

**REPORT TO:** POLICY & RESOURCES COMMITTEE – 13 JANUARY 2014

**REPORT ON:** DELIVERY AND PROCUREMENT OF EMPLOYABILITY SERVICES

**REPORT BY:** DIRECTOR OF CITY DEVELOPMENT

**REPORT NO:** 9-2014

## **1 PURPOSE OF REPORT**

- 1.1 To outline the options for the future commissioning of Employability Services and request Committee approval for the recommended approach.

## **2 RECOMMENDATION**

- 2.1 It is recommended that
- a The Committee agrees to procure employability services as described in this report and remits Officers to take this forward
  - b Officers prepare and hold a training workshop for current providers and any other interested parties on procurement and tendering for contracts
  - c Officers hold a Tendering Information event for any interested parties once the procurement documentation is sufficiently developed

## **3 FINANCIAL IMPLICATIONS**

- 3.1 The recommendations in this report would enable the Council to maximise the budget available to Dundee through the creation of a single pot of funding combining City Council Funds and the European Social Fund. The proposed funding model will also support the principle that providers should be paid according to the effectiveness of their service.

## **4 BACKGROUND**

- 4.1 The Council currently grant funds organisations through regeneration funds to deliver employability services within the Dundee Employability Pipeline. The majority of these services then use the Council's grant funding to attract ESF. The current contracting period ends in March 2014 and there is, therefore, a requirement to purchase services for the new period.
- 4.2 There is an opportunity to use this transition to improve outcomes, achieve SOA employability targets and build on learning developed from delivering the Employability Pipeline since 2008 that will result in new forms of service provision that will support improved outcomes for the Dundee Employability Pipeline.
- 4.3 A review of the Dundee Employability Pipeline has been conducted which identifies that, whilst positive outcomes have been achieved for thousands of clients, there are issues which, if addressed, will improve effectiveness and outcomes. The key areas where improvements can be made are:
- minimising drop outs and maximising the number of people who progress into work
  - ensuring that support is focused on specific target groups
  - providing incentives for delivery partners to reach performance targets
- 4.4 In order to achieve these improvements to the pipeline in the future it is necessary to specify in more detail what needs to be delivered. Key features of the specifications will include

- Case management of clients to ensure that each participant in the Employability Programme has their progress towards a positive destination supported and monitored this will reduce the proportion of clients that register then leave the programme without achieving an outcome.
- Identification of target groups to ensure that the client groups with the greatest need receive targeted support.
- A requirement for organisations to identify their knowledge and understanding of the client group, support services within and outwith the Dundee Employability Pipeline and their ability to work in partnership with these services.

#### 4.5 Options Appraisal

The Dundee Partnership Employability Group has evaluated the options around future contracting arrangements and payment models:

##### **Current Model - Awarding Grants**

Currently DCC employability funds are awarded on a "grant" basis to organisations who deliver named pipeline stages. Most of these organisations then use these funds as "match" to apply to City Development for a further 40% ESF funding. The providers therefore largely have two partnership agreements (contracts) from DCC.

##### Advantages

- Retention would maintain a system that delivery organisations are familiar with
- There is a more or less guaranteed level of income for delivery organisations

##### Disadvantages

- Does not pay providers according to the effectiveness of their service
- Does not enable the Council to improve the Pipeline in line with the proposals developed by the consultative workgroups
- Does not follow the general direction of travel where Scottish Government are encouraging LAs to procure employability services and place more focus on results. Therefore the likelihood of meeting SOA outcomes will be compromised.
- Community Benefits clauses cannot be included

##### **Alternative Model – Formal Procurement**

Under this model, DCC and ESF funds are pooled to create a single, larger pot for employability activity. The Council would specify in detail the services it wants to purchase in line with the revamped pipeline, developed in conjunction with the consultative groups, in order to improve performance

Under this model a Scale of Unit Costs would be adopted. This pays on key outcomes (pipeline starts, job outcomes), milestones (pipeline stage progressions) and recognises the need to remunerate organisations for successful completion of activities at each stage of the pipeline. This model pays providers for delivery of services in addition to payment for achievement of results.

##### Advantages

- This approach is also in line with Scottish Government's plans to encourage Local Authorities to procure employability services and place more focus on results. The Scottish Chapter of the UK Partnership Agreement for the new EU Programmes, to be

submitted to the European Commission in spring 2014, includes a statement from Scottish Government that "delivery partnerships will be encouraged to commission and contract as much as possible".

