

**SURREY COUNTY COUNCIL****CABINET****DATE: 27 OCTOBER 2015****REPORT OF: MRS LINDA KEMENY, CABINET MEMBER FOR SCHOOLS,  
SKILLS AND EDUCATIONAL ACHIEVEMENT****LEAD OFFICER: GARATH SYMONDS, ASSISTANT DIRECTOR FOR YOUNG  
PEOPLE****SUBJECT: CREATING OPPORTUNITIES FOR YOUNG PEOPLE – YEAR  
11/12 TRANSITION CONTRACT AWARD****SUMMARY OF ISSUE:**

To award a fixed price contract to U-Explore Ltd. for the provision of Year 11/12 Transition Services for Young People (age 16-17) who are at risk of becoming NEET (Not in Education, Employment or Training). The report provides details of the procurement process and demonstrates why the recommended contract award to U-Explore Ltd delivers best value for money for Surrey residents.

Due to the commercial sensitivity involved in the contract award process, the names and financial details of the potential suppliers have been circulated as a Part 2 report – item 24.

**RECOMMENDATIONS:**

Following consideration of the results of the procurement process noted in Part 2, this report recommends that a fixed-price contract is awarded to the highest scoring tenderer (U-Explore Ltd.) for the provision of Year 11/12 Transition Services to Young People (age 16-17) at risk of becoming NEET, at a value of £1.578m over four years (£394,387 per year), to commence 1 January 2016 for a period of three years, with the option to extend for a further year.

**REASON FOR RECOMMENDATIONS:**

The existing contracts with the two current providers will expire on 31 December 2015. A full tender process, in compliance with the requirement of EU Procurement Legislation and Procurement Standing Orders has been completed, and the recommendations provide best value for money for the Council, following a thorough evaluation process.

Building on the previous success of this commission and aligned to the strategy outlined within 'Creating Opportunities for Young People: Re-Commissioning for 2015-2020' it is intended to award a fixed-price contract to U-Explore Ltd. for the provision of support services to young people, age 16-17, at risk of becoming NEET, to commence on 1 January 2016 for a period of three years, with the option to extend for a further year.

This report provides details of the procurement process, including the results of the evaluation process, user / customer engagement and consultation and, in conjunction with the Part 2 report, demonstrates why the recommended contract award delivers best value for money.

<b>DETAILS:</b>
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## Business Case

1. In April 2014, Cabinet agreed the strategic direction for Creating Opportunities for Young People: Re-commissioning for 2015 to 2020. Since 2010, Services for Young People has significantly impacted three key social problems experienced by young people: youth unemployment, youth crime and youth homelessness. The commissioning strategy has taken a whole-system approach, working with internal and external partners to achieve the lowest level of young people who are NEET. Surrey currently has the second lowest level of NEET in England, only bettered proportionately by a much smaller authority: Harrow (Source: Department for Education, July 2015).
2. Since 2012, 1,775 young people, age 16-17, deemed to be at risk of becoming NEET have been prevented from doing so through the Year 11/12 Transition commission. The average NEET young person requires 25 hours of support to re-engage them, which for this group would equate to an estimated cost of approximately £650,000. This has led to very strong performance in relation to NEET numbers, which has attracted attention from the LGA, other authorities and European organisations.
3. The Council intends to let a single, outcomes-based contract, divided into four Lots across Surrey, focusing on assisting young people to make a successful transition into education, training or employment at 16 to meet the requirements of *Raising of the Participation Age* legislation.

The service Provider will be expected to:

- Provide support to an identified group of young people in Year 11 of secondary school, who are at risk of becoming NEET at the end of their compulsory education, to prepare them for their chosen progression pathway.
  - Assist young people deemed to be at risk from the January of Year 11 until the second half-term of Year 12.
  - Maximise the involvement of people using the service, their parents and carers, and stakeholders to:
    - Participate in decision-making
    - Be involved in the monitoring and evaluation processes of the services
    - Co-design and develop the services provided
    - Take ownership of their/their children's/learners' pathways into education, training or employment.
4. The proposal is to continue to provide a service for young people at risk of becoming NEET, extending the period of support until the second half-term of year 12, rather than the current January, based on research that has shown that progressions sustained up to this point are more likely to result in successful completion. This service would enable young people to make a successful transition by providing one-to-one support to identify the right progression route to meet their individual needs and aspirations. The service could include guidance and assistance with making applications for college or employment, attending interviews, dealing with unexpected GCSE results or finding an Apprenticeship.
  5. It is intended that the provider will be given a list, developed with secondary schools, of Surrey young people considered to be most at risk of becoming NEET in Year 11. The provider will be required to support all the young people on the list to identify an appropriate

destination following the completion of their schooling, including guidance through examination results, holiday periods and into the beginning of their further education or employment. The success of the project is measured by the number of 'at risk' young people supported who are still in education, training or employment by the second half-term of Year 12 (mid-February).

