



HM Prison &
Probation Service

Overview of the dynamic framework and commissioning of rehabilitation and resettlement services

August 2020



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Dynamic Framework Overview

- The Dynamic Framework (DF) is a hybrid of a framework agreement and a dynamic purchasing system (DPS). The dynamic framework is the over-arching umbrella of probation services that we envisage regional probation directors and other authorities may commission in the future.
- Two Stages to the process
 - Onboarding onto the Dynamic Framework via the selection questionnaire
 - Call-off Competitions for specific services under the Dynamic Framework for example Accommodation in London.
 - Day One Services are call-off competitions, bidders that are successful on the selection questionnaire will be invited to bid against each call-off competition for Day One Services.

Dynamic framework service categories

Category
Accommodation
Employment, Training, Education (ETE)
Finance, Benefits, Debt (FBD)
Dependency and Recovery
Family and Significant Others
Lifestyle and Associates
Emotional Wellbeing
Social Inclusion
Cognitive and Behavioural Change
Women
Young Adults (18 – 25 years old)
Black, Asian and Minority Ethnic (BAME)
Restorative Justice
Service User Involvement

Framework was launched in June 2020, for seven years, extendable up to three years.

These service categories will be fixed for the life of the framework: only services falling within these categories can be commissioned via the framework.

How qualification and tendering work

Framework

- To qualify for the framework, suppliers will have to demonstrate experience and provide case studies relevant to the need category that they are interested in, as well as answering standard selection criteria (e.g. essential information about the organisation; whether there have been convictions for fraud or corruption).
- To qualify for the framework, suppliers will have to accept the standard framework agreement which contains various terms and conditions which will apply to any call-offs within the framework.
- When qualifying, providers will also state (but this will not be assessed) their geographic areas of interest.
- The framework is dynamic, so providers can join at any time.

Call-offs

- When a commissioner (NPS or other) wishes to call off services, they will set out their requirements and the call-off terms and conditions and then invite bids from all suppliers who are pre-qualified for that need and geographic area. This is why it is important to pre-announce intended call-offs, to give any potential suppliers who are not yet qualified the opportunity to qualify (for that need and geography) before the call-off is launched.
- Bids will then be evaluated, and call-off contracts awarded, in line with the requirements and methodology options contained within the framework agreement (e.g. there will be options, which must be selected at call-off stage, re which payment mechanism to use or which evaluation method to use).

Day 1 and Future Call-off's

Once the Dynamic Framework is live authorities will be able to procure from the 14 service categories.

The first call-off's that will take place are services required immediately by the regional Probation Services. We are calling these Day One Call-off's, these will be commissioned within the first few months of the Dynamic Framework been live.

Any ongoing or new requirements from the regional Probation Services or any other authority such as local authorities, police forces etc. will be commissioned at a time relevant to them. These are Day Two services or future call-off's.

HMPPS day one call-offs

- We propose to commission services to meet known core needs, using standard national specifications, to be in place for 'day one' of the unified model (i.e. when CRC contracts end). These core needs are based on national needs data and reflect common needs which exist nationally (albeit potentially to different degrees and requiring different solutions locally). These initial call-off contracts will be for two to four years (tbc).
- An exercise was undertaken with NPS regional directors to review whether there is already sufficient provision to meet these core needs in each PCC area by alternative commissioning routes. Based on this, for a small number of lots we expect to commission only a reduced service or to co-commission via an alternative route.
- **Day One call-off's are:**
 - Education, Training and Employment
 - Accommodation
 - Personal Well-being – multi-service category
 - Young Adults Personal Well-being in Wales Only – multi-service category
 - Women's Only - multi-service category

Day 1 Call-off Competitions

NPS Region (Geographic Level) Day 1 Call-Off Competitions	PCC (Geographic Level) Day 1 Call-Off Competitions
<p>1. Accommodation</p> <p>2. Education, Training and Employment (ETE)</p>	<p>3. Personal Wellbeing (consisting of Family and Significant Others, Lifestyle and Associates, Social Inclusion, Emotional Wellbeing)</p> <p>Note –Young Adults Cohort specific services will be competed in Wales for Personal Wellbeing.</p> <p>4. Women’s Services (consisting of Accommodation, ETE, Finance, Benefits and Debt, Personal Wellbeing, Dependency and Recovery)</p>

