

Report to:	Cabinet	Date of Meeting:	12 January 2017
Subject:	Re-procurement of a new Careers Information Advice and Guidance For young people	Wards Affected:	(All Wards);
Report of:	Head of Inward Investment and Employment		
Is this a Key Decision?	Yes	Is it included in the Forward Plan?	Yes
Exempt/Confidential	No		

Purpose

A contract was let by the Council for the delivery of an Information, Advice & Guidance service for young people in 2014. The main objective of the Service was expressed as the reduction of young people Not in Education, Employment or Training (NEET) in the area. The current provider is Career Connect Ltd. The purpose of the report is to present the business case for a review of the contract, which will ensure both a cost saving and a better alignment with the Council's Public Sector Reform programme and the Liverpool City Region plans for a Careers Hub under the Devolution Deal.

Recommendation(s)

The Cabinet are asked to:

- a) Approve a re-procurement enabling cost savings to be achieved and potential match funding through ESF secured
- b) Agree a short term contract extension with the current contractor of 2 months to allow relevant procurement rules to be followed, including ensuring they are EU compliant in order to be used as match funding with ESF
- c) Give delegated authority for the Cabinet Member Regeneration and Skills to award the contract following procurement.

How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		x	
2	Jobs and Prosperity	x		
3	Environmental Sustainability		x	
4	Health and Well-Being	x		
5	Children and Young People	x		
6	Creating Safe Communities		x	

7	Creating Inclusive Communities	x		
8	Improving the Quality of Council Services and Strengthening Local Democracy		x	

Reasons for the Recommendation:

Re-procurement of the contract offers a number of advantages, primarily to review the budget allocation in light of further budget reductions and changes in the volumes and cohort eligible for support. It also allows an update of the service specification in light of a number of changes since the contract was last let, including changes to statutory requirements. It will allow for a closer alignment and delivery with other internal priorities such as troubled families and looked after children. It offers an additional opportunity to potentially draw down match funding from European Social Fund (ESF) which may never again be offered due to Brexit.

In order to be EU compliant and potentially draw down match funding from ESF, it is necessary to follow the appropriate procurement process. In order to do this, a short term extension is requested with the current contractor to avoid a hiatus in delivery.

The procurement process will follow appropriate rules and procedures. In order to enable a new contract to be issued in a timely manner, delegated authority is requested for the Cabinet Member for Regeneration and Skills to award the contract.

Alternative Options Considered and Rejected:

Other options have been considered in detail for this service through an options analysis which has been shared with Cabinet Member, Regeneration and Skills.

The main option which has been investigated is the extension of the current contract on existing terms for two years, which would be permissible under the existing agreement. This has been rejected on the grounds that better value for money can be gained from re-procurement.

What will it cost and how will it be financed?

(A) Revenue Costs

In 2016/17, the third year of the contract, the contractor will be paid £729,154. It is anticipated that the annual budget for this activity once re-procured will be in the region of £493,000 per annum. The preferred option is for re-procurement to secure a new two year contract with a value of £986,000, plus an option to extend for a further 1 year if necessary (therefore three year maximum value of £1.479m). This option preserves Sefton's ability to align its IAG services with the Public Sector Reform programme and the development of an LCR Careers Hub, part of the Devolution Deal and a priority for the Combined Authority. Funding is from Council Core Budget 16-19 provision.

(B) Capital Costs

Nil

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Financial	
New contract value likely to be £493,000p.a. enabling an adjusted saving to be achieved over 3 years. This takes into account the costs of a two month contract extension paid on existing rates to the current contractor.	
Legal	
The new contract is likely to mirror the existing arrangement which currently contains options to extend for additional years	
Human Resources	
Equality	
1. No Equality Implication	<input checked="" type="checkbox"/>
2. Equality Implications identified and mitigated	<input type="checkbox"/>
3. Equality Implication identified and risk remains	<input type="checkbox"/>

Impact of the Proposals on Service Delivery:

Service delivery would continue at current levels for the proposed additional 2 month extension period. Following this, the specification will be updated to reflect legislative changes to tracking requirements, and to better fit with Sefton priorities for the 2030 Vision and to reflect other policy changes relevant to this environment, such as the LCR devolution deal with government.

