

Finance and Resources Committee

10.00am, Thursday, 7 October 2021

Award of Contracts for Blended Employability Services

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 This report seeks the approval of the Finance and Resources Committee to:
- 1.1.1 Appoint four providers/consortia to provide Blended Employability Services, as set out in Appendix 1;
 - 1.1.2 Note that the contract duration will be for 36 months with the possibility to extend for a further 36 months;
 - 1.1.3 Note that the maximum total estimated contract value over the four lots is £12,894,204;
 - 1.1.4 Approve the award of contracts to the following providers/consortia for delivery of Blended Employability Services:
 - 1.4.1.1 Lot 1 - TES Consortium at a total maximum contract value of £2,160,000;
 - 1.4.1.2 Lot 2 – ESEC Consortium at a total maximum contract value of £8,160,000;
 - 1.4.1.3 Lot 3 – Access to Industry at a total maximum contract value of £1,500,000; and
 - 1.4.1.4 Lot 4 - ESEC Consortium at a total maximum contract value of £1,074,204.

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Award of Contracts for Blended Employability Services

2. Executive Summary

- 2.1 The Council funds third party services to support Edinburgh residents in accessing and progressing along the Employability Strategic Skills Pipeline with the goal of securing and sustaining training and employment.
- 2.2 This report seeks approval to award contracts for Blended Employability Services to four providers/consortia following a co-production exercise.

3. Background

- 3.1 The Council works with external partners through the Edinburgh and South-East Scotland City Region Deal, Joined-up for Jobs network, Edinburgh Guarantee (Developing the Young Workforce) Partnership and Locality Partnerships to promote inclusive growth across the city.
- 3.2 The following three services, with different focus areas, are currently in place and have been reviewed using a co-production methodology to ensure they remain fit for purpose and value for money:
 - 3.2.1 Supported Employment Service (All in Edinburgh), a pan-disability service, supporting over 950 people per annum. It follows the Scottish Government's five stage Supported Employment model and ensures a "no wrong door" approach for anybody with a disability or long-term health condition who is looking to secure, sustain and, where appropriate, progress in employment. 40% of the funding for this service is matched from European Social Fund (ESF).
 - 3.2.2 Complex Needs Employability Service (EnCompass), providing a range of supports to over 200 people per annum with complex barriers, such as recovering from substance misuse, previous offenders, homelessness, to accessing and sustaining education, training or employment.
 - 3.2.3 Edinburgh Targeted and Integrated Employability Service (Next Step), which aims to support over 1,100 people per annum who are short-term unemployed or facing in-work poverty to secure and sustain employment and upskills unemployed and workless individuals into learning or work. 40% of the funding for this service is matched from ESF.

- 3.3 With the departure of the United Kingdom from the European Union, the match funding received for these programmes from the European Social Fund (ESF) will cease. Other replacement funding streams have been announced by the UK Government but are not confirmed.
- 3.4 As part of the outcome of the co-production, it was evident that replacement services are still required for person centred employability services for each of the target groups, focusing on:
- 3.4.1 A supported employment service for those with a disability or long-term health condition;
 - 3.4.2 Intensive employability support for those with complex needs or additional barriers to employment;
 - 3.4.3 Support for income maximisation and better off in work calculations;
 - 3.4.4 Support for those facing in work poverty; and
 - 3.4.5 Support with digital literacy for employability.
- 3.5 Due to significant changes in the labour market and the new operational context as a result of COVID-19, the established three services were reviewed using a co-production methodology to ensure they remained fit for purpose and value for money.
- 3.6 On [14 January 2021](#) Housing, Homelessness and Fair Work Committee endorsed the recommendation to replace the current three services with four lots and for tendering for an Edinburgh Blended Employability Service to be progressed.

Co-production and Citizen Engagement

- 3.7 A Prior Information Notice (PIN) was published via Public Contracts Scotland (PCS) on 7 October 2020 to engage the wider market in a set of co-production events. This was also advertised via the Joined Up for Jobs network to generate as much interest as possible. In total, 51 organisations noted interest in the PIN and the co-production events, from various third sector, employability, and recruitment and skills development organisations.
- 3.8 A co-production event, which was hosted by Joined Up for Jobs, took place on 4 November 2020 to inform interested parties about the commissioning plan, to consult with the market and to gain insights into what would best meet the needs of Edinburgh citizens.
- 3.9 An invitation to “Share your Views” was published via PCS to allow stakeholders the opportunity to provide valuable information and insight through a survey. This was concluded by the end of November 2020.
- 3.10 In addition, a “Citizen’s Survey” for service users and other interested citizens was disseminated through the Joined Up for Jobs network and through wider peripheral services to try to capture a wide variety of views. This was deemed to be the best way to engage citizens due to COVID-19 restricting normal face-to-face focus groups with citizens. To help capture the views of citizens who were not already accessing employability services, the Citizen’s Survey was promoted through the

Council's main Twitter feed. This was also completed by the end of November 2020.

