

# **WIRRAL COUNCIL**

## **CABINET**

**3<sup>RD</sup> FEBRUARY 2011**

<b>SUBJECT:</b>	<b>TACKLING WORKLESSNESS AND SUPPORTING APPRENTICES IN WIRRAL THROUGH THE EUROPEAN SOCIAL FUND</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>KEVIN ADDERLEY INTERIM DIRECTOR OF CORPORATE SERVICES</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>CLLR ANDREW HODSON REGENERATION AND PLANNING STRATEGY</b>
<b>KEY DECISION?</b>	<b>NO</b>

### **1.0 EXECUTIVE SUMMARY**

- 1.1 This report provides members with an update regarding two European Social Fund (ESF) opportunities to address worklessness and to support apprentices via the City Employment Strategy (CES) Pathfinder Enabling Programme.
- 1.2 Member approval is sought for delegated authority to agree the contract to enable the Council to be Accountable Body for the ESF funds.
- 1.3 Members are also advised of the
  - recommendations from the procurement process to select a delivery partner for an element of the worklessness programme and approval is sought to appoint a supplier to deliver the contract on behalf of the Council.
  - outcome of negotiations with Greater Merseyside Connexions Partnership (GMCP) following the CES Board request that each authority work with GMCP to consider how a consistent participant “aftercare” element could be incorporated into the ESF apprenticeship contract.
- 1.4 Appendix 1 of this report contains commercially sensitive information regarding a competitive tendering process the disclosure of which is not considered to be appropriate. Accordingly, the information contained in Appendix 1 is deemed to be exempt from disclosure under paragraph 3, Part 1 of schedule 12A of the local Government Act 1972 (as amended).

### **2.0 RECOMMENDATION/S**

- 2.1 Members are requested to:

- 2.1.1 Agree to delegate responsibility to the Director of Law, Asset Management and HR and the Interim Director of Corporate Services to finalise and sign the funding agreements for worklessness and apprenticeships with Knowsley Council in consultation with the Leader of Council and the portfolio holder for Economy and Regeneration, in respect of:
- Enabling the Council to be Accountable Body for the City Employment Strategy ESF resource of £1,220,310 to deliver activity to reduce worklessness; match funded with Council resources of £1,220,310 providing a total of £2,440,620, as approved by cabinet on 9<sup>th</sup> December 2010.
  - Enabling the Council to be Accountable Body for the City Employment Strategy ESF funds of £655,960 to deliver activity to support apprenticeships; match funded with Council resources of £1,058,579 providing a total of £1,714,539, as approved by Cabinet on 9<sup>th</sup> December 2010.
- 2.1.2 Following an OJEU Accelerated Restricted process ensuring a competitive procurement procedure, accept the most economically advantageous tender in terms of quality/price and appoint a consortium led by Involve Northwest to deliver elements of the worklessness contract on behalf of the Council to the value of £1,461,484.
- 2.1.3 Authorise the Interim Director of Corporate Services to progress other enabling actions to support the delivery of worklessness as outlined in paragraph 4.3.10 of this report.

### **3.0 REASON/S FOR RECOMMENDATION/S**

- 3.1 These recommendations are proposed to members to support the Council to reduce worklessness and increase the number of apprentices in Wirral through the European Social Fund. These recommendations are urgent because the council needs to accept the funding agreement for the City Employment Strategy Pathfinder Enabling Programme, appoint a supplier for an element of the worklessness programme and commence activity for the apprenticeship element via an extension of the Wirral Apprentice Programme in order to meet the delivery timescales and achieve the required target outputs. If it does not do so then this could put the Council at risk of not achieving the contract and loss or recovery of European funds.

### **4.0 BACKGROUND AND KEY ISSUES**

#### **4.1 Background**

- 4.1.1 On 4<sup>th</sup> November 2010, Cabinet approved Officers (minute 212 refers) to submit proposals to maximise the following European Social Fund (ESF) opportunities available from Government Office North West (GONW) and routed through Knowsley Council as lead accountable body for the City Employment Strategy (CES)
- £6.3 million of ESF available to Merseyside to address worklessness
  - £3.1 million of ESF available to Merseyside to support the provision of apprenticeship places.

