

## APPENDIX No 4

Cabinet report: January 2019

### **Revised procurement Strategy for Birmingham & Solihull Youth Promise Plus Project extension August 2018 to December 2021**

#### **1. Background**

- 1.1** The initial phase of Birmingham and Solihull Youth Promise Plus project ran from April 2016 until 31<sup>st</sup> July 2018 as described in the body of this Cabinet report. The original delivery model for the YPP project included a strand of externally commissioned contract provision up to a value of £23,038,652. This included 11 contracts covering Intervention worker/personal support provision in 5 specific geographical localities, specialist provision focused upon participants at risk of homelessness, Care Leavers, those at Risk of offending, and those with Mental Health and Learning difficulty/disability support needs; and a Business engagement contract.
- 1.2** Following Cabinet approval of the Full Business Case for the YPP project on 16<sup>th</sup>, February 2016, the procurement strategy for the project was approved on 11<sup>th</sup> May 2016 through delegated authority by the then Cabinet Members for Commissioning, Contracting and Improvement and for Learning, Skills and Culture, jointly with the Strategic Director for Economy.
- 1.3** In practice, in the first round of commissioning the Council could not award all contracts due to a significant number of tenders received being evaluated as failing to meet the required quality threshold, and queries around the way in which potential providers quoted prices which could then not be clarified due to changed EU Funding additional procurement rules. This coincided with the introduction of new Public Contract Regulations (2015).
- 1.4** Following legal advice this meant that only 4 of 11 contracts could be awarded in the first round of procurement. However, officers quickly modified service specifications and quality criteria in light of the lessons learned, and following further phases of open tendering all required YPP contracts were awarded and in place by February 2017, albeit at a proportionately lower total value.
- 1.5** In November 2017, Cabinet approved a YPP project re-profile/downsizing. This was due partially to this revised procurement timeframe, but primarily in response to reductions in local match funded activity arising from initial late DWP approvals and subsequent changes and clarifications imposed by DWP around eligibility and evidence requirements during the lifetime of the project.
- 1.6** In March 2018, officers presented to the Council's Commissioning and Contract Management Board a review of the YPP procurement process and lessons learned. This highlighted the need for, and measures taken to respond to, the following issues;
- Re-assessment of the balance of quality assessment and minimum quality thresholds within the project
  - Maximisation of initial clarity and simplicity in respect of price quotation requirements

- Achievement of a more workable balance around payment by results terms within contracts.
- Taking active measures and providing feedback to ensure deeper market awareness and a thorough understanding of the project's innovative delivery model.

## 2. **Proposals**

**2.1** In preparation for extended YPP project delivery as set out in the body of this Cabinet Report, and in the context of the learning from the first phase of the project described above, it is now proposed that Cabinet agree a revised procurement strategy for the extension of YPP project delivery. The key elements of this approach will be as described below:

**2.2 Strategic Procurement Approach:** It is key that the Council strikes a more workable balance between new, externally contracted provision and delivery partner /in-house activity. Since previous YPP contracts have all now ended, it is therefore now proposed that the core project delivery will be managed “within the existing YPP partnership agreements” with named delivery partners (specifically The Princes Trust, Birmingham City Council Careers Service, UHB Hospital Trust consortium and Solihull MBC who were explicitly named as delivery partners in the original EU funding application). This will have an added benefit in value for money terms of ensuring that the capacity of delivery partner activity (and the match funding that represents) will be fully utilised (rather than being reliant on participant referral from contracted providers as was previously the case). External procurement of new services will therefore now be limited to a smaller volume of contracted provision clearly focused on addressing specialist participant needs that cannot be fully met through the core project delivery already in place. The detail of these newly commissioned specialist services is shown in the table at paragraph 2.8.

## 2.3 **Procurement options:**

**2.3.1** In respect of these specialist contracts, the procurement options are:

1. Selecting one provider to perform a service management role across all service specialisms (possibly with sub-contractual or consortium relationships in place to address specific service areas in detail). Given the breadth of specialist needs amongst project participants, it is not felt that this option will meet requirements. Although there will be some economies of scale and co-ordination benefits, the size of the resultant contract may favour larger national or multi-national prime contractors and may preclude tenders from local SMEs/VCSEs who often add value in the culture and responsiveness of their delivery.
2. The sub-division of contracts into smaller lots addressing individual sub-cohorts/participant groups. However, the reduced scale of the extended provision relative to phase one of the project does not lend itself to sub-division of contracts against each individual client cohort.
3. To establish 2 specific contracts: (i) delivery to clients with specialist barriers and complex needs, and (ii) delivery of wrap-around support services to participants with mental Health or Learning difficulty support needs. This delivery will be

augmented by a small training and barriers fund through which smaller scale training and support provision can be rapidly commissioned to respond to demand.