- 3.11 On 16 December 2020, an "Emerging Themes" feedback event was held. This concluded that the current three contracts would be enhanced with a dedicated in-work support campaign and specialist service to work sensitively alongside employers. This was to be called "In Work Support Service" – a means that the tendering process covered four lots in total. All additional information was published openly on PCS.
- 3.12 To ensure that all potential bidders would be tender ready, a procurement briefing event took place on 26 January 2021. This was attended by representatives from 16 organisations. The main focus for this event was to include all the help that was available for all providers to get themselves bid ready, to network with other organisations, what information was available to help with partnership bids (presentation by Partnership 4 Procurement), handy hints for tendering with the estimated timeline and further training which is available to providers via the Supplier Development Programme.
- 3.13 The Council requested feedback on the timeline from organisations (given the restrictions in place for COVID-19 and possible pressure on resource) and offered options. Most organisations agreed that a later date for publication would be more beneficial for responses and that a contract start date of 1 April 2022 would be more viable (in line with their financial year).
- 3.14 Draft Specifications were also published via PCS on 16 March 2021 for comment. The Council adjusted the timeline and the specification where it was possible to do so.
- 3.15 To conclude, the co-production process found that the following needed to be implemented:
 - 3.15.1 Intensive local employability support is required for those not accessing other employability provision and have additional barriers to employment;
 - 3.15.2 There is still a need for a dedicated supported employment service for those with a disability or long-term health condition;
 - 3.15.3 Those with complex needs require specialist employability support alongside criminal justice, housing and drug and alcohol services;
 - 3.15.4 Many still face in work poverty and a dedicated in-work support campaign and service is required to work alongside employers;
 - 3.15.5 Employability provision needs to include support for income maximisation and better off in work calculations;
 - 3.15.6 Support is required for digital literacy alongside employability provision; and
 - 3.15.7 Mental Health support is required alongside employability provision.

- 3.16 It is anticipated that these changes support the following improvements:
- 3.16.1 Employability services that complement national provision and minimise duplication of other support provision;
 - 3.16.2 More effective targeting of services to those requiring intensive employability support to gain better employment outcomes;
 - 3.16.3 A focus on reducing inequality and fair work so that fewer people will face poverty; and
 - 3.16.4 More efficient delivery through integration of employability services with other public services.

4. Main report

- 4.1 Following the co-production exercise, the Council undertook an Open Tender in accordance with the Public Contracts (Scotland) 2015 Regulations with the Light Touch Regime applied.
- 4.2 A cost: quality ratio of 30:70 was applied as quality was considered to be of higher importance.
- 4.3 For the four Lots advertised, six bids were received from various providers and consortia and, following evaluation, four bids are recommended to be awarded contracts.
- 4.4 It is anticipated that contracts will commence in April 2022 for an initial period of three years, with the option for the Council to extend for a further period of up to three twelve-month periods.
- 4.5 A summary of the tendering and the tender evaluation process is attached in Appendix 1 and the award recommendations are summarised below:

Lot 1 Targeted Employability Service	
For all contract years	
Provider(s)	100% of Tender Final Score
TES Consortium – This includes; Community Renewal Trust as lead, Citizens Advice Edinburgh, Wheatley Foundation, LGBT Health and Wellbeing, Council for Ethnic Minority Voluntary Organisations and Bruce Robertson.	83.96
Provider 2	78.65

Lot 2 Supported Employment Service	
for all contract years	
Provider(s)	100% of Tender Final Score
ESEC (Edinburgh Supported Employment Consortium) – This includes ENABLE Scotland as the lead, The Action Group, Forth Sector and Into Work.	90.73

Lot 3 Complex Needs Employability Service	
for all contract years	
Provider	100% of Tender Final Score
Access to Industry	87.93

Lot 4 In Work Employment Support Service	
For all contract years	
Provider(s)	100% of Tender Final Score
ESEC (Edinburgh Supported Employment Consortium)	80.29
Supplier 2	54.15

5. Next Steps

- 5.1 If Committee approve the report recommendations, contracts will be awarded to the named service providers.
- 5.2 The contracts will be managed by Capital City Partnership, who will monitor Outcomes set out in the Specifications and further Key Performance Indicators, Fair Work First improvements and all Community Benefits offered.
- 5.3 The Council's Contracts and Grants Management team will engage with Capital City Partnership, to ensure that effective contract management is delivered throughout the lifecycle of the Service.