- Allows DCC to specify the services that need to be delivered in order to improve performance, focuses on target groups and outcomes required to meet the Partnership's SOA targets.
- Creates a larger pool of funds for employability activity as DCC employability funds would be matched with ESF.
- The model enables the inclusion of Community Benefits clauses.
- Allows for incentivisation of performance through payment.
- By meeting performance targets delivery partners can guarantee income
- Payments can be automated saving DCC and delivery partner time. Efficiencies will also be achieved through streamlining of processes (eg single contracts), freeing up staff time to focus on delivering services to clients.
- Allows DCC to focus more resources on particular groups (eg youth) and new provision (eg preventative action on employability).
- By performing to target, delivery partners will be able to guarantee income levels. Consideration will be given to administering payments on a monthly as opposed to quarterly basis to mitigate cash flow difficulties.

#### Disadvantages

- As with all procurement exercises, not all bidders will be winners and some current providers of pipeline services may not be successful. However, care has been taken to make the current delivery partners aware of the potential payment models and to involve them in the consultative process through meetings and workshops from June 2013 onwards.
- May present cash flow difficulties at the start of the contracts for organisations who do not have sufficient reserves to maintain services until payments commence. This can be minimised by administering payments on a monthly rather than quarterly basis and offering advance payments.

## **4.6 Conclusion**

Adoption of the procurement model is the recommended option for the following reasons. It will:

- Create a larger pool of funds for employability activity as DCC employability funds would be matched with ESF
- Allow for specification of the services that need to be delivered in order to improve performance and deliver the outcomes required to meet the Partnership's SOA targets
- Allow for incentivisation of performance through payment
- Allow DCC to focus more resources on particular groups (eg youth) and new provision (eg preventative action on employability)

Procuring services will result in open competition for the contracts. There will be no guarantees that those organisations that are currently funded to deliver services will be successful in bidding for new contracts. However, all contractors that currently deliver employability pipeline services will be offered training on procurement and tendering and a tendering information event will be organised. Assessment will be based upon quality, with particular interest in experience of collaboration and knowledge of the Dundee employability environment. The contracts will be designed at a scale that smaller third sector organisations that currently deliver Pipeline services will be able to bid.

A draft timetable has been prepared which makes it clear that advertising would need to start taking place in January 2014 if contracts are to be ready to deliver on 1st July 2014 and therefore Committee approval is sought to commence this process.

## **5 POLICY IMPLICATIONS**

- 5.1 This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. An Equality Impact Assessment is attached to this report.

## **6 CONSULTATIONS**

- 6.1 The Chief Executive, the Director of Corporate Services and Head of Democratic and Legal Services have been consulted and are in agreement with the contents of this report.
- 6.2 Dundee Partnership Employability Group has endorsed the Procurement/Scale of Unit Costs model recommended in this report.
- 6.3 Extensive consultations were carried out between July - October 2013 with the third sector delivery partners with whom the Council currently contracts on the proposed changes to how employability services are commissioned and delivered. The consultations have included formal events and the establishment of 6 consultative workgroups involving Third Sector delivery partners that currently deliver services in the Employability Pipeline in the development of revised services. The current delivery partners have also been made aware of the potential payment models.