Re-procurement of the contract will enable this to be used as match for ESF. This will draw down grant at an intervention rate of 75% to be used to provide support and opportunities for young people to enter the workforce through the Intermediate Labour Market and other supported work placements under the Ways to Work scheme. This is an opportunity that may not be available to the Council post-Brexit.

What consultations have taken place on the proposals and when?

The Head of Corporate Resources (FD.4437/16) has been consulted and has no comments on the report

Head of Regulation and Compliance (LD.3720/16) have been consulted and any comments have been incorporated into the report.

Implementation Date for the Decision

Following the expiry of the "call-in" period for the Minutes of the Cabinet Meeting

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Background Papers:

Annex 1 - IAG for Young People Re-Contracting

1. Introduction/Background

- 1.1 The provision of independent Information Advice and Guidance (IAG) is an integral part of the broader education, skills and employment system. Timely, relevant and good quality IAG reduces the possibility of mismatches between supply and demand, generates feedback on performance of the system, and maximises young people's potential.
- 1.2 Since the 2008 Education & Skills Act, schools are under a statutory duty to provide a universal Careers Education and Information Advice & Guidance (CEIAG) service to all students. It has to be both impartial and independent i.e. not delivered by school staff, though a teacher may co-ordinate activities. There is a large supplier market.
- 1.3 However, local authorities continue to have a statutory duty to ensure comparable CEIAG support is available to a targeted set of students: young people aged 16-19 (16-25 with Special Educational Needs & Disabilities) who are Not in Education Employment or Training (NEET) at September.
- 1.4 In addition the local authority is responsible for post-16 tracking of all students (including NEET and "not known") to update activity and destination data on the national Client Caseload Information System (CCIS).
- 1.5 Current data shows the total Sefton cohort in scope for this duty is approximately 980 young people, of whom: NEET 500, not known 300 and SEND 180.
- 1.6 The Council procured a full-service contract from the market in 2014 and Career Connect was appointed to support the statutory "September offer" of education, training or employment (with training) to every 16 and 17 year old through provision of:
 - IAG for 14-19 year olds considered at risk of NEET
 - Tracking of the NEET cohort and making statutory NEET/Not Known returns to government
 - IAG for young people with Special Educational Needs (to age 25).
- 1.7 The contract was let for three years with the option of two one year extensions. In 2016/17, the third year of the contract, the contractor will be paid £729,154. Provision for this service has been found from within the Council's approved revenue budget.
- 1.8 Since 2011, there has been a significant improvement in the rate of NEET in Sefton, dropping to 4.9% in 2015/16, its best ever performance. Levels of "Not Known" young people are also far and away the best in Liverpool City Region (2.9% in Sefton compared with 15% in Liverpool).

2. The business case for a review of IAG in Sefton

- 2.1 A strategic review of IAG in Sefton has not been triggered by any specific concern about NEET performance, but rather by the changing needs of the Council:

- The principle reason for reviewing the contract is that the Council's Medium Term Financial Plan requires all major contracts to be examined for **value for money and affordability**. At current rates, the total value of the IAG contract over the five year period 2014-20 is £3.64 million, which is large enough to trigger a Major Contract Review. The IAG contract allows for a break at three years (March 2017) with two optional one year extensions, providing an opportunity to act on the outcome of this review.
- An important additional reason for reviewing the contract is that the **context** for Information Advice and Guidance has changed significantly in recent years: proposals for academization, introduction of grammar schools, new learning pathways associated with the Area Review of Further Education, the introduction of a common NEET tracking system across the rest of the city region, reform of Higher Education, changes in the apprenticeship system, the risks posed to young people by the emergence of the low pay/no pay cycle, stagnant economic recovery, reform of SEN provision, and the 2016 Liverpool City Region Growth Strategy. None of this is reflected in the current specification, which is therefore out of date.
- Finally, the specification needs to be reviewed to ensure that it enables and supports the new model of **Early Intervention & Prevention (EIP)** to which we are committed through Sefton 2030 and the Public Sector Reform programme. IAG is relevant to both Multi-Agency Teams, and to a New Deal for Citizens. It also underpins the objective of "Inclusive Growth" within the Growth programme.

