



Department
for Work &
Pensions



European Union
European
Social Fund

European Social Fund 2014-2020

Invitation to Tender Launch event

Coast to Capital Local Enterprise Partnership Area

23 May 2016

ESF Background

- The European Social Fund (ESF) was set up by the European Union to improve employment opportunities to help raise standards of living. ESF funds a variety of projects which aim to help people fulfil their potential by giving them better skills and better job prospects.
- 39 local partnerships in each Local Enterprise Partnership (LEP) area in England were given a notional allocation of ESF funds and each produced an Strategy setting out how the funds should be spent locally.
- The final strategies were signed off by the ESF Managing Authority (MA) following the formal adoption of the Operational Programme Plan by the European Commission in September 2015.
- The ESF MA advertise opportunities for organisations and providers to direct bid for ESF funding and the LEP area can also choose to opt-in with a delivery organisation. These are DWP, The Skills Funding Agency and the Big Lottery.
- Within the ESF 2014-20 element there are 3 priority areas: Employment, Skills and Social Inclusion. DWP will focus on the employment priority, though this is not exclusive to DWP.

ESF Requirements

- There are a number of regulatory requirements that must be adhered to when delivering ESF provision, these relate to but are not exclusive to:
- **Marketing and Publicity** – using the ESF 2014-2020 logo on publicity materials and displaying ESF posters to promote funding streams.
- **Supporting the cross cutting themes of Gender Equality and Sustainable Development** – there should be commitments to promoting sustainable development in line with UK and European policies and promoting equality and combating discrimination in line with domestic legislation and European Regulations.
- **Documentation and Evidence retention** - robust systems and controls must be in place to ensure all documents (including any electronic information) are readily accessible to requests from auditors and DWP upon request and stored in accordance with DWP standards. We would expect Providers to retain documents to 31st December 2026.
- **Compliance Monitoring Officers** - perform evidence based checks on the regulatory requirements. DWP specify the centralised locations where the checks will take place. Providers will need remote IT equipment to bring to these locations for checks of Providers systems.

ESF Audit

- Audits will scrutinise systems and all payments claimed and documentation must show that payments are eligible in accordance with the contract terms and conditions.
- There are a number of bodies which will require access for audit purposes, these include but are not restricted to:
 - ESF Audit Authority;
 - DWP Managing Authority
 - The European Court of Auditors;
 - The European Commission's Auditors;
 - The National Audit Office;
 - DWP Risk Assurance Division; and
 - Other bodies as required by or on behalf of DWP/European Commission.
- It cannot be emphasised enough that failure to meet audit requirements results in a high financial risk for providers and DWP, as funds used inappropriately or for ineligible participants or purposes are recoverable.

Geography

The Provider is expected to deliver the Provision across:

- Brighton and Hove;
 - Whole of West Sussex;
 - Surrey districts of Mole Valley, Reigate & Banstead, Epsom & Ewell and Tandridge;
 - London Borough of Croydon.
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- The Districts of Lewes and Uttlesford lie within the Coast to Capital LEP area but are not covered within this contract.
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- As a minimum the Provider must deliver from premises in Brighton & Hove, Crawley, Chichester, Horsham, Croydon and Redhill.

Contract Duration and Referrals

The contract will consist of:

- 8-13 week Commencement Period from the Contract Commencement Date;
- 3 year Provision Period which will include any In-Work Support Provision appropriate to the Participant's needs;
- 64 week payment tail;
- There will also be a Run Off period under which the Provider will continue to have obligations under the Contract.
- Referrals will take place during the 2 years from the Service start date.

