules.		

Summary of main issues

The Best Council Plan sets out the ambition for Leeds to have a strong economy and to be a compassionate city, tackling poverty and inequalities. In 2015-16, activities contributing to these aims included supporting more than 4,800 people to make the transition from benefits into work and improving employment outcomes for individuals with complex needs.

On 13 March 2017, the Council received notification that its joint bid with the City of Bradford Metropolitan District Council to deliver the European Structural and Investment Fund (ESIF) Local Flexibility to Reduce Unemployment Programme had been successful. The Department for Work and Pensions (DWP), as the ESIF Managing Authority, has approved in principle the award of £4.9m ESF grant to the Skills, Training and Employment Pathways (STEP) Project jointly developed by Leeds and Bradford Councils. The STEP project will have a total budget of £9.8m over 3 years with up to £2.8m available to be spent exclusively for the benefit of Leeds residents.

Tenders to deliver the activity on the programme were sought in November and December 2017. Following a competitive process and evaluation of tenders, six preferred providers have been identified to deliver on the STEP contract.

The proposals set out in this report will enable the Council to offer tailored support to 1,500 local residents over the age of 25 years that have been unemployed for more than 12 months to find and sustain work. The provision will focus on helping people with mild to moderate mental ill-health, adults previously in care who still require support and older adults 50 years plus. This provision will contribute to the Best Council Plan outcome for everyone in Leeds to earn enough to support themselves and their families, and specific Best Council Plan 2016-17 priorities around supporting economic growth and access to economic opportunities, supporting communities and raising aspirations, providing skills programmes and employment support and helping people adjust to welfare changes.

The officer responsible for implementation of the programme from April 2017 to December 2019 is the Head of Projects and Programmes in the Employment and Skills service.

Recommendations

The Director of Children's Services is asked to authorise the contract awards and approve the funding allocation to the selected providers on the STEP programme to the maximum total value of £1,876,500 over three years.

To note that the Head of Projects and Programmes in the Employment and Skills Service will be responsible for the implementation of the STEP Project from April 2017 to December 2019.

1 Purpose of this report

- 1.1 This report seeks approval to appoint preferred providers and funding allocations for delivery of the Council's STEP project under the ESIF programme to the total value of £1,876,500 over three years.

2 Background information

- 2.2 In March 2017, the Council received notification that its joint bid with the City of Bradford Metropolitan District Council for £4.9m to deliver the European Structural and Investment Fund (ESIF) Local Flexibility to Reduce Unemployment Programme had been successful. The project is known locally across Leeds and Bradford as the Skills, Training and Employment Pathways (STEP) Programme.
- 2.3 This investment has been matched by an equivalent amount across both local authorities, creating a total project value of £9.8m over three years. The STEP programme will target individuals 25 years and above, including those not claiming out-of-work benefits, who have been out of work for at least twelve months, face particular labour market disadvantage and need support to tackle the barriers they face to access work. In Leeds, there will be a strong focus on helping people with mild to moderate mental ill-health, adults previously in care who still require support and are struggling to find and sustain employment and older adults 50 years plus, in line with Council priorities.
- 2.4 Bradford Council is the Lead Partner on STEP and will enter into a contract with the Department of Work and Pensions (DWP) as the ESIF Managing Authority. Leeds City Council will be a Delivery Partner. This role includes procurement and contract management of all external sub-contractors delivering in Leeds and responsibility for a pro rata share of the outputs and results.
- 2.5 The Council budget, approved on 22 February 2017, included a commitment of up to £1.4m of Council match funding to deliver the Leeds element of the STEP programme, providing a total value of up to £2.8m exclusively for the benefit of Leeds residents; and approved the proposed STEP activities for delivery.
- 2.6 Executive Board also approved delegated authorisation of contract awards and proposed funding allocations to subcontractors to deliver specialist provision in Leeds to the Director of Children's Services, in consultation with the Executive Member Employment, Skills and Opportunity.

3 Main issues

- 3.1 Following a competitive tendering process and evaluation, six preferred providers have been identified to deliver on the STEP contract in Leeds. Table 1 contains details of the provision that will be delivered across the city.