6. Financial impact

- 6.1 The proposed service costs would be met from the Council's Business Growth and Inclusion revenue budget.
- 6.2 The maximum total estimated contract value over the four lots is £12,894,204, which is broken down by Lot as:
 - 6.2.1 Lot 1 - total maximum contract value of £2,160,000;
 - 6.2.2 Lot 2 – total maximum contract value of £8,160,000;
 - 6.2.3 Lot 3 – total maximum contract value of £1,500,000; and
 - 6.2.4 Lot 4 - total maximum contract value of £1,074,204
- 6.3 The specifications have included contract variation clauses, which will allow any changes in focus to be discussed with the providers, should there be evidence to suggest this is required, without the need to re-tender.
- 6.4 These variation clauses also make provision for any additional funding that may become available, including any funding from the UK or Scottish Governments, to be added to the overall contracts. Any additional funding sourced would be used to increase the capacity and level of support which can be provided by these services if required.
- 6.5 All providers have passed financial assessments and agreed to Terms and Conditions which minimises risk to the Council.
- 6.6 All bids came within budget with an expectation that there will be no increases in cost over the first three years of the contracts. Thereafter, any increases will be linked to Consumer Prices Index including owner occupiers' housing costs (CPIH) as a starting point for all negotiations.
- 6.7 In Lot 2 (Supported Employment Service) the total price for the service is split for payment with 70% paid for operational delivery and 30% for achievement of performance outcomes. This approach will help secure Best Value from the contract. £400,000 has been added to the initial budgeted annual contract value for this lot as per the coalition motion that was approved at Full Council on [27 May 2021](#).
- 6.8 The recommended provider for Lot 3 (Complex Needs Employability Service) has included added value with additional funding estimated at £297,000 over the full term of the contract. This added value will enhance the service provided to Edinburgh Citizens in the form of IT and additional funding for Citizens personal purposes i.e. via [Turn2us](#).
- 6.9 The recommended provider for Lot 4 (In work Employment Support Service) includes a saving of 0.5% across the full contract term.
- 6.10 The recommended contracts will also include Community Benefits with an aggregated estimated value of £238,755 over the six-year contract term for the four lots. This includes Community Benefits such as staff volunteering within the communities, targeted recruitment, community engagement and education

workshops, work placements for University Students and School Leavers, Community Impact projects and pledges to spend funding within local supply chains.

7. Stakeholder/Community Impact

- 7.1 Throughout the process, there was regular communication and contract monitoring with current providers. In addition, the project has been overseen by a monthly steering group with representation from the Council, Capital City Partnership, Commercial and Procurement Services, Strategy and Insight, EVOC, the Localities, Edinburgh Alcohol and Drugs Partnership, Edinburgh Health and Social Care Partnership, Community Justice, Schools and Life-Long Learning, DWP and the Edinburgh Chamber of Commerce.
- 7.2 A summary of the co-production process is outlined in the background to this report.
- 7.3 There was a wide range of input with representation from the steering group included as part of the evaluation team.
- 7.4 Updates on progress have been approved via the Housing, Homelessness and Fair Work Committee.
- 7.5 All Service Providers recommended for award answered the questions on Community Benefits, Sustainability and Fair work Practice, with the majority of the providers responses being deemed good or excellent by the evaluation board; which means that they have provided evidence that their organisations go above and beyond compliance with their legal obligations.
- 7.6 All Lead Providers pay the Scottish Real Living Wage and above, with the four lead organisations being accredited and confirmed that they are committed to the Scottish Business Pledge. Three other partner organisations are also accredited Scottish Real Living Wage organisations, with one other committing to pay the real living wage.
- 7.7 These contracts will support nine Small to Medium Sized Enterprises (SME's) out of the eleven organisations being recommended for award.
- 7.8 An Integrated Impact Assessment (IIA) and Data Protection Impact Assessment (DPIA) have been completed. The IIA has been submitted for publication.

8. Background reading/external references

- 8.1 [Edinburgh Blended Employability Service](#) - Housing, Homelessness and Fair Work Committee, 14 January 2021.

9. Appendices

- 9.1 Appendix 1 - Summary of Tendering and Tender Evaluation Process.

Appendix 1 – Summary of Tendering and Tender Evaluation Process

Contract	CT0828 Blended Employability Services	
Contract Period	36 months with the option to extend for a further 36 months	
Maximum Total Contract Value (including extensions)	£12,894,204	
Procurement Route Chosen	Open Tender	
Contracts to be Awarded	4 providers/consortia across 4 lots	
Price / Quality Split	Quality 70	Price 30
	Criteria	Weighting (%)
Evaluation Criterion and Weightings – LOT 1, 2, 3 & 4	Q1. Service Offer	20 - 25%
	Q2. Identifying and continuing to support service users	20 - 25%
	Q3. Partnership and communication	10%
Common Question Weightings – ALL LOTS	Management and Staffing	10%
	Implementation Plan	10%
	Community Benefits	5%
	Business Continuity	5%
	Sustainability	5%
	Fair Works Practice	10%
	Zero Hours Contracts & the Living Wage	Not scored but information is required
	ICO Registration Number (Information Commissioner’s Office for data protection and GDPR purposes)	Not scored but information is required