6. Over the last three years, the project has achieved a success rate of 91%, with 1,775 of 1,959 young people making successful transitions. Any young people who fail to make a successful transition continue to be supported by the Council's Youth Support Service until they are either able to do so, or until they reach the end of Year 14, in line with Surrey's statutory duties.

### **Procurement Strategy**

7. There are currently two organisations that deliver Year 11/12 Transition services across Surrey; U-Explore and East Surrey College, the former covering three quadrants of the county and the latter one quadrant. The existing contracts will expire on 31 December 2015. A full tender process, compliant with the European Public Procurement Regulations and Procurement Standing Orders has been carried out. This included advertising the contract opportunity in the Official Journal of the European Union (OJEU).
8. Several options were considered when completing the Strategic Procurement Plan, prior to commencing the procurement activity. These were:
  - a. Do not deliver any service - This was rejected due to the high need for this supportive service and the significant success achieved to-date.
  - b. Deliver the service in-house - This was rejected on the basis that it would be a more expensive option, as a large number staff would transfer under TUPE to Surrey CC and there are partner organisations, including the two incumbents, currently, and keen to continue, providing a high standard of service.
  - c. Re-commission the outcomes-based contract to an external provider – This was accepted as being the most cost effective option, with tangible benefits and sufficient providers in the marketplace available to deliver a high quality, innovative and pro-active service.
  - d. Award one county-wide contract.
9. After a full and detailed options analysis, tenders were invited for each of four Lots, to encourage smaller, more localised providers to consider bidding. This option could have resulted in one single provider across the county contracted under four separate Lots, or up to four individual providers contracted separated under each Lot. Dividing the contract into quadrants also places the commission in line with other commissions within Services for Young People. Having two/three boroughs within each quadrant/Lot allows for more dynamic budget allocation flexibility, as levels of local need can vary from year to year.
10. A joint Procurement and Commissioning team was set up to appraise the options for commissioning and to evaluate the final bids submitted.

### **Market management activities**

11. Provider engagement events were held in 2014, during the Services for Young People Re-Commissioning Project 2015-2020, to stimulate interest in this and other commissions.

12. Through the market stimulation activities completed during the planning phase of the procurement process, a total of 28 potential providers responded, with four finally submitting bids.

### Competitive Tendering Process

13. The contract has been let as a competitive tendering exercise. An open tender was deemed most appropriate in order to simplify and shorten the bidding process, as expressed as a preference by delegates at the preceding provider events.
14. The procurement activity included a simple, Pre-Qualification stage as Part One of the Tender process, where suppliers expressing an interest in the advertised tender opportunity were evaluated to ensure that they had the legal, financial and technical capacity (including their Health & Safety and Equal Opportunities policies) to undertake the contract for the Council. The result of this process was that, of the four suppliers who expressed an interest, all were deemed appropriate to receive a full evaluation of their tender submissions.
15. Tenderers were given 35 days to complete and submit their tenders. These were then evaluated against the following criteria and weightings: Meeting Key Outcomes 30%; Engagement with young people 10%; Experience 10%; Working with stakeholders 10%; Quality of service 10%; Meeting milestones 5%; Careers Education, Information, Advice and Guidance (CEIAG) expertise 10%; Response to legislation 5%; Cost and Delivery 10%.
16. U-Explore Ltd scored the highest scores in each of the Lots. The overall scores for each quadrant are given in Part 2 of this report.
17. U-Explore has been providing this service to the Council since 2012. They began as a sub-contractor delivery partner to Working Links but took on the contract directly in 2014. The work they have undertaken is very highly rated by all stakeholders, with consistently high success rates being achieved.
18. U-Explore's headquarters is located in York but all delivery staff on the current Year 11/12 Transition contract are based in Surrey and U-Explore is heavily involved in local networks. The U-Explore online careers information portal has been used by schools, colleges, training providers and the Youth Support Service.
19. U-Explore have good financial stability and have passed all of the required criteria in this area.

### Key Implications

20. By awarding a contract to U-Explore Ltd. for the provision of the Year 11/12 Transition service, the Council will ensure that this preventative service continues to facilitate young people's transition into education, training or employment. It will also help to meet the Council's statutory responsibilities under *Raising of the Participation Age* legislation and preclude the need for case management provided by the Youth Support Service for all NEET young people in Surrey, thereby delivering significant cost savings.
21. There are TUPE implications, for which information on potential affected staff with the two incumbent Providers has been shared with all bidders.
22. Performance will be monitored through a series of Objectively Verifiable Indicators (OVIs), as detailed in the contract and reviewed at monthly operations meetings. The Objectively Verifiable Indicators (OVIs) are as follows:

Output objectively verifiable indicators (OVIs)	Related outputs from Surrey Young People's Outcomes Framework
% of Surrey young people (age 16-17) who were identified as being at risk of becoming NEET in Year 11 are in education, training or employment at second half-term of year 12.	1.2 - Successful transition made to post-16 education, training and employment.
% reduction each year in the number of Surrey young people in the cohort in year 12 who drop-out of education, training and employment before the second half-term of year 12	4.1 - Young people prevented from becoming NEET.

