

APPENDIX 1: BUSINESS CASE AND PROCUREMENT STRATEGY REPORT

1. BUSINESS CASE – WHY THE PROCUREMENT IS NEEDED

2. The main body of the report makes the case for fundamental change in how community advice services should be provided to residents, and especially disadvantaged groups. In particular - given that demand for these important services looks set to continue rising – there is a need for the council to take a more strategic, holistic, and longer-term approach to the delivery of community advice services.
3. The council has supported community advice services for more than 15 years. The service demand is well established and has grown in recent years following changes to benefit regimes and national reductions in entitlement to legal aid. There is a strong, well evidenced case for the need for community advice services, to support residents with information and advice and to support residents with casework and legal representation.
4. Community Advice services offer vital, often critical support services which protect residents' rights, enable them to cope with and avoid future crises, and enable them to move towards stability and independence. Current grant funded community advice services currently deal with over 15,000 cases a year involving borough residents. most these cases involve either a risk of homelessness, or are affected by poverty, worklessness and social exclusion.
5. Traditionally, councils have funded these services via grant-aid to 3rd sector organisations on short-to-medium term basis.
6. Given the key recommendations of the two Low Commissions highlighted in section 6 of the main report, and the findings of the council's own Poverty and Worklessness Commission, the council now wishes to support sustainable longer-term community advice services via 10-year contracts.
7. The combined estimated of these longer-term contracts will be above the financial threshold contained in the Public Contracts Regulations 2015, the contracts should be advertised in the Official Journal of the EU and a public procurement exercise run.
8. In short, the procurement is needed to:
 - a) Improve the quality, effectiveness and efficiency of community advice services, and the outcomes these services deliver for local people;
 - b) Establish effective and efficient long-term contractual partnerships for the delivery of these services.
 - c) Ensure transparency and compliance with public procurement law in how these contractual partnerships are awarded.
 - d) Give practical effect to the Administration's manifesto commitments and policy objectives on social inclusion, supporting vulnerable adults, and redesigning procurement to deliver community benefits and encourage the local 3rd sector to bid for Council contracts.

FINANCIAL INFORMATION

9. The total current financial value of council-funded funded community advice services is £658,171 in 2016/17. It is proposed that there is a single procurement exercise for the new service, sub-divided into three “lots”, with the approximate budget allocated to each “lot” as below:

| | Anticipated value pfy |
|---|-----------------------|
| a. Generalist community advice | £330,000 to 415,000 |
| b. Specialist community legal advice and representation (with an initial focus on housing related issues) | £100,000 - £185,000 |
| c. Specialist advice and support for disabled residents, with an initial focus on welfare benefits and welfare reform | £80,000 - £90,000 |

10. The funding for these “lots” will come from the H&F corporate grants programme, the 3rd Sector Investment Fund.

THE MARKET

11. This is a fairly limited and niche market with relatively few provider organisations having the requisite processes and systems in place to deliver sensitive services at the quality and capacity required. Whilst there are a limited number of community advice providers based in Hammersmith and Fulham, with other similar 3rd sector organisations based in other London boroughs, this is a small provider market for the full range of services the council is seeking for its community advice services. Some organisations provide high-level generic “advice and information” services, but few provide these alongside detailed specialist legal advice services, for instance, on housing matters, and able to demonstrate experience of forming effective partnerships, and a high degree of trust, with local partner organisations and the local community.
12. Nonetheless, whilst the supply market is small, officers are confident that bidders should be able, through a transparent and robust procurement, to demonstrate that they:
- Have a proven track record of providing high quality and outcomes focussed community advice services.
 - Have had significant successes in winning court cases, reducing debt, securing entitlements/benefits, avoiding homelessness, particularly for traditionally excluded communities.
 - Are able to operate efficient and responsive community advice services in Hammersmith and Fulham.
 - Can deliver the services at the capacity required.