Priority Groups & Eligibility

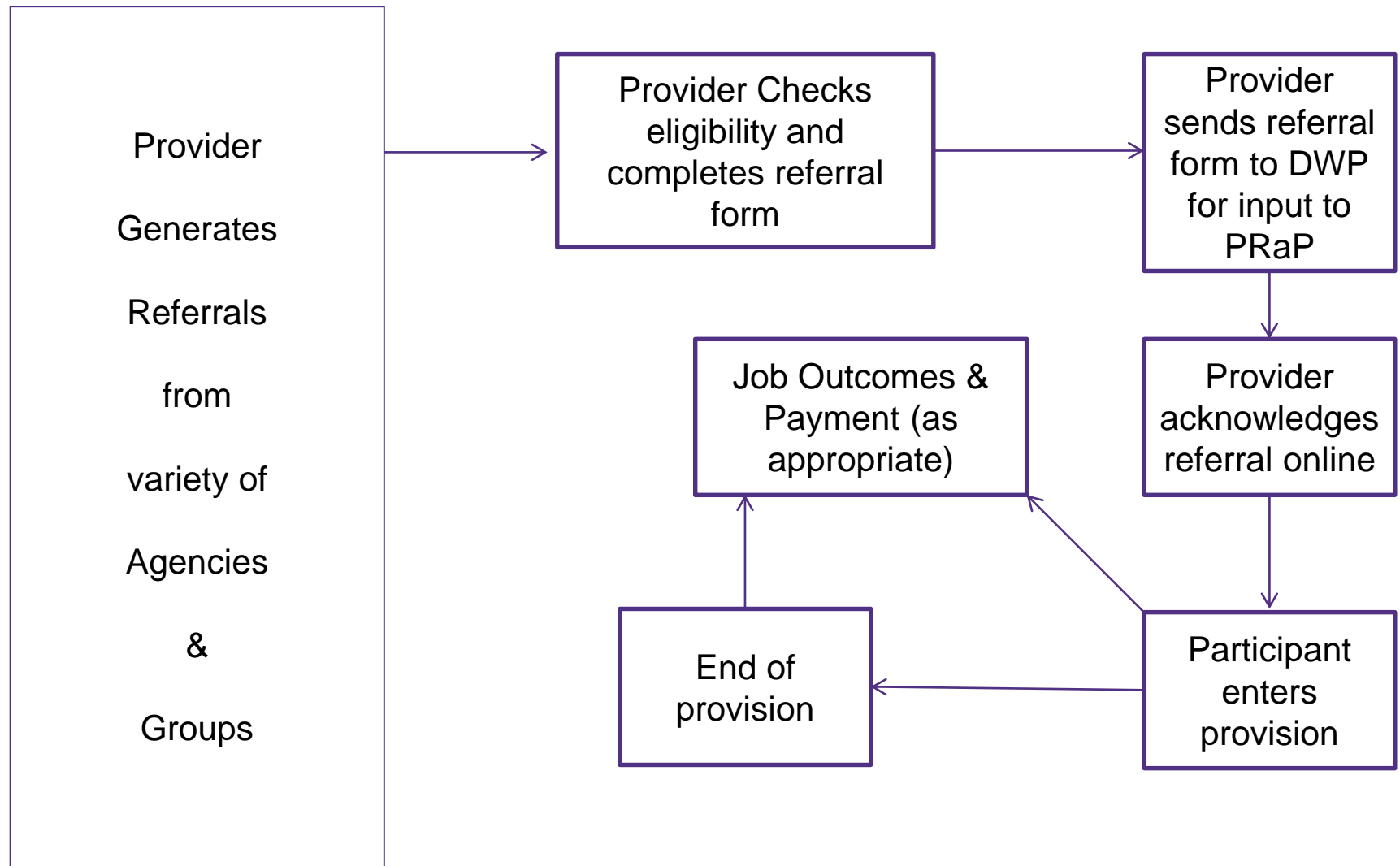
The LEP has requested that the Provider should target the following groups as a priority, but not exclusively unemployed and inactive people who are:

- Disabled including those with learning difficulties and mental health problems;
- Members of the black and ethnic minority community;
- Lone Parents;
- Older unemployed aged 55 years and over;
- Long term unemployed;
- Those with debt and money management problems;
- Individuals requiring help that have been identified by the Troubled Families team.

Croydon

- Troubled Families provision is being delivered through ESF 2014 – 2020 in the London LEP area which overlaps with the Coast to Capital LEP area in the Borough of Croydon.
- The Provider in the Coast to Capital LEP area must not recruit participants onto their provision in the Borough of Croydon if the qualifying eligibility criteria is because they are from a Troubled Family.
- If an individual under this provision is identified and is eligible for the Troubled Families provision, they should be signposted to the London provider covering the Croydon area.