Table 1. Provision to be delivered

Provision	Total participants	Total value of contract (over 3 years)
End to end specialist services x 2	1125	£1,260,000
Mental health specialist services	150	£168,000
Drug and alcohol specialist services	150	£168,000
BME / ESOL specialist service	150	£168,000
Enhanced Employment Opportunity	75	£112,500
Total	1650	£1,876,500

3.2 The price components for the STEP programme were predetermined in the DWP funding bid submission; therefore tenders were evaluated on 100% quality criteria. The quality criteria were designed to ensure that the Council can meet its obligations to deliver provision in accordance with the requirements of the DWP.

3.3 In total, 14 tender submissions were received. Of these, 4 failed to meet the requirements of the pre-qualification questionnaire and therefore these bids were not considered further. Tenders were evaluated on a number of criteria including; delivering and maintaining performance, quality of provision, employer engagement and specialist expertise with performance and expertise given the greatest weighting. Subject to approval, six preferred providers have been selected to deliver on the Leeds STEP programme. Details of each contract award are provided in the exempt from publication Appendix 1.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 The Leeds City Region ESIF Strategy was subject to wide consultation across the city region during its development in 2013/14. Smaller stakeholder sounding groups were used to develop programmes under each thematic objective. Regional information sessions open to all were held, led by the West Yorkshire Combined Authority (WYCA) and DWP, the Managing Authority.

4.1.2 Leeds City Council and Bradford Metropolitan District Council held open stakeholder events from October 2015 to February 2016 to provide information to and identify potential delivery partners and sub-contractors and ensure that the designed provision was responsive to local needs. Events included representatives from the public, third and private sector across both Leeds and Bradford and Elected Members.

4.1.3 The Executive Member for Employment, Skills and Opportunity was consulted on the procurement process and the evaluation criteria.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 The assessment of the LCR ESIF Strategy by central Government incorporated consideration of a range of equality and diversity issues. Individual programmes are required to address gender and diversity issues and some projects within these have specific targets for participation of priority groups.
- 4.2.2 The STEP Project is specifically aimed at supporting identified disadvantaged groups. An equality impact screening was completed on 23 August 2016 to inform the project design. This assessment confirmed that due consideration has been given to all equality groups, including people with mild to moderate mental ill-health, adults 25 years plus and previously in care and older people 50 years plus, identified as local priorities for Leeds.
- 4.2.3 An Equality, Diversity, Cohesion and Integration Impact Assessment has been undertaken on this decision to award contracts and is attached at Appendix 2. There are no known impacts arising from this decision.

4.3 Council policies and Best Council Plan

- 4.3.1 The project will contribute to the achievement of the Best Council Plan 2016/17 priorities to support economic growth and access to economic opportunities, supporting communities and raising aspirations, providing skills programmes and employment support, and helping people adjust to welfare changes by improving the economic wellbeing of local people and businesses. This project will provide tailored employment support services to disadvantaged individuals with complex and, often multiple needs to move them closer to the labour market, secure and retain employment.

4.4 Resources and value for money

- 4.4.1 The STEP project is match funded through the ESIF programme and therefore has the potential to lever in an additional £1.4m to Leeds over three years to support some of the city's long term unemployed and most vulnerable residents move closer to the labour market and back into work.
- 4.4.2 Value for money has been achieved through the competitive procurement of providers and the assessment of other factors such as quality of provision and participant outcomes as part of the evaluation process.
- 4.4.3 The project set tariff rates defined in the bid are comparable with the other providers in the employment services sector and in other local authority districts where similar provision is commissioned.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 Notification of the ESIF funding award was received from DWP on 13 March 2017. On 22 March, Executive Board approved the arrangements to enable the delivery of the project in partnership with Bradford Council and authorised expenditure up to £2.8m up to the end of December 2019 and delegated the award of sub-contracts and funding allocations to the Director of Children's Services.
- 4.5.2 The award of contracts with funding allocations is a Key Decision which was notified on the List of Forthcoming Key Decisions on 23 March 2017. This was

preceded by the formal notification that Leeds and Bradford Councils had been successful in obtaining the award of ESIF programme funding and the approval of Executive Board to the project delivery arrangements. The timing of the notification and Executive Board approval has meant that the service could not meet the 28 day notice period required to publish this matter on the List of Forthcoming Key Decisions.