2.2 To protect the position of the Council, therefore, formal notice of termination was issued to the incumbent provider (Career Connect) on 12th July 2016, with effect from 1st April 2017.

3. Options Review

3.1 The formal evaluation of options was based on a series of key tasks:

- A review of the costs, outputs and performance of the existing contract (2014-16)
- A comparative review of Liverpool City Region local authorities commissioning equivalent IAG services for young people
- A desktop review of other UK local authority commissioning and best practice
- Collection of feedback from service users, and the service's partners elsewhere within the Council
- Labour Market Intelligence and cohort forecasts to 2020, to understand the scale of future challenge for young people entering the world of work
- Analysis of the scope and content of the current service specification
- Review of engagement, tracking and IAG as work packages that might be delivered together or independently
- Alignment of the revised specification with concurrent reviews of SEND provision, and the establishment of Multi-Agency Teams/Community Hubs
- Consideration of payment methods and performance measures, to incentivise achievement and ensure sound contract management
- Identifying a comprehensive set of options for alternative delivery of the IAG service

- Formal evaluation of service specifications and delivery options against core criteria (VfM, affordability, performance standards, fit with EIP etc).

3.2 The following options for commissioning and delivery were considered:

1		Cessation	Not acceptable – statutory duty
2	a	In-house trading company including IAG	Dependent on decision made in PSR 7 – 18/19 at the earliest
2	b	In-house standalone all-ages IAG service	Initial financial modelling indicates unlikely to be a viable option
3	a	Procurement in the open marketplace by Sefton MBC	Acceptable option – reprocurement to 2020 (earlier break clause retains ability to respond to new opportunities)
3	b	Procurement in the open marketplace by LCR consortium of local authorities	Not an option until 18/19 at the earliest, as LA procurement cycles out of synch
4	a	Partnership with Multi-Academy Trust	Cannot meet IAG impartiality standard in statutory guidance
4	b	Partnership with Further Education consortium	Cannot meet IAG impartiality standard in statutory guidance
5		Procurement from a schools-owned company	Dependent on decision made in PSR 7 – 18/19 at the earliest
6		Shared service commissioned by a consortium of LCR local authorities	Not an option until 18/19 at the earliest, as LA procurement cycles out of synch

4. Evaluation

- 4.1 Taking all of the above into account, the current preference is for a staged approach in which the IAG service (as re-specified) is re-procured from the marketplace for a three year period with a break option at two years and that the new contract is used as a learning period to introduce innovations and improvements that warrant a reduced total contract value and lower unit costs. (Further details of the business case can be found in a working paper attached as Annex 1.)
- 4.2 The preferred long-term option is to seek transformational methods of delivery by means of co-operation with the other LCR local authorities. However, LA procurement cycles are currently out of alignment. They will re-align by 2019, so during the first two years of the new contract, we will continue to evaluate alternative delivery options and report back to Cabinet.
- 4.3 To deliver savings with confidence, the new contract requires more active management of the IAG contract, of provider markets, and development of an LCR approach to the proposed “Careers Hub”. These delivery costs are estimated at £80,000 over the three years 2017-20.
- 4.4 A further attractive feature of a re-procured service is that it can be readily directed to align its services with the emerging architecture of Locality Teams and

Promoting Resilience projects under the Council's Public Sector Reform programme.

- 4.5 There is the associated advantage that an OJEU-compliant procurement will create a pool of match to attract EU funding – particularly significant in the run-up to Brexit in March 2019 when the lack of match is the main constraint on maximising the draw-down of unused EU Structural Funds.

5. Next steps

- 5.1 The IAG contract has recently been released from the Public Sector Reform programme and is now being pursued as a standard service option. Therefore it is not possible to meet the 1st April 2017 target date for a new contract because an OJEU –compliant procurement process has to have been completed.
- 5.2 Cabinet is therefore asked to approve a two month extension to the existing contract to allow the Council's Contract Procurement Regulations to be complied with. The incumbent provider has indicated this is acceptable.
- 5.3 Cabinet is requested to approve a re-procurement enabling cost savings to be achieved and to secure potential match funding through ESF.
- 5.4 Cabinet is requested to delegate authority for contract acceptance to the Cabinet Member Regeneration and Skills following procurement, to ensure timely delivery and continuity of service.