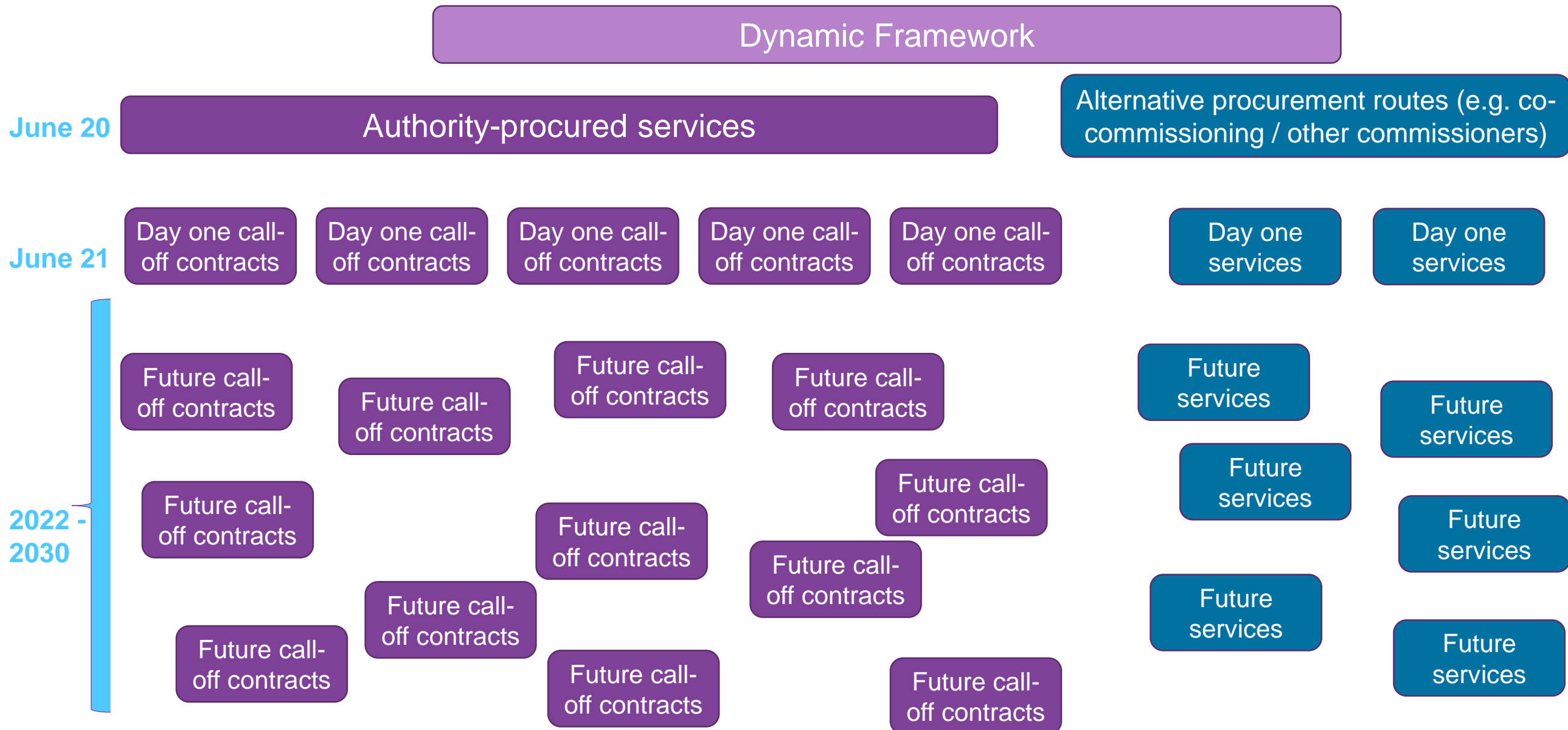
In prioritising the above Day 1 competitions the Authority will not be commissioning the Dependency and Recovery and Finance, Benefits and Debt (aside from in the Women’s Services) Service Categories for the revised Day 1 scope. We will support Regional Probation Directors to commission these Service Categories alongside our centrally-led Day 1 Call-Off Competitions.

Future call-offs

Further to the day one call-offs, there are a number of ways that future or additional services could be called off:

- NPS regional probation directors (RPDs) could re-commission similar services to those for day one but in different agglomeration e.g. all categories together, or focused on specific cohorts e.g. young adults or BAME
- RPDs could commission additional services e.g. specialist or locally-specific or more outcomes-focused, for instance using their regional outcomes and innovation fund (ROIF); they could use grants as well as contracts, as appropriate
- Other commissioners could commission services in any of the fourteen service categories
- Any service could be commissioned at any geographical level e.g. local authority, PCC or NPS region
- Any of the above could start to be commissioned at any time from the framework launch to its end; however a certain amount of activities and therefore time are required before a service would be ready to commence:
 - Decide and specify services to be commissioned; where relevant secure funding and/or involvement of other commissioning bodies;
 - Announce services in advance to allow potential suppliers time to pre-qualify onto framework to be able to bid;
 - Where necessary, conduct market engagement / warming;
 - Run and evaluate call-off competition;
 - Allow appropriate time for mobilisation and transition (usually six months);
- Any services could also be co-commissioned using other commissioners' alternative procurement routes, but similar activities/timescales would be required.

Dynamic framework and call-off contracts





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Qualification on to the Dynamic Framework: Completing the selection questionnaire



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Purpose and overview of this slide deck

The purpose of this document is to inform potential bidders of the qualification process onto the Dynamic Framework (DF). Note this slide deck supersedes previous SQ presentations.

It answers the following questions:

- What is a Selection Questionnaire?
- How will the SQ process work for the DF?
- What has changed since the last market engagement event in Dec 2019?
- An overview of the DF SQ: what will bidders be asked? What do bidders need to prepare?
- How do Consortia and Lead Entities who are reliant on supply chains qualify?

What is a Selection Questionnaire?