Customer Journey (including referral process)



The Commercial Approach

- Open & fair competition leading to contract award to 1 Provider
- Compliant with EU Procurement & Cabinet Office Lean Procurement Guidelines
- Any legal entity can bid (Special Purpose Vehicle through consortia and partnership)
- DWP strongly support and encourage local market and specialist engagement in the provision either in their own right or through the supply chain

DWP Invitation to Tender Process (ItT)

- ItT process via “e” Procurement System – BravoSolution (Free registration required to submit a tender)
- Bid writing phase – 6 weeks
- ItT consists of:-
 - Specification
 - Technical Envelope
 - Qualitative Envelope
 - Financials
 - Draft T&Cs
 - Instructions to Potential Suppliers & Award Criteria - Guidance
 - Bidder Q&A Process

Evaluation process: Transparency and Level Playing Field

- Tenderers will compete on the award criteria of Most Economically Advantageous Tender
- Evaluation will be carried out by a team of evaluators and scores moderated independently
- Financial evaluation will be carried out independently
- Qualitative assessment will focus on a range of questions as detailed in the Instructions to Potential Suppliers, including how the questions are weighted.

Financial Evaluation

- **Payment Model**
- Maximum budget £1,339,722
- Minimum number of Participants Starts on the Programme – 745
- Payments structure
 - Delivery Fee 25%
 - Short Job Outcome 40%
 - Sustained Job Outcome 35%
- The Delivery Fee will be paid in 24 equal monthly instalments and is not directly related to the job outcome performance. It is there to provide support whilst cohorts are being established and job outcomes achieved. The Delivery Fee will not be reduced where under occupancy occurs. This will be addressed through Performance Management.
- Delivery Fee will be paid monthly in arrears and will be paid one month after the Service Start Date. The Service Start Date is defined as the date the Provider starts delivering the provision.

Financial Evaluation

- **Pricing Proposal**
- Comprises of:
 - Pricing Summary Sheet
 - Assumptions Sheet
 - Assets Schedule Sheet
 - Cohort Summary Sheet
 - Cohort Profile – Short Job Outcomes
 - Cohort Profile – Sustained Job Outcomes
- Costs must exclude Output VAT
- Costs must include inflation
- Working Capital Requirements
- Legal Entity Status
- Declaration must be signed by the Lead Contractor in a consortium

Financial Evaluation

- **Financial Support for Participants**
- Travel and additional support costs
- Child Care or Caring Responsibility Costs
- In work support costs
- **Completing the Pricing Proposal for these costs**
- Bidders must detail of how the costs have been calculated in the assumptions boxes provided
- Be clear to explain your assumptions about the number of participants you consider may incur these costs and why
- Show your calculations for any costs to prevent the financial team sending a clarification asking for the costs to be broken down.
- Please note that Potential Providers must promote funding for travel, childcare and caring costs as part of the promotional campaign

Financial Evaluation

- All bids must be equal to or lower than the maximum contract price. If a bid is over this amount it will be considered to be non-compliant and will be excluded from the evaluation
- Bids are assessed on the total of the Short Job Outcome and Sustained Job Outcome price offers, being added together to provide a total Job Outcome Price
- Delivery Fees are not assessed as part of the evaluation as it is a fixed 30% of the total contract value but is contained within the maximum contract value
- DWP will assess the Potential Provider's proposed prices in **two stages**:
 - The overall total Job Outcome price is compared to all bids received and ranked
 - Bids that are financially ranked in positions 1 to 5 will undergo a detailed review of their tenders in order to ensure the consistency of financial and non-financial information.
- The lowest combined Job Outcome price per participant will receive 100 marks and all other bids will be relatively assessed against this bid. For example, if the next bid is 10% more expensive, they will receive 90 marks.
- The relative assessment scores are then multiplied by the finance weighting of 0.2 to give an overall financial score.