4.1.2 On 9<sup>th</sup> December 2010 Cabinet were informed that Wirral had submitted proposals for both elements of ESF funding and had subsequently received notification on 7<sup>th</sup> December 2010 that the CES Board had awarded Wirral its full requested allocation as outlined below

- £655,960 of ESF to provide additional apprenticeship places via The Wirral Apprentice programme.
- £1,220,310 of ESF for the development of activity to tackle worklessness

4.1.3 On 9<sup>th</sup> December 2010 Cabinet agreed (minute 262 (4) refers), for the match funding sum of £2,278,889 to be allocated to draw down £1, 876,270 of ESF and that a further report on the detailed offer letter for these bids be brought back to Cabinet prior to acceptance of the ESF funding. Members were also advised that a tendering procedure via the Official Journal of the European Union (OJEU) had been instigated for elements of the worklessness programme.

## **4.2 Funding Agreement**

4.2.1 On 29<sup>th</sup> January 2011, the Council received a funding agreement from Knowsley Council for the worklessness element of the City Employment Strategy Pathfinder Enabling programme. Members should note that at this stage the Council has not yet received a funding agreement relating to the Apprenticeship element of funding.

4.2.3 The funding offer for the worklessness element offers Wirral a European Social Fund (ESF) grant of £1,220,310, at a grant intervention rate of 50% towards a total project eligible expenditure of £2,440,620 to deliver activity as follows:

*Wirral MBC will commission a single programme that provides a continuum of personalised activity to support priority individuals from worklessness to employment, with subsequent support for retention. This will include Intermediate Labour Market opportunities, Response to Redundancy activity. The person centred approach will start with engagement and include support all the way through to post employment support. It will also link effectively with the Get Britain Working measure around Work Clubs and volunteering.*

4.2.4 The funding allows activity to be delivered from 7<sup>th</sup> December 2010 to 31<sup>st</sup> May 2012. Activity to support worklessness will commence 1<sup>st</sup> April 2011 as per the tendering process. Whilst at this stage a funding agreement for the apprenticeship element has not been received, Knowsley Council have advised it will include the same delivery timescales as the worklessness element, which will allow the apprentices to commence prior to April 2011, as required to meet programme outputs.

## **4.3 European Social Fund: Worklessness**

4.3.1 A Pre-Qualification Questionnaire (PQQ) and OJEU notice were posted on the Chest portal on the 7<sup>th</sup> December 2010 to procure an element of the worklessness programme. This activity was in line with the worklessness activity previously notified to members in reports to cabinet on 4<sup>th</sup> November 2010 and 9<sup>th</sup> December 2010.

- 4.3.2 85 suppliers expressed an interest in delivering the programme, with 26 subsequently submitting a PQQ by the deadline of 22nd December 2010. 3 suppliers submitted late applications which were not accepted, with 1 opting out and 55 not responding. Of the 26 that returned a PQQ, 4 were consortium bids all of which identified local voluntary, community and faith sector organisations. 3 of these progressed to Invitation to Tender stage. Members should note that some consortia members also submitted bids as a single organisation and were represented in more than one consortium.
- 4.3.3 Officers from Corporate Services assessed the PQQ's, based on a range of criteria including previous experience of similar contracts, evidence of partnership working, skills and experience of staff, plus a range of information regarding the status of company. Following assessment of the PQQs, 8 suppliers were invited to submit a tender for the contract with 6 returning a tender by the closing date of 24<sup>th</sup> January 2011 and 2 suppliers choosing to opt out.
- 4.3.4 Formal appraisal of the tenders was undertaken by a tender evaluation panel from Corporate Services, with the systems supported by officers from Procurement. Tenders were assessed on the basis of the most economically advantageous tender with the quality and price ratio set at 60:40. Part of the assessment process included presentations from suppliers conducted over two days from 25<sup>th</sup> to 26<sup>th</sup> January 2011.
- 4.3.5 The model used for assessing the tenders is one that has been approved by the Chartered Institute of Public Finance and Accountancy (CIPFA) as advised by the council's Procurement section. Tenders were scored by the panel for quality against the eight specific requirements set out in the ITT, together with the presentation. The combined quality scores are set out in the table below.
- 4.3.6 The tenders were also assessed for price against the criteria outlined in the ITT. There were two criteria, namely the costs outlined in the delivery table and the unit cost per participant into employment. The evaluation of the delivery table costs element included the overall tender price, the evidence of a lean management approach and the extent to which the breakdown of the costs reflected the proposed delivery methods. These elements are set out in the table below.