- In order to qualify onto the Probation Dynamic Framework, bidders must complete a Selection Questionnaire (SQ), which will then be evaluated by the Authority.
- SQ completion is a key stage in many public procurements. It enables the Authority to gather information on, and make assessments of, the prospective bidders' capability to deliver the services, before considering whether to invite bidders to tender. This includes gathering information about companies' previous experience, financial health, whether there are any mandatory exclusion grounds (e.g. corruption), whether they meet various project specific selection criteria, and so on.
- If bidders pass the SQ, they will be awarded a place on the DF and will be able to bid for Call-Off competitions relating to the Service Category (or Categories) they have qualified for and geographical locations they have stated they can deliver services in.
- Part 1 and 2 of the SQ cover bidder information and standard **mandatory and discretionary exclusion grounds**.
- Parts 3 and 4 of the DF SQ tests bidders' **technical ability / selection questions**
- The SQ is standardised across government with only some, project specific deviations permitted. We have highlighted in this slide deck where we have deviated from the standard SQ.
- SQs are **backward-looking**, so will test bidders on their experience and existing capabilities, whereas at Call-Off stage, questions will be forward-looking, focusing on the bidder's solution in relation to the Call-Off contract.

How will the Selection Questionnaire Process work for the DF?

- The Authority is releasing information to the market regarding the Dynamic Framework via the Probation Dynamic Framework Market Warming PQQ on Jaggaer (formerly Bravo). Bidders can access the full suite of material by following [this link](https://ministryofjusticecommercial.bravosolution.co.uk/web/login.html) and logging in, or creating an account and searching for 'Probation Dynamic Framework Market Warming' in PQQs: <https://ministryofjusticecommercial.bravosolution.co.uk/web/login.html>
- Once the DF is launched, bidders can complete the SQ via the Authority's e-sourcing suite: Jaggaer. Suppliers can create an account [here](https://ministryofjusticecommercial.bravosolution.co.uk/web/login.html) in advance of the launch:
<https://ministryofjusticecommercial.bravosolution.co.uk/web/login.html>
- Bidders must successfully complete a Selection Questionnaire to qualify onto the DF.
- The Authority will aim to evaluate responses to the Selection Questionnaire within one month of bid submission.
- If a bidder is unsuccessful in their first attempt, they will have two more attempts to qualify onto the DF. If a bidder is unsuccessful after their third attempt, they will be suspended from submitting another SQ for six months.
- Bidders can submit an SQ to qualify onto the DF at any time during the life of the framework. Bidders must qualify in advance of Call-Offs that they wish to bid for.
- Bidders will be able to select which Service Categories they wish to qualify for. Their technical ability will be assessed through the SQ on each Category the bidder wishes to qualify for. Bidders can apply for as many or as few Service Categories as they like.
- Bidders will be asked to select in which geographical locations they can deliver services. This will be a self-certification and will not be tested by the Authority at SQ stage.
- Once qualified onto the DF, bidders will be invited to bid for Call-Off competitions in the Service Categories for which they are qualified and in the geographical locations they have stated they can deliver services in. This includes Multi-Service Category Call-offs where they are qualified for at least one Service Category within the Call-off.

What has changed since previous market engagement?

Below are our notable changes in approach since December 2019:

- **Bidding for Multi-Service Category (MSC) Call-offs:** For MSC Call-offs, all entities qualified into at least one of the categories within the Call-off will be invited to bid, so it will not be necessary to be qualified into all Categories; where an entity has not qualified into all of the Categories necessary for that Call-off, they will need to collaborate with entities who are qualified in the other categories, with one entity as a lead and the other(s) as a Sub-contractor for the purposes of submitting a bid for, and subsequently delivering, that Call-off.
- **Involvement of sub-contractors in Call-Offs:** It will be possible for sub-contractors and Key Sub-contractors (KSC) to be part of a supply chain in more than one Call-Off response with different lead entities, provided that there are no conflicts of interest, that this is notified and with the Authority reserving the right to disallow this.
- **Reliance on sub-contractors for SQ:** although it is permitted for an entity to rely on a KSC to qualify for Service Categories, only that KSC could then perform any services under the relevant Categories in future Call-Offs.
- **Economic and Financial Standing:** this will now be tested at SQ stage. See slide 10 for info.
- **Parent Company Guarantees:** we will request PCGs at Call-Off stage where a bidder has a Parent and wishes to bid for Call-Offs with an aggregate value of over £1m.
- **Cyber Security:** we will request Bidders who are successfully awarded a Call-Off contract and will use Authority Systems and/or Data to hold a valid Cyber Essentials *OR* Cyber Essentials Plus Certificate, as detailed in Schedule 2.4. This certificate will need to be in place before service commencement and it will need to be valid for the duration of the Call-Off Contract. We will not require ISO27001 or equivalent at SQ.
- **Additional Service Category:** Service User Involvement.
- **Wording for technical questions:** these have been altered slightly, so are now more specific to our requirements.