- 4.5.3 The decision to award contracts to the recommended providers requires immediate consideration to enable the timely commencement and implementation of the programme. To defer the report will limit the ability of the Council to meet the contractual obligations under the Department for Work and Pensions Funding Agreement and potentially put external funding at risk. Therefore, it is proposed that the recommendations detailed within this report are considered by the Director of Children's Services in line with the Council's 'General Exception' procedures, as detailed at Executive and Decision Making Procedure Rule 2.5. following publication of the delegated decision notice and report on 23 March.
- 4.5.4 It is recommended that this decision be exempted from call-in on the basis that the decision is urgent i.e. that any delay would seriously prejudice the Council's and the public's interests. Given the limited timescales, any invoking of the Call In process could jeopardise the Council's ability to be in a position to commence delivery in line with the Funding Agreement. This decision could not have been taken earlier, given that notification of the award of funding was not received from DWP until 13 March and Executive Board approval to the partnership delivery arrangements was granted on 22 March.
- 4.5.5 The information contained in the Exempt from Publication Appendix 1 relates to the financial or business affairs of provider organisations and is therefore considered to be commercially sensitive. It is therefore considered that this element of the report should be treated as exempt under rule 10.4 (3) of the Access to Information Procedure Rules.
- 4.5.6 This report contains an exempt from publication appendix regarding preferred tender organisations and must not come into the public domain before the published notification of successful tenders.
- 4.5.7 Subject to approval of the contracts, the Council will publish notification of successful tenders and observe a 10 day Alcatel standstill period.
- 4.5.8 Subject to approval, the processing of contracts will be undertaken by officers in the Employment and Skills Service in conjunction with Legal Services and CPPPU. Officers in Legal Services have been consulted on the contract terms and conditions in response to DWP's Conditions of Funding.

4.6 Risk Management

- 4.6.1 This procurement has been undertaken with the support and advice of Project, Programmes and Procurement Unit (PPPU) to be compliant with the Council's Contract Procedure Rules and Financial Regulations and is also compliant with the requirements of the DWP funding rules.
- 4.6.2 The Employment and Skills Service will lead on the contract management and oversee the performance of contracts. The service has extensive experience and

appropriate staff in place to successfully deliver a bid and project of this nature, and rigorous and robust contract management and performance procedures in place to reduce and mitigate any associated risks.

4.6.3 A payment by results methodology has been adopted with contractors receiving payment on the delivery of the relevant outputs. Contract terms ensure that any incorrect or overpayment made can and will be returned reducing and mitigating the risks to the Council.

4.6.4 A Privacy Impact Assessment (PIA) was carried out in March 2017 to ensure that the Council and its external providers remain compliant with information governance policies and statute. The PIA is provided at Appendix 3.

5 Conclusions

5.1 In March 2017 the Council received notification that its joint bid with the City of Bradford Metropolitan District Council for £4.9m to the European Structural and Investment Fund (ESIF) Local Flexibility to Reduce Unemployment Programme had been successful. This will enable £9.8m to be invested in the STEP project across the two local authority districts. In Leeds, £2.8m will enable tailored support to be provided to around 1,500 local residents with multiple and complex barriers to move closer to the labour market, secure and retain employment.

5.2 The competitive procurement process to select providers was undertaken in November and December with tenders evaluated against the published criteria. It is recommended that 6 preferred providers are awarded contracts to a maximum total value of £1,876,500. This will deliver both general and specialist support to the eligible participants over the period April 2017 to December 2019 and enable the Council to offer employment support services to a larger number of local residents furthest from the labour market.

6 Recommendations

6.1 The Director of Children's Services is asked to authorise the contract awards and approve the funding allocation to the selected providers on the STEP programme to the maximum total value of £1,876,500 over three years.

6.2 To note that the Head of Projects and Programmes in the Employment and Skills Service will be responsible for the implementation of the STEP Project from April 2017 to December 2019.

7 Background documents¹

7.1 There are no background documents.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.