- d. Can bring and deliver added value in the borough, including the use of volunteers, local employment opportunities and additional funding levered into the local economy.
 - e. Will be able to offer a range of additional services that will enhance the value impact of the contract fee.
 - f. Secure, deliver and sustain partnerships and collaborations within the voluntary and community sector.
 - g. Will be able, at the time of contract commencement, to provide the services from suitable and accessible premises in the borough, and with an appropriate staff resource.
13. Successful bidders will be required to demonstrate that they will be able to secure an operating base within the borough at the commencement of the contract in order to fulfil the essential requirements of access, partnership, and knowledge of the potential client base.

CONTRACT PACKAGE, LENGTH AND SPECIFICATION

14. In order to meet the vision of the Low Reports, and the ambition of the Administration's policy objectives around holistic and sustainable long-term partnerships, it is recommended that the contract(s) should be awarded for a period of ten-years.
15. Following the requirement within the Public Contracts Regulations 2015 to consider sub-dividing contracts in smaller "lots" to encourage bids from SMEs and 3rd sector organisations, it also recommended that the contract be broken down into three "lots" as described in paragraph 9 above.
16. Work on tender documentation, including the Specification, KPIs, and the contract award criteria is currently being undertaken. Please see paragraph 24 below for further information.

OTHER STRATEGIC POLICY OBJECTIVES

17. It is anticipated that the establishment of 10-year contracts for Community Advice services, along with other initiatives within the Third Sector, will contribute to and help deliver a number of other policy drivers and initiatives:
18. **Poverty & Worklessness Commission:** it is anticipated that Community Advice services will respond positively to the emerging findings and recommendations of the Poverty & Worklessness Commission, which is due to report in early 2017. The service specification for Community Advice services will reflect relevant recommendations made by the Commission that are relevant and appropriate.
19. **Housing policy and Welfare reform initiatives:** Community Advice services are already responding positively to changes to welfare reform and are ideally placed to ensure the H&F Advice Strategy provides a sustainable approach to supporting

residents through these changes, enabling the council to make use of its own resources to effectively mitigate the impacts for local residents wherever possible.

20. **Smarter Budgeting:** the council's Smarter Budgeting (Zero Based Budgeting) programme has identified areas where improved working with the Third Sector and community legal advice services could offer benefits as well as responding to the continued financial challenges facing local authorities.

PROCUREMENT PROCEDURE

21. Community legal and advice services are categorised under the Public Contracts Regulations as "Social and Other Specific Services, which fall under a "light touch" regime. Whilst the contracts must be advertised in the OJEU, the council has significant discretion in how the procurement is run, so long as it abides by the principles of fairness, transparency, and non-discrimination.
22. Given the smallness and specialist nature of this particular supply market, it is recommended that the Open Procedure is used, and in a way that reflects the Head of Procurement's advice in paragraph 13.2 in the main body of the report to ensure the specifics of quality, continuity, accessibility, affordability, availability, comprehensiveness, and the specific needs of disadvantaged and vulnerable groups, and their involvement and empowerment are fully met in the procurement's outcomes.

CONTRACT AWARD CRITERIA

23. The contract documentation including the service specification and KPIs are being developed by the Communications and Community team, with input from procurement and legal services. The drafts of these will be circulated to stakeholders for consultation prior to their finalisation and the commencement of the procurement.
24. As these are currently being written, and have not yet been consulted on with service users, it is recommended the final decision on the specifications and the contract award criteria will be delegated to the Director of Delivery and Value, in consultation with The Leader and Cabinet Member for Social Inclusion.

PROJECT MANAGEMENT AND GOVERNANCE

PROJECT MANAGEMENT

25. The procurement exercise will be led by Communications and Communities team, based in Delivery & Value. An assessment panel (based on the model for assessing 3rd Sector Investment Fund grant applications) will act as the Tender Assessment Panel.

26. The Director of Delivery & Value will be the relevant Director, with the Cabinet Member for Social Inclusion as the Lead Member for this award report.

CONTRACT MANAGEMENT

27. Contract monitoring will be undertaken by the Communities Investment team, which forms part of Communications and Community, with robust monitoring processes in place including output targets and regular outcome based reporting.