Overview of the Dynamic Framework's Selection Questionnaire

There are three parts in the SQ that bidders need to successfully complete in order to qualify onto the DF. Parts 1 and 2 are based on standard Cabinet Office SQ questions. Part 3 onwards is bespoke to the DF:

1. Potential supplier information

2. Grounds for mandatory and discretionary exclusion

3. Selection Questions:

- Economic and Financial Standing
- Parent Company Guarantee
- Modern Slavery Act compliance
- Insurance
- Cyber Security
- GDPR
- SME classification

4. Category specific questions:

- Two case studies and one question relating to outcomes achieved and services delivered. For **non-cohort Category** (see slide 14) **questions and case studies**, each response will have a **250 word limit**. For **cohort Category** (see slide 14) **questions and case studies**, there will be a response **limit of one side of A4**. Where suppliers are unable to provide case studies, they may submit a **500 word explanation**.

5. Acceptance of terms and conditions

SQ Question Set – Type of Response

Question Title	Evaluation
Potential Supplier Information	
Potential Supplier Information	Mandatory Information
Bidding Model Details	Mandatory Information
Contact details and declaration	Mandatory Information
Grounds for Mandatory Exclusion	
Grounds for mandatory exclusion	Pass / Fail
Grounds for Discretionary Exclusion	
Grounds for discretionary exclusion	Pass/ Fail

SQ Question Set – Response Type

Part 3	
Economic and Financial Standing	Pass/Fail
Modern Slavery Act	Pass/Fail
Insurance	Pass/Fail
Cyber Essentials Plus	Pass/Fail
GDPR	Mandatory Information
SME Classification	Mandatory Information
Group Structure	Mandatory Information
Part 4	
Category Selection	Yes / NA
Service offered and Case Studies	Pass/Fail (service description + 2 case studies)
Self – Cleaning (if unable to provide case study)	Pass /Fail
Reliance on Key Sub-contractors	Mandatory Information
Part 5	
Accept the Framework Agreement T&Cs	Pass/ Fail
Confirm update of Category Tree Information	Confirm Acceptance



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Day one call-off service specifications



Overview of day one call-off service specifications

- The draft service specifications for the proposed day one call-offs are being shared with the market for information as and when they are available. Whilst we are sharing these in a reasonably well-developed state, these documents are subject to change before any call-offs are announced so should not under any circumstance be relied on as final.
- The specifications are presented by each identified rehabilitative need and therefore not in a way which reflects the expected bundling for day one call-offs.
- The Framework Agreement Schedule 2.1 includes the 'General Requirements' which will apply to all contracts and sets the scene for the other specifications.
- The specifications identify:
 - the outcomes we are seeking;
 - the core skills and training staff will need;
 - the core activities we expect Suppliers to be able to deliver which link to the outcomes as above.
- Each service user will only require a selection of these activities and we seek an individually-tailored approach.
- Suppliers may identify additional activities in their bids that they will offer to meet the outcomes.
- We will clarify expectation re geographic footprint at the call-off stage.

Complexity levels

Offending behaviour is influenced by a range of individual, social and environmental factors. Identified risk factors are circumstances or characteristics that make offending behaviour more likely. Rehabilitative intervention is most effective when it is proportionate to the likelihood of someone's reoffending.

Issues commonly associated with offending behaviour (called criminogenic need) include: unstable accommodation; unemployment; lack of social integration; poor personal relationships; alcohol misuse; drug misuse; impulsivity and poor emotional control; anti-social associates, lifestyle and attitudes that support crime.

Differing criminogenic needs tend to co-exist for probation service users and can become complex and intertwined. Service users are likely to need multi-disciplinary support in order to disengage from criminal activities. Desistance from crime is often a complex, drawn-out process.

Services to address offending behaviour and work towards rehabilitation will be tailored individually to each service user and delivered in a personalised way, which reflects each individual's complexity of need.

Complexity: looks at how the needs of the service user present and interact with one or more factors. This increases the skill required and the activities / interventions needed to:

- monitor the symptoms / triggers
- address the issue /condition(s)
- manage the input required.

Levels of complexity

The more criminogenic needs identified, combined with a service user's willingness or ability to address them, will determine the complexity of service delivery required.

Low complexity – The service user has positive attitude towards sentence and is keen to engage with service providers to address a limited number of identified, criminogenic needs, in order to move away from offending. It is anticipated that service delivery will be short-term and reasonably straight forward.

Medium complexity - service user demonstrates more difficulties in engagement and a more complicated mixture of identified criminogenic needs. They may be over reliant on others rather than being independent. It is anticipated that service delivery will take longer than short term delivery and there may be a number of competing issues and barriers to overcome.

High complexity – The criminogenic needs identified are highly complex. The service user may be entrenched in criminal behaviour or may have committed a serious offence, placing a number of barriers in the way of their ability to address their needs. The order in which the needs are addressed may be critical in addressing their risk of harm or further offending. Service delivery may be complex, with a number of competing issues and barriers to overcome. Support may be required over a longer period to achieve or maintain outcomes. Risk of harm and/or risk of further offending may be high.



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Collaboration and consortia guidance



Purpose and scope of consortia guidance

The presentation covers some key considerations for organisations considering bidding as a consortium. The information on these slides regarding consortia and consortia bidding is provided by the Ministry of Justice for general awareness purposes.

As such, this information is not a substitute for specific professional advice and guidance that should always be sought by suppliers if they are considering entering into specific consortia arrangements in order to bid for a particular contract.