## **7 BACKGROUND PAPERS**

None

Mike Galloway  
Director of City Development

Stan Ure  
Head of Economic Development

SNU/RV/MS

20 December 2013

Dundee City Council  
Dundee House  
Dundee



### Part 1: Description/Consultation

<b>Is this a Rapid Equality Impact Assessment (RIAT)?</b>		Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
<b>Is this a Full Equality Impact Assessment (EQIA)?</b>		Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
<b>Date of Assessment: 29/11/2013</b>		<b>Committee Report Number:</b>	
<b>Title of document being assessed: Delivery and Procurement of Employability Services</b>			
<b>1. This is a new policy, procedure, strategy or practice being assessed</b> (If yes please check box) <input checked="" type="checkbox"/> X		<b>This is an existing policy, procedure, strategy or practice being assessed?</b> (If yes please check box) <input type="checkbox"/>	
<b>2. Please give a brief description of the policy, procedure, strategy or practice being assessed.</b>		The Council purchases services to support people move towards and into work and to sustain employment once in work current contracts are coming to an end and new services need to be commissioned.	
<b>3. What is the intended outcome of this policy, procedure, strategy or practice?</b>		To achieve 1400 job outcomes p.a. in line with Dundee's Single Outcome Agreement	
<b>4. Please list any existing documents which have been used to inform this Equality and Diversity Impact Assessment.</b>		Dundee Single Outcome Agreement Economic Development Service Plan	
<b>5. Has any consultation, involvement or research with protected characteristic communities informed this assessment? If yes please give details.</b>		No	
<b>6. Please give details of council officer involvement in this assessment.</b>  (eg names of officers consulted, dates of meetings etc)			
<b>7. Is there a need to collect further evidence or to involve or consult protected characteristics communities on the impact of the proposed policy?</b>  (Example: if the impact on a community is not known what will you do to gather the information needed and when will you do this?)		No	

## Part 2: Protected Characteristics

Which protected characteristics communities will be positively or negatively affected by this policy, procedure or strategy?

**NB Please place an X in the box which best describes the "overall" impact. It is possible for an assessment to identify that a positive policy can have some negative impacts and visa versa. When this is the case please identify both positive and negative impacts in Part 3 of this form.**

**If the impact on a protected characteristic communities are not known please state how you will gather evidence of any potential negative impacts in box Part 1 section 7 above.**

	Positively	Negatively	No Impact	Not Known
Ethnic Minority Communities including Gypsies and Travellers	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender Reassignment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or Belief	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
People with a disability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Age	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Lesbian, Gay and Bisexual	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Socio-economic	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pregnancy & Maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other (please state)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Part 3: Impacts/Monitoring**

<p><b>1. Have any positive impacts been identified?</b></p> <p>(We must ensure at this stage that we are not achieving equality for one strand of equality at the expense of another)</p>	<p>Services that support people into work will have a positive Socio Economic impact. Employment is generally the most important means of obtaining adequate economic resources, which are essential for material well being and participation in society and there is strong evidence that work is generally good for physical and mental health and well-being.</p> <p>Support will also be provided specifically for people with health problems, this will include a proportion of disabled people.</p>
<p><b>2. Have any negative impacts been identified?</b></p> <p>(Based on direct knowledge, published research, community involvement, customer feedback etc. If unsure seek advice from your departmental Equality Champion.)</p>	<p>No</p>
<p><b>3. What action is proposed to overcome any negative impacts?</b></p> <p>(eg involving community groups in the development or delivery of the policy or practice, providing information in community languages etc. See Good Practice on DCC equalities web page)</p>	<p>N/A</p>
<p><b>4. Is there a justification for continuing with this policy even if it cannot be amended or changed to end or reduce inequality without compromising its intended outcome?</b></p> <p>(If the policy that shows actual or potential unlawful discrimination you must stop and seek legal advice)</p>	<p>N/A</p>
<p><b>5. Has a 'Full' Equality Impact Assessment been recommended?</b></p> <p>(If the policy is a major one or is likely to have a major impact on protected characteristics communities a Full Equality Impact Assessment may be required. Seek advice from your departmental Equality lead.)</p>	<p>No</p>
<p><b>6. How will the policy be monitored?</b></p> <p>(How will you know it is doing what it is intended to do? eg data collection, customer survey etc.)</p>	<p>Data collection through a management information system. The policy will be monitoring through regular reporting to the Dundee Partnership Employability Group which is responsible for overseeing employability activity in Dundee.</p>

**Part 4: Contact Information**

<b>Name of Department or Partnership</b>	
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<b>Type of Document</b>	
Human Resource Policy	<input type="checkbox"/>
General Policy	<input type="checkbox"/>
Strategy/Service	<input checked="" type="checkbox"/>
Change Papers/Local Procedure	<input type="checkbox"/>
Guidelines and Protocols	<input type="checkbox"/>
Other	<input type="checkbox"/>

<b>Manager Responsible</b>	<b>Author Responsible</b>
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<b>Signature of author of the policy:</b>	Allan Millar	<b>Date:</b>	29 November 2013
<b>Signature of Director/Head of Service:</b>	Stan Ure	<b>Date:</b>	29 November 2013
<b>Name of Director/Head of Service:</b>	Mike Galloway	<b>Date</b>	29 November 2013
<b>Date of Next Policy Review: November 2014</b>			