Tenderer	Quality score (out of 45)	Tender price	Unit cost per employment output	Delivery Table costs score (out of 5)	Overall Rank
Involve Northwest	37.25	1,461,484	2,082	4	1
B	30.00	1,483,514	2,640	4	2
C	26.50	1,444,517	2,570	3	3
D	25.00	1,446,103	2,573	3	4
E	19.50	1,489,870	2,185	2	5
F	17.25	1,404,000	2,498	3	6

- 4.3.7 A consortium submission, lead by Involve Northwest ranked highest in the overall assessment of returned tenders. They scored highest in terms of quality. In terms of price they scored highest against the unit cost per job output; exceeding the job output targets outlined in the tender specification by 20%. In terms of costs outlined in the delivery table, whilst the tender was not the lowest price, they scored highest in terms of combined delivery table costs assessment. In addition, the variance in score for this element was minimal as the range between the highest and lowest tenders was less than £86,000.
- 4.3.8 Members of the Involve Northwest consortium are:
- Advocacy in Wirral
  - Inclusive Access
  - Remploy
  - The Social Partnership
  - Wirral Change
  - Wirral Partnership Homes
- 4.3.9 This tender presented a strong, well thought-out consortium, with an extensive range of partners who demonstrated the knowledge/understanding and the appropriate skills/experience to engage and support the target group. The tender presented strong leadership with clear understanding of how the consortium would work together to deliver the activity. The tender proposed to deliver the following outputs to be delivered from 1<sup>st</sup> April 2011 to 31<sup>st</sup> May 2012
- 1755 participants engaged on the programme
  - 702 Job Outcomes of which 456 will be sustained at 26 weeks.
- 4.3.10 Other Elements of the Worklessness programme  
The total allocation for the worklessness programme including match funding amounts to £2,440,620. The tendering process for an element of the worklessness programme requested bids in the region of £1,500,000. Involve Northwest submitted a bid to the value of £1,461,484, leaving a remaining allocation of £979,136. The remaining funds are proposed to deliver activity to enable the achievement of worklessness outputs, as outlined in Wirral's application to secure these funds. This will include activity such as an Intermediate Labour Market option and pre-recruitment training linked to identified employer vacancies. These will be managed either directly by the Council or through a tendering process.
- 4.4 European Social Fund: Apprentices**
- 4.4.1 The Apprenticeship activity will be delivered by Wirral Council Children and Young People Department.
- 4.4.2 Members will be aware from cabinet on 9<sup>th</sup> December 2010 that the CES Board placed a condition on the apprenticeship element of ESF funding, for each authority to work with Greater Merseyside Connexions Partnership (GMCP) to consider how they could deliver a proposed "aftercare" element to support apprentices, to ensure a consistent offer is available across Merseyside. The

CES Board estimated that this element of activity would account for between 10 and 15% funding.

- 4.4.3 Officers from Children and Young People and Corporate Services have reached agreement with GMCP for the supply of aftercare provision for participants on the Wirral Apprentice Programme up to a maximum of £43,000. In addition, GMCP will supply and provide the cost of a 0.5 full time equivalent Personal Adviser to the project to assist in identifying and brokering the aftercare element.
- 4.4.4 This element will be managed by Wirral Council within the scope of the Wirral Apprentice Programme budget, maintaining the planned delivery of 146 subsidised apprentice places.

## **5.0 RELEVANT RISKS**

- 5.1 The Council is required to be the Accountable body for the ESF resources and in addition to managing and accounting for the money it also has to ensure compliance with all existing European financial and audit requirements. These are standard ESF requirements and ones which the Council already undertakes in relation to the other ESF projects for which it is the accountable body.
- 5.2 Officers from Legal Services have identified a number of clauses within the funding agreement from Knowsley Council which require amendment or deletion prior to signing. Due to the timescales, members are requested to delegate responsibility to the Director of Law, Asset Management and HR and the Interim Director of Corporate Services to finalise and sign off the worklessness contract in consultation with the Leader of Council and the portfolio holder for Economy and Regeneration. On receipt of the apprenticeship funding agreement, members are requested to approve the same delegated process.
- 5.3 The Council will pass the liabilities of the contract to the suppliers. In line with the recommendations from the Economy and Regeneration Task Force of *Wirral's Future. Be a part of it*, the Council has developed a payment model based on performance outputs. This model will pay the supplier an equal monthly sum of payments, subject to a retention of 5% to be held from each instalment. The Council shall release to the supplier the final 5% when the targets for the programme have been met.
- 5.4 The Council will manage this programme through existing officers in Corporate Services who have the expertise and proven track record in dealing with ESF projects.