Consortia members will need to take their own professional advice on what should be covered in their bidding agreement taking into account specific roles, responsibilities, risk, resource allocation, cost allocation and overall bidding approach agreed etc.

Different options to collaborate

Within the Dynamic Framework there are two permissible collaboration options. They are:

- Consortium – coming together to respond and then ultimately entering into the contract as a single leading entity as a Special Purpose Vehicle
- Lead Entity with Key Sub Contractor(s) – this is not a formal consortium but organisations can collaborate as a lead entity with a supply chain to perform Call-off Contracts rather than entering into a Special Purpose Vehicle

Consortia and/or collaborations can be suitable for all types of organisations; however they may be of particular interest to SMEs and VCSEs, and in respect of multi service category call off competitions

The dynamic Framework aims to invite participation from a diverse range of organisations in the provision of specialist services at a local level. Collaborative bids are welcome, however, there is no requirement to do so. Bids from individual organisations are equally welcome.

What is a consortium?

A consortium is an association of two or more individuals, companies or organisations (or any combination of these) that come together with the objective of participating in a common activity or pooling their resources for achieving a common goal.

In this context, we define a Consortium as where two or more entities come together to submit an SQ response for the purposes of the Framework Agreement, with the intention of being appointed to the Framework and performing any resulting Call-Off Contracts as a single legal entity in the form of a Special Purpose Vehicle (SPV).

Note: If you are forming an SPV, this must be in place in order to sign the Framework Agreement, however you do not need to form an SPV in order to fill in the SQ.

What is a consortium– Special Purpose Vehicle (SPV)

- Under the SPV model, the consortium members form a new legal entity to enter into the Framework Agreement and subsequently to perform the call-off contract.
- Examples of SPVs are:
 - Company limited by shares
 - Company limited by guarantee
 - Limited liability partnership
 - Community Interest Company (CIC)
- The structure will bind in key consortium members and will provide administrative ease for both the consortium and contracting authority.

What is a lead entity collaboration?

- Lead entity is the most traditional model of collaborating when bidding. The lead entity leads the bid on behalf of the supply chain (which includes sub-contractors) and is the single point of contact for the contracting authority.
- In this model, a lead entity coordinates the participants and bids on behalf of the supply chain members (which are usually the lead entity's principal sub-contractors). It will be the only party to the contract with the contracting authority. It will be solely responsible for the performance of the contract and liable to the contracting authority for sub-contractors' acts under that contract. Note: Sub-contractor relationships may be different for each call-off
- This approach is frequently used as an alternative to forming a consortium (i.e. instead of forming a consortium, the members appoint a lead and the others are sub-contractors). An MoU can often be helpful in supporting decision-making and ensuring appropriate consultation between parties as well as capturing the spirit into which you enter collaboration.

Regulatory context

The Public Sector Procurement process is governed by the Public Contracts Regulations 2015 (commonly referred to as PCR15).

These regulations include requirements about how contracting authorities shall deal with groups of economic operators:

<http://www.legislation.gov.uk/ukxi/2015/102/regulation/19/made>

There is also competition law which contains requirements relating to consortia:

<https://www.gov.uk/government/publications/joint-ventures-and-competition-law-dos-and-donts>

<https://www.gov.uk/government/collections/competing-fairly-in-business-advice-for-small-businesses>

Benefits of collaboration for suppliers

- **Resources:** greater efficiency and use of resources, improved services, a stronger voice and influence and organisational sustainability.
- **Establishing values:** teaming up with other suppliers to meet contracting authorities' total procurement requirement allows VCSEs to perform parts of public contracts that are in line with the goals and values of their organisation whilst leaving other aspects of the contract to other suppliers.
- **Innovation and growth:** Participation in larger contracts could afford SMEs the opportunity to grow and innovate.
- **Optimal delivery:** suppliers can bid to provide their services where they otherwise may not have met the minimum criteria (e.g. scale, geographical reach, expertise, financial standing) to successfully bid on their own.

In addition, collaboration can offer the following benefits:

- the possibility of accessing experience, intellectual property and additional capabilities
- access to operational delivery capacity which may add value to a bid;
- sharing bid costs and resources between parties;
- access to compete in larger procurements;
- broader geographical reach.

Wider benefits of collaboration

Diversity of supply: Contracting authorities can gain a more diverse supply chain which is less reliant on large contractors.

Value for money: Ensuring that the small business community, third sector and VCSE sector are able to participate helps enable value for local economies and provides agile and responsive supply chains.

Social value: the public sector benefits from added social value, supply chain diversification, new innovations and a wider range of expertise and skills,

Reducing risk: diversification of the supply chain reducing the risk of systemic failure created by overreliance on one or only a few large suppliers,

Economic growth: consortium bidding could stimulate local economies by providing local SMEs with the opportunities to grow, evidence has shown that SMEs contribute widely to their local communities.

What do you need to consider before collaborating?