Financial Evaluation

- Median Based Control
 - To ensure that bid prices are credible, a median based control will be applied to all bids
 - The tolerance band will be $\pm 40\%$ of the median participant unit price.
 - The median participant unit price per Short Job Outcome, Sustained Job Outcome and Total Job Outcome will be calculated from all the compliant bids received.
 - The Authority reserves the right to exclude Potential Providers from the competition where the offered prices for any of the Short Job Outcome, Sustained Job Outcome and Total Job Outcome per participant are outside the tolerance band

Financial Evaluation

- **Financial Viability Risk Assessment (FVRA)**
- A review of the financial accounts of bidding organisations to assess their financial standing.
- The purpose of the FVRA is to ensure Potential Providers have sufficient resources to successfully deliver the contract with a minimal risk of failure.
- This is separate from the financial evaluation and therefore does not form part of your overall evaluation score.
- Assessed in three areas
 - Organisational Stability;
 - Financial Stability; and
 - Growth Management.
- The formula used to calculate organisation threshold is :
 - ❑ $\text{Annual Turnover} \times 100\% = \text{Potential maximum annual value of business with DWP.}$

And the Winner is

- Quality evaluation will contribute 80% towards the overall score; Price evaluation will contribute 20% towards the overall score
- Steps to Contract Award:
 - Internal Governance Board
 - Ministerial Approval
 - Preferred Bidder Announcement
 - Written Feedback
 - Post Tender Clarification
 - Alcatel/Standstill Period
 - Contract Award
 - Publication of Redacted Winning bid(s)
 - Implementation Phase (incl Security checks e.g. penetration testing)
 - Go-live
 - Performance & Contract Management

All queries relating to this tender should be submitted via Bravo Solutions: all queries raised outside this platform will be ignored. If problems accessing Bravo contact the Bravo Helpline (see Instructions to potential Supplier guidance)

Procurement Timetable

Invitation to Tender available via Bravo	4 May 2016
ItT Briefing Event	23 May 2016
Deadline for Q&A Questions	8 June 2016
Deadline for receipt of Tenders	10am 15 June 2016
Intention to Award notification	w/c 12 September 2016
Service Commencement	December 2016

Bid writing – Hints & tips & Common Faux Pas

- No late bids: don't leave it till last second
- Start by reading the Instructions to Potential Suppliers thoroughly
- Assume nothing
- Answer pages are limited so make every word count
- Avoid broad sweeping statements
- Comply
- Each question is self contained
- All subcontractors must provide written assurance as part of the submitted bid

Bid writing – Hints & tips

- Ensure your **financials match your qualitative response**
- Have your bid quality assured and reality checked by someone not involved in the bid writing – critical friend. Check your uploaded bid, is it what you want to submit?
- Don't overbid: you will be contractually bound to your tendering offer if your offer is higher than the specification requirements
- Further information about DWP Procurement can be found at:

<https://www.gov.uk/government/organisations/department-for-work-pensions/about/procurement>

Notification of Results

- Written feedback only will be supplied to all Bidders, providing:
 - Score attained against each criterion;
 - The score the successful organisation attained against those criterion;
 - Any other mechanisms which impacted the outcome of the evaluation as detailed in Instructions to Bidders;
 - The name of the successful organisation.

Performance Expectations

What we measure – Performance and Service

- Minimum Performance Levels
 - Performance targets from the Providers' bids
 - Customer Service Standards
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- MPLs and Customer Service Standards are detailed in the specification
 - MPLs include job outcome rates and sustained job outcome rates
 - These are measured in cohorts (a group of people joining provision in a calendar month)
 - Details of a recording that explains how this works in more detail is provided in the ITT pack on Bravo – please take the time to listen to this

Performance Management Regime

There are four levels of this regime:

- Level 1: Performance Management Regime (PMR)
- Level 2: Informal action - Performance Manager (PM) Led
- Level 3: Informal action - Nationally Led
- Level 4: Formal action - Nationally Led

Outcome Payment Validation

- DWP will validate a representative sample of outcome payments
- From this we calculate the % of the sample which fail validation and in turn extrapolate recoveries to be made against all payments made in that validation period
- Currently validation is carried out to allow extrapolation by contract
- For ESF, we will validate by Provider instead
- This means that any Provider with more than 1 ESF contract, will have to prepare fewer samples overall for validation
- Also, fewer employers would be affected by validation
- This is currently being incorporated into our Terms and Conditions – a new version will be published via Bravo shortly