- 2.3.2 Option 3 is recommended, but since these contracts are of such a focused and specialist nature, no framework agreement currently exists. Details of the proposed contracts are shown later in the “scope and specifications section of this document.

**2.4 Market Awareness:** Given the previous lack of understanding of the requirements and flexible delivery culture, a significant number of tenders were evaluated below the required quality threshold. Therefore it is now proposed to hold further market engagement events to clearly explain the requirements and expected delivery culture of YPP to potential providers, as well as allow them sufficient lead in time to develop robust consortium or partnership arrangements.

**2.5 Pricing:** The pricing approach and budget documentation required within the YPP invitation to tender documentation has been reviewed, based on learning from phase one YPP procurement. Providers will be required to submit a budget breakdown and monthly profile in a pre-determined spreadsheet and a single total quoted price for the delivery of the whole contract within a prescribed maximum ceiling cost.

**2.6 Payment by results (PBR):**

- 2.6.1 In the initial YPP project, contract fees around Intervention Worker service delivery were paid on the basis of 90% fixed fees and 7% Payment by results against placement of participants and achievement of positive outcomes. 3% of contract value was held back to create a bonus pool to be paid on achievement of overall project milestones. This was designed to both value and adequately resource initial intensive support to participants furthest from the labour market (who would take longer to progress to stages which would trigger PBR fees); and to incentivise work to generate end outcomes.
- 2.6.2 Reviewing this approach concluded that providers only pushed participant progression later in the delivery cycle when their achievements were reviewed against targets. In addition most providers appeared to write-off the 3% bonus payment which ceased to act as an effective incentive.
- 2.6.3 It is therefore proposed that contracts include a 50% fixed fee payable against an agreed spend profile with the remaining 50% of contract values linked to PBR participant progression trigger points as below, with the Bonus pool element being removed:
- Engage (15%)
  - Stabilise
  - Place
  - Achieve (35%)

The project will also monitor project performance in terms of participants sustaining in employment for up to 26 weeks but this measure will not be linked to a PBR payment.

## **2.7 Procurement approach:**

2.7.1 The contract durations will be phased within the overall delivery period from January 2019 to October 2021 (i.e. 33 months) with formal reviews every six months, and an option to extend for up to 6 months subject to performance and funding availability. The 2 contracts will have a total value in excess of £180,000 and as such will be advertised via [www.finditinbirmingham.com](http://www.finditinbirmingham.com), Contracts Finder and the Official Journal of the European Union (OJEU) site. Contracts will be tendered using the open route on the basis that:

- There are sufficient suppliers in the market place that could provide the required services.
- The services can be clearly defined.
- Tenderers' prices will be fixed for the term of the contract.

2.7.2 For the Training and Support fund element it is envisaged that a number of smaller delivery packages will be taken forward in response to demand. All contracts in this respect will be below the OJEU threshold and will be procured through an open quotation process, advertised through [www.finditinbirmingham.com](http://www.finditinbirmingham.com).

**2.8 Scope of contracts & specifications:** The scope and broad specification for each contract in this procurement exercise is summarised in the following table:

<b>Service</b>	<b>Scope &amp; Specification</b>	<b>Maximum value over 33 months</b>	<b>Participants supported</b>	<b>Procurement timescale</b>
Youth Promise Plus Significant Barriers contract	Recruit, arrange and deploy staff on a case-loaded basis to provide personalised support and create effective progression pathways for young participants with complex needs and barriers. The delivery will have a particular focus around care leavers, those at risk of offending and others from vulnerable groups	£957,198	Between 500 and 600 participants	Procurement from February 2019  Proposed award April 2019
Youth Promise Plus Specialist Wrap around support for participants with	Deploy and embed specialist support staff in other YPP delivery partners and contractors on a	£207,900	Up to 250 cases of additional support	Procurement from February 2019  Proposed

mental health support needs and/or Learning Difficulties/ Disabilities	peripatetic basis to enhance support around mental health and LDD needs.			award April 2019
Training and Support Fund	Fund to facilitate delivery of a number of tailored training and support courses to respond to demand around participant need and employer and growth sector opportunities.	£158,877	Up to 150 training places	Rolling programme of commissioned contracts to respond to demand between April 2019 and October 2021