A variety of factors will determine which collaborative bidding model is the most appropriate for each organisation including:

- **Governance** – establish the governance environment for joint working
- **Roles and Responsibilities** – know your strengths and weaknesses and assign roles appropriately
- **Competition** – recognise the changing marketplace and your respective positions within it
- **Finance**
 - Set-up costs
 - Insurance
 - TUPE / staff transfer
 - Timeframes
- **Exit strategy** - decide at the outset how you will deal with exit (model exit scenarios)
- **Performance Management** – how will performance be managed to ensure effective delivery
- **Risk Assessment and Mitigation** – identify any risks, record and develop appropriate mitigations
- **Values & Culture** – effective collaboration requires a culture of cooperation, trust and shared values

Generic process guidance – forming a collaboration or consortium

There are generic formation stages usually present:

1. **Strategic rationale** – awareness and alignment of strategies
2. **Identify partners** – knowledge & assessment of compatibility
3. **Early stage planning** – joint vision
4. **Developing the business model** – governance
5. **Agree the structure of the consortium** – organisational structure
6. **Legal framework & governance** – contracting arrangements

For more detailed information on the above go to:

<https://gov.wales/sites/default/files/publications/2019-09/joint-bidding-guide.pdf>

Further resources

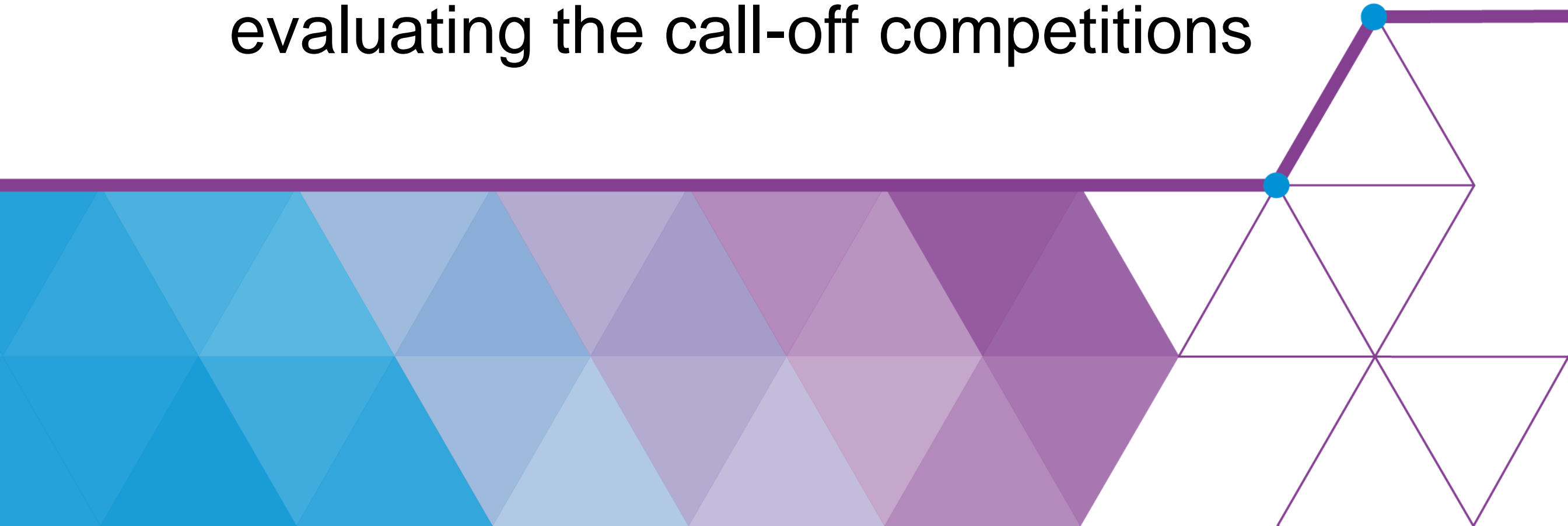
- [Working in a Consortium](#) - Office of the Third Sector, Cabinet Office
- [Collaboration for Voluntary Organisations](#) - National Council for Voluntary Organisations
- [Consortia for the Delivery of Public Services](#) - The Charity Commission
- [Welsh Government - Joint Bidding Guide](#)
- [bsi Smart Guide to Collaborative Business Relationships](#)
- [ISO 44001 - Collaborative Working](#)



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Dynamic Framework: Call-off

This section of the presentation will discuss the call-off competition process and the options for evaluating the call-off competitions



Call-off Competition

- The call-off competition will be documented within an Invitation to Tender and it will include:
 - The services specification
 - Information on the regions relevant to the call-off competition
 - Timescales for the call-off competition
 - Technical quality questions that providers will respond to and be evaluated against
 - Financial evaluation where providers will provide a cost for the services and will be evaluated against it. Service volumes will be included in the data provided
 - We will provide an evaluation criteria so providers understand how they will be evaluated
 - Framework agreement with all relevant schedules

This is a brief guide to the documents and full details will be provided for each call-off competition.



Technical Evaluation



- Set of Technical questions that providers will respond to.
- This may vary for each call-off competition
- This section gives providers the opportunity to detail how they can deliver the services inline with the specification

Price Evaluation options

There will be a range of evaluation options that could apply to Dynamic Framework call-off competitions. The relevant option shall be detailed in the call-off invitation to tender.

Price Per Quality Point (PQP)

Highest Quality Conforming

Lowest Price Conforming

How do they work?