## **6.0 OTHER OPTIONS CONSIDERED**

- 6.1 All suppliers that submitted a Pre Qualification Questionnaire or Tender within the required timescale were duly considered.

## **7.0 CONSULTATION**

- 7.1 The activity for both the apprenticeship and workless elements of these proposals continue to meet key priorities and fit with the recommendations of

the Economy and Regeneration Task Force as agreed by cabinet on 9<sup>th</sup> December.

## **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 8.1 The tendering process for an element of the worklessness programme supported consortia applications that enabled smaller organisations, including voluntary, community and faith groups to bid to deliver the contract.
- 8.2 The recommended supplier of the worklessness contract is a consortium that includes a number of voluntary, community and faith groups. However a number of other such groups from across Wirral were not successful in their consortia/individual bids.

## **9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

- 9.1 As outlined in the cabinet report on 9<sup>th</sup> December 2010, financial provision for the cost of one Project Manager has been included in the programme. Additionally financial provision for the costs of one Apprentice Retention and Support Officer has been included in the funding bid to support the Wirral Apprentice Manager in the delivery of the programme. The ILM programme will also be managed by existing staff from within Corporate Services.
- 9.2 As per paragraph 4.1.3 of this report, Cabinet have previously agreed a match funding sum of £2,278,889 to be allocated to draw down £1,876,270 of ESF resource; with the total allocation for the worklessness programme amounting to £2,440,620. The tendering process for an element of the worklessness programme requested bids in the region of £1,500,000. Involve Northwest submitted a bid to the value of £1,461,484, leaving a remaining allocation of £976,136. Authorisation is sought for the Interim Director of Corporate Services to progress other enabling actions to support the delivery of worklessness as outlined in Wirral's application to secure these funds and paragraph 4.3.10 of this report.

## **10.0 LEGAL IMPLICATIONS**

- 10.1 Given the value of the worklessness contract the Council is obliged to follow the requirements of the Public Contracts Regulations 2006. The Funding Agreement relating to the worklessness contract will detail the Council's duties and obligations as the ESF Accountable Body and the draft agreement will be amended to accurately reflect the terms and conditions that have been negotiated and agreed by the Council. All necessary terms relating to obligations, indemnities and liabilities will also be agreed between the Council and the appointed suppliers.

## **11.0 EQUALITIES IMPLICATIONS**

- 11.1 This activity will provide activity to support a range of priority customers group who are currently under-represented in the labour market to secure sustainable employment.
- 11.2 Equality Impact Assessment (EIA)
  - (a) Is an EIA required? No

(b) If ‘yes’, has one been completed? Yes. The Regional ESF Framework has already been subject to an Equality Impact Assessment.

## **12.0 CARBON REDUCTION IMPLICATIONS**

12.1 This activity will support and contribute to the Regional ESF Framework by supporting apprentices and workless adults to secure “green jobs”

## **13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

13.1 There are no implications arising directly from this report

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## **APPENDICES**

Appendix 1: Exempt – Tender Scores (naming all suppliers)

## **REFERENCE MATERIAL**

### **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Working Wirral: European Social Fund Complementary Strand report to Wirral Council Cabinet	<b>23<sup>rd</sup> July 2008</b>
Extension of Wirral Apprentice Programme report to Wirral Council Cabinet	<b>14<sup>th</sup> October 2010</b>
Liverpool City Region European Funding Proposal report to Wirral Council Cabinet	<b>4<sup>th</sup> November 2010</b>
Tackling worklessness and supporting apprenticeships in Wirral through the European Social Fund report to Wirral Council Cabinet	<b>9<sup>th</sup> December 2010</b>