3. **Evaluation selection criteria and weightings:** The evaluation of tenders will be assessed as detailed below for each contract. This evaluation will now include an interview/presentation element within the Quality assessment so that the ability to effectively engage young people and the required technical competencies to deliver within an EU funding context can be explored and assessed in more depth.

### 3.1 **Overview**

Initial Assessment			Evaluation Criteria				
Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Initial Due Diligence	Potential Supplier Information	Pass / Fail Questions	QUALITY		Social Value	PRICE	
			Quality Scored Questions (40% Weighting)	Interview / Presentation (30% Weighting)	Social Value (10% Weighting)	Price (20% Weighting)	Final Due Diligence
Pass / Fail	General Information / Information Only	Pass / Fail	Minimum Threshold of 40% of available marks required to proceed to next step	Minimum Threshold of 40% of available marks required to proceed to next step			

### 3.2 Initial Assessment

Part 1: Potential Supplier Information
Part 2: Exclusion Grounds
Part 3: Selection Questions
- Economic and Financial Standing
- Technical and Professional Ability
- Modern Day Slavery Act 2015
- Insurance
- Health and Safety
- Environmental Sustainability
- Energy Policy
- Quality Management Systems
- Compliance with Equalities
- Birmingham Business Charter for Social Responsibility (BBC4SR)
- Supplier Portal
- Early Payment Scheme
- Confirmation of Non Collusion

### 3.3 Evaluation Criteria

#### 3.3.1 **Steps 4 & 5 - Quality (assessed through a combination of written proposal and interview/presentation) (weighting 70 %)**

Tenderers will be evaluated against the criteria as specified below

Sub-criteria	Assessment method	Overall weighting	% sub-weighting
Deliverability and value for money	Written tender	10%	14.25%
Customer Care	Written tender	10%	14.25%
Management and Resources	Written tender	10%	14.25%
Delivery model and Capacity	Written tender	10%	14.25%
Total: Step 4**		40%	57%
Technical Competency & ability to engage client group	Interview/presentation	30%	43%
Total Quality (step 4 & 5)		70%	100%

\*\*Quality threshold: Each tender submission will be required to score a minimum of 40% of available marks in step 4 in order to progress to the interview/presentation in step 5.

### **3.3.2 Step 6 - Social Value (assessed through written proposal) (weighting 10 %)**

Sub-criteria (in line with ESF sustainability and equalities requirements)	Overall weighting	% sub-weighting
Local Employment	10%	25%
Partners in Communities		25%
Good Employer		25%
Green & Sustainable		25%
Total:	10%	100%

### **3.3.3 Step7 – Pricing (weighting 20%)**

Suppliers will be required to submit a profiled budget breakdown across the life of the provision and a single total quoted price to deliver the whole contract. This will be required to be within a maximum ceiling value for each contract which will be set out in the ITT document. The quoted price will include an element of costs being based upon the payment by results trigger stages described in paragraph 2.6 above.

The supplier with the lowest quoted price within our stated cost parameters will be awarded the total available marks for price evaluation with other suppliers being allocated marks relative to a proportionate ratio between their price and that lowest price.

**3.4 Overall evaluation & Contract award:** The evaluation process will result in comparative quality, social value and price scores for each tenderer. The maximum score will be awarded for the tender that achieves the highest score in each stage of the assessment. Similarly the maximum price score will be awarded to the tenderer who submits the lowest acceptable price. Other tenderers will be scored in proportion to the maximum scores to create an overall aggregate score. The highest scoring compliant single tender in each contract will be recommended for award of contract. **The Council will reserve the right not to award a contract to a provider who overall does not meet a minimum threshold of 60 % of the available total marks in the evaluation process.**

**3.5** All other aspects of the evaluation, implementation and contract management and monitoring of these contracts will remain as approved in the original YPP procurement strategy.