Evaluation Options	Formula
Price Per Quality Point (PQP)	<p>Evaluation Price / Quality Score = Price per Quality Point</p> <p>The contract is awarded to the bidder with the lowest PQP. The method for calculating the evaluation price shall be set out in the call-off invitation to tender.</p>
Highest Quality Conforming (HQC)	<p>To be used in conjunction with the fixed price payment mechanism, where the fixed price is set by the Customer. The contract will be awarded to the bidder with the highest quality score.</p>
Lowest Price Conforming (LPC)	<p>The contract will be awarded to the bidder with the lowest price, provided that the minimum quality score is achieved.</p> <p>It is unlikely that this option shall be used for day 1 call-offs.</p>

Further tailoring of the options

- The Customer may set minimum quality thresholds for any evaluation option for a call-off competition. **Any bidder who does not achieve the minimum score could be disqualified from the call-off competition.**
- For PQP or Lowest Price Conforming, the Customer may set a price range threshold (upper limit, lower limit, or upper and lower limits) that bidders must adhere to in the call-off competition. **A price range threshold is intended to ensure that services are properly funded. Any bidder who does not adhere to a price range threshold could be disqualified from the call-off competition.**
- The Customer may set a range of weightings for the quality questions and/or elements of the pricing in the call-off competitions. **One such example of weighting an element of price (for illustration purposes) would be in the Fixed Price with Volume Bands payment mechanism, where one or multiple volume bands could be weighted in the financial evaluation methodology.**

Full details of technical and financial evaluation methodologies will be set out in the relevant call-off competition ITT documents.



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Dynamic Framework: Payment and Performance Options at Framework Level

August 2020



Payment Mechanisms

- There will be a suite of pre-defined payment mechanisms in the framework agreement that can be selected and priced against for specific call-offs. The options are:
 - Fixed price
 - Fixed price with volume bands
 - Unit price
- These options are described in Schedule 7.1 (Charges and Invoicing) of the Framework Agreement.
- If the customer wishes to use any additional payment mechanism in the future, this shall be clearly set out in the relevant call-off invitation to tender and resulting call-off contract. An example of this is guaranteed maximum price target cost (GMPTC).
- **Bidders will not need to provide any information in relation to charges or payment mechanisms as part of qualification onto the framework. This document is intended to inform bidders as to the variety of options within the framework agreement that customers can select from for call-off competitions. Financial evaluation options are detailed in a separate document.**

Fixed price

- There are 2 ways in which the fixed price payment mechanism will function:
 - The bidder will bid a fixed price to deliver the service, OR
 - The customer will set the fixed price and bidders instead bid the service levels and quality they can provide for that price (potentially subject to minimum quality threshold requirements)
- When the call-off competition is using a fixed price :
 - the charges payable under the call-off contract shall be the fixed price and payable as a fixed amount each month.
 - the supplier shall invoice the customer for the fixed price charges each month.
- As part of the call-off competition, the customer will provide the bidder with an indication of volumes, including the complexity profile of service users.

Fixed price with volume bands

- The fixed price with volume bands payment mechanism shall function as follows:
 - The customer will set volume bands for the call-off contract between expected minimum and maximum volume points for the service element(s)
 - The bidder bids a fixed price in each of the volume bands, based on their operating model and when price is likely to increase in line with volume
 - The charges payable shall be the fixed price for the relevant volume bands for each month
 - The customer shall notify the supplier of the applicable forecast volume band in advance of service commencement and on a rolling basis thereafter
- The call-off contract shall state whether payment shall reflect forecast volumes or whether there will be a reconciliation to actual volumes delivered during the period.
- As part of the call-off competition, the customer will provide the bidder with an indication of the complexity profile of service users.
- The customer may apply a weighting to the units to reflect the difference in costs for delivering services to service users of varying complexity levels. This weighted volume of service users would determine which volume band the supplier is operating in for the given period.

Unit price

- In the unit price payment mechanism, the customer shall set the unit(s) and the bidder shall bid a unit price.
- Payment shall be based on the number of actual units provided.
- It is unlikely that this option shall be used for day 1 call-offs.

Units

There will be a range of units within the framework agreement:

- sessions
- interventions (which could be differentiated by complexity level of service user, where relevant)
- hours
- days
- supplier personnel FTE (full-time equivalent)
- The specific unit/s to be used will be fully defined within the relevant call-off invitation to tender and resulting call-off contract.
- The Customer may add additional Units throughout the life of the Framework.

Performance & Payment

- Targets for performance levels and weightings related to underperformance and price reductions will be set for each call-off competition (see Performance section of this document).
- The framework agreement includes a maximum percentage of annual contract price (10%) that would be 'at risk' in relation to performance measures. The specific percentage 'at risk' will be set for each call-off contract, but it will not exceed the maximum set out in the framework agreement and may be lower than the maximum.
- The percentage 'at risk' is intended to approximately equate to any profit/surplus within the price.

Mobilisation Costs

There will be a range of options for payment of mobilisation costs within the framework agreement. The relevant option shall be set out in the call-off Invitation to Tender and resulting call-off contract.