23. The management responsibility for the contract lies with the Services for Young People Commissioning Team and will be managed in line with the Contract Management Strategy and plan, as laid out in the contract documentation, which also provides for review of performance and costs, including inflationary increases and efficiency savings from identified continuous improvements in performance.

#### **CONSULTATION:**

24. A number of inclusive stakeholder/provider engagement events were held in 2014, as part of the overall Services for Young People Re-commissioning Strategy. These events included information-sharing relating to up-coming contract/grant opportunities for potential bidders.

#### **RISK MANAGEMENT AND IMPLICATIONS:**

25. There is a high risk of increased costs caused by young people becoming NEET. Since 2012, 1,775 young people who were deemed to be at risk of becoming NEET have been prevented from doing so through this commission. The average NEET young person requires 25 hours of support to re-engage them, which for this group would equate to an estimated cost of approximately £650,000. By continuing the commission and increasing the number of beneficiaries, as compared to levels within the current contracts, this risk is further reduced.
26. The contract will include appropriate Funding Reduction and Termination Clauses to cover any changes in the financial position or commissioning strategy.
27. All tenderers successfully completed satisfactory financial checks.
28. The following key risks associated with the contract and contract award have been identified, along with mitigation activities:

Category	Risk Description	Mitigation Activity
Service Risks (Financial, Reputational and Service)	Population of 13-19 year olds increases by the forecast amount of 5% during commissioning period, resulting in increased demand at time of significant budget pressures and leading to reduced outcomes for young people.	Develop new innovative routes of delivery.
	Adaptations to SYP operating model destabilise staff, resulting in loss of key personnel, skills and a dip in performance.	Ensure decision makers are fully informed about the risks and that benefits of proposed changes outweigh the risks. Manage risks through effective change management plan.
Procurement Risks (Legal, Financial, Reputational and Commercial)	Reputational damage to SCC if the commission does not meet expectations.	Ensure contract management is carried out regularly, following the requirements of the OVI's.
	Significant budget reductions make it impossible to sustain the commissions.	Develop plans to ensure the commissioned service is flexible to respond to increasing demand and reduced budget.

### **Financial and Value for Money Implications**

29. The cost of the Year 11/12 Transition contract over the full term is expected to be £1.578m over four years (£394,387 per year). Funding for year one is approved in the current base budget. Funding for subsequent years will be built into annual base budgets as a fixed cost, with a clause inserted into the contract allowing for a reduction in contract value, depending on possible further budget reductions.
30. Based on recommendations from partners, the new contract will deliver support to 50 additional young people and for a longer period of time (58 weeks), compared to the current contracts. To deliver this increase in beneficiaries and extension to the support period at the current average unit cost, the total funding needed would have been £412,156, which is £17,769 more than the available budget. The fixed price tender however has included the increase in the number of young people supported and the support hours given within the budget available, therefore a cost avoidance/non-cashable saving has been identified.

### **Section 151 Officer Commentary**

31. This report recommends award of a flexible contract to support young people, aged 16-17, at risk of becoming NEET through the year 11-12 transition process. The annual value of the proposed contract is within the budget currently available in 2015/16 and includes terms that allow the contract to be managed should budgets change in the future.

### **Legal Implications – Monitoring Officer**

32. The Council has a duty to secure best value and to comply with relevant statutory provisions in the way in which it procures services. The procurement exercise undertaken to secure the provision of services to young people as set out in this report complies with these requirements.

### **Equalities and Diversity**

33. An over-arching Equalities Impact Assessment (EIA) for 'Creating Opportunities for Young People: Re-Commissioning for 2015-2020' was completed and approved in August 2014. There is therefore no need for a separate EIA for this specific commission.

### **Other Implications:**

34. The potential implications for the following Council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	No significant implications arising from this report. All looked-after children are automatically included within the 'at risk' cohort and receive the Year 11/12 Transition Service delivered in-house by the Youth Support Service.
Safeguarding responsibilities for vulnerable children and adults	No significant implications arising from this report.
Public Health	No significant implications arising from this report.
Climate change	No significant implications arising from this report.
Carbon emissions	No significant implications arising from this report.

### **WHAT HAPPENS NEXT:**

35. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award (including 'call in' period)	27 October 2015 (call in period ends 5 November 2015)
'Alcatel' Standstill Period (10 days after call-in)	16 November 2015
Contract Signature	17 November 2015
Contract Commencement Date	1 January 2016

36. The Council has an obligation to allow unsuccessful suppliers the opportunity to challenge the proposed contract award. This period is referred to as the 'Alcatel' standstill period.

- An initial letter will be sent to all bidders stating whether their organisation is being recommended to Cabinet for award.
- Following Cabinet, Call-In and Alcatel, formal letters will be sent to all bidders informing organisations of the Cabinet decision.

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**Consulted:**

A number of inclusive stakeholder/Provider engagement events were held in 2014 as part of the overall Services for Young People Re-commissioning Strategy.

The Procurement Review Group (1 September 2015 Case 20110-1)

**Annexes:**

No Annexes are required for this report.

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