Option 1 – Payment on milestone completion

Option 2 – Payment monthly

Option 3 - Payment monthly, holding back a percentage which is to be paid once the milestone is complete

Where staff transfer applies, the customer may apply an adjustment mechanism to take account of the difference in employment costs, should they be higher or lower than anticipated.

Termination for Convenience: Payment

- There shall be no termination payment if the framework agreement is terminated; termination payments pertain to call-off contracts only where the customer has issued a termination for convenience notice.
- The customer shall make payments in accordance with Schedule 7.2 (Payments on Termination). There are a variety of elements that make up the termination payment:
 - **Supplier redundancy costs** - the amounts are apportioned between the supplier and the customer based on the time spent by employees on the services as a proportion of the total service duration.
 - **Contract breakage costs** - amounts payable by the supplier to its key sub-contractors or other third parties as a direct result of the early termination of the relevant call-off contract. The costs shall be the lower of:
 - a) a sum equal to the charges paid or payable under the call-off contract in the 3 last full calendar months prior to the termination date of the call-off contract; or
 - b) any relevant limit set out in the call-off contract.
 - **Compensation payment** - compensates the supplier in event that notice period served is less than 6 months. It is calculated by taking the 'shortfall period' (if less than 6 months' notice) and multiplying charges by the aggregate retained percentage amount for that call-off (% 'at risk' through performance measures).

Indexation

- Indexation will be applied to call-off contracts longer than 12 months in length.
- Consumer Price Index (CPI) shall be used to determine indexation for call-off contracts.
- Bidders will be asked to submit their bid without indexation.

Open Book Data

- Standard Model Services Contract drafting shall be included to give the customer access to the data during the term of the contract and for a period of 7 years following the end of the contract.
- This consists of financial and non-financial information which is sufficient to enable the customer to verify the charges paid or payable during the call-off term.



HM Prison &
Probation Service

Definitions



Performance Measures

Schedule 2.2 of the Framework Agreement sets out 4 types of performance measure – two service levels and two quality levels. **The quality measure on delivery considers what progress and outcomes are achieved**

Performance measure	Definition	Reporting frequency	Target	Trigger level	Max weight for price reduction
Assessment offered	The percentage of referred service users who were offered an assessment appointment within 10 working days	Quarterly	TBD at call off stage	10% below target	TBD at call off stage
Intervention received	The percentage of referred service users assessed as suitable who attended an intervention appointment				
Quality of delivery of intervention	<ul style="list-style-type: none"> Interventions enable service users to make progress in addressing their offending related needs The agreed outcomes in each service user's action plan are sufficiently achieved 	Annual	Green (A-G acceptable)	Red	
Quality of liaison with ROs pre and post release	Liaison with ROs supports offender management, risk management, enforcement, and sentence delivery				

Quality Ratings



- Quality measures apply a rating scale reflecting the extent to which service delivery is assessed to meet acceptable quality standards, which is shown below.
- The top of the scale is Green, meaning quality standards are fully met or exceeded; the bottom is Red, where quality standards are significantly failed
- Between these, Amber Green means standards are sufficiently met, and Amber/Red that they are not met in some areas.

Audit Score	Percentage Score
Green	87% or more
Amber/Green	>72% but <87%
Amber/Red	60% - 72%
Red	<60%

Assessing Quality

- Assessment for the quality measures will be based on audits which will look for a level of performance consistent with the requirements set out in the contract and associated instructions and guidance.
- For these audits, auditors review the electronic records for a randomly selected sample of cases, supplemented with a small number of staff interviews.
- Consistency is a high priority as audit assessments are judgement-based. This is achieved by recruiting staff with operational and audit experience, who go through an extensive training programme, applying peer, across team and senior review of audit scores, and ensuring that audit criteria are robust, clear and transparent.

Consequences of performance failure

- The Framework Agreement provides for a grace period of up to six months during which performance reductions and remedies will not apply. The Customer can amend this period for the call-off competitions, **for example where a contract is particularly short.**
- Each performance measure will be assigned a weight, which indicates the total proportion of the agreed price that is related to that measure.
- A graduated reduction in performance related payment (the 'retained amount') will apply for performance that falls below a target level, up to a 'no payment' threshold set at 10% below target for service levels and at the Red threshold for quality levels.

Performance remedies

The 'no payment' threshold is also the trigger at which an **improvement plan** can be required. Prolonged or multiple performance failure will give the Authority an option to apply more serious remedies of requiring a **rectification plan**, or **termination** in the case of critical performance failure.

Material service failure (leading to rectification plan)

- performance trigger reached for third consecutive measurement period (or three quarters out of four) for service level
- performance trigger reached for second consecutive measurement period (one year), or two out of three periods, for a quality measure
- performance trigger reached for multiple (two or more) performance indicators in a single service period

Critical service failure (leading to termination)

- performance trigger reached for all performance indicators in a single service period
- performance trigger reached for more than four measurement periods for multiple (two or more) service levels
- performance trigger reached for two measurement periods for multiple (two or more) quality measures

Additional Call-off information

Financial Distress and Liability Overview



Financial Distress
and Liability

Pensions and Staff Transfers



Pensions and
Staff Transfers Info

Supply Chain Protections



Supply Chain
Protections

Digital and Technology



Digital and
Technology Info