

Report to:	Cabinet	Date of Meeting:	1 December 2016
Subject:	Procurement of Quality Training and Assessment Providers for Apprenticeships	Wards Affected:	(All Wards);
Report of:	Head of Corporate Resources Chief Personnel Officer		
Is this a Key Decision?	Yes	Is it included in the Forward Plan?	Yes
Exempt/Confidential	No		

Purpose/Summary

To provide Cabinet with details of the proposed process to formalise the procurement of Training and Assessment Providers for the delivery of apprenticeships. This will ensure the Council has a contract in place with approved providers to deliver one or more occupational LOTs following the introduction of the apprenticeship levy in April 2017.

Recommendation(s)

1. That the Head of Corporate Resources be authorised to conduct a tender exercise in accordance with OJEU regulations and the Council's procurement regulations. The tender exercise is for the procurement of Training and Assessment Providers for the delivery of apprenticeships to run for a period of one year from 1st April 2017 with the option of two further one-year extensions;
2. That the Cabinet Member (Regulatory, Compliance and Corporate Resources) be authorised to approve the award of the contract for training and assessment providers for each occupational LOT, following completion of this procurement exercise.

How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community	✓		
2	Jobs and Prosperity	✓		
3	Environmental Sustainability		✓	
4	Health and Well-Being	✓		
5	Children and Young People	✓		
6	Creating Safe Communities		✓	
7	Creating Inclusive Communities	✓		

8	Improving the Quality of Council Services and Strengthening Local Democracy	✓		
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Reasons for the Recommendation:

The way the Government funds apprenticeships is changing from April 2017. The Council will be required to contribute to a new apprenticeship levy and to pay providers directly for apprenticeship training and assessment provision.

The procurement process outlined within this report aims to create a contract with a number of approved providers who have demonstrated compliance with the Council's statutory requirements, quality criteria and thus can be invited to submit tender prices for one or more occupational LOTS.

It is recommended that the contract runs for an initial period of 1 year as there is a possibility that additional occupational LOTS may need to be added at a later date, thus giving us the flexibility to re-tender this opportunity incorporating all of these additional LOTS after the initial core period of the contract.

The tender exercise will be required to follow an OJEU Procedure, as part of this process.

Alternative Options Considered and Rejected:

None.

What will it cost and how will it be financed?

(A) Revenue Costs

None

(B) Capital Costs

None.

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Financial

Apprenticeship levy funding does not cover salary, travel or subsistence costs. Sefton Council's core service areas and community and Voluntary Aided/Controlled schools will be required to cover salary costs (and any on costs) for the recruitment of new apprentices only.

Financial provision will be made in the 2017/18- 2019/20 budget to provide a 50%

contribution towards the salary costs of newly recruited apprentices for Council core service areas only. This is a statutory requirement.

Legal

Human Resources

Equality

- | | | | |
|----|--|-------------------------------------|---|
| 1. | No Equality Implication | <input checked="" type="checkbox"/> | |
| 2. | Equality Implications identified and mitigated | <input type="checkbox"/> | ✓ |
| 3. | Equality Implication identified and risk remains | <input type="checkbox"/> | |

Impact of the Proposals on Service Delivery:

The procurement exercise will enable the Council to establish a formalised, clearly defined process to procure Providers to deliver Apprenticeship training and assessment.

What consultations have taken place on the proposals and when?

The Head of Corporate Resources has been consulted and notes there are no direct costs associated with the procurement process as outlined in this report. The financial implications of the introduction of the apprenticeship levy from April 2017, which has led to the requirement for this procurement process, are however described in Section 2 of the report (FD 4383/16)

The Head of Regulation and Compliance has been consulted and any comments have been incorporated into the report. (LD 3671/16)

The Chief Personnel Officer has been consulted and any comments have been incorporated into the report.

Procurement Officers have also been consulted regarding the procurement requirements.

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting

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Background Papers:

There are no background papers available for inspection.

1. Background and Context

- 1.1.1 Apprenticeships are full-time paid jobs which incorporate on and off the job training. A successful apprentice will receive a nationally recognised qualification on completion of their contract. There are over 200 different types of apprenticeships frameworks (gradually moving to standards), available in 13 broad sector subject areas. Apprenticeships can be studied at different qualification levels:
- Intermediate Apprenticeships lead to Level 2 qualifications (equivalent to 5 GCSE passes)
 - Advanced Apprenticeships lead to Level 3 qualifications (equivalent to 2 A level passes), and
 - Higher and Degree Apprenticeships lead to Level 4 qualifications and above.
- 1.1.2 Previously, apprenticeships have either been self-funded by the employer, or a proportion of the cost of training has been met by the Department for Education (16-18 year olds) or Department for Business Innovation & Science (19 years and over). Funding is set to change from April 2017 with the introduction of the new apprenticeship levy.
- 1.1.3 The Government published *English Apprenticeships: Our 2020 Vision* in 2015. It sets out an ambitious new target for 3 million new apprenticeship starts by 2020. This will be accompanied by a new funding model in which larger employers pay a mandatory Levy, and use a Digital Account Service (DAS) to pay training and assessment providers. The new system will also increase the number of steps on the apprenticeship ladder by introducing Higher and Degree level apprenticeships.
- 1.1.4 Sefton Council has maintained an excellent track record of Apprenticeship programmes and activity since its inception in 2010. Apprenticeships offer the Council an opportunity to re-balance an ageing workforce; build capacity and grow skills to meet its future business needs. These apprenticeships focus on building career pathways for people to gain specific qualifications and expertise the Council requires now and in years to come.
- 1.1.5 Apprenticeships also enable the Council to realise its commitment to reducing youth unemployment in a tangible and measurable way. Firstly by offering permanent positions to some apprentices; and secondly by supporting time-expired apprentices to find work in the wider jobs market. Council-hosted opportunities lead to high success rates for participants gaining employment outside the Council after completion of their apprenticeship.

2 Apprenticeship Reforms

- 2.1.1 From April 2017 employers with a pay bill over £3m will be required to contribute to a new apprenticeship levy, and there will be changes to the funding for apprenticeship training for all employers. Changes include the following:-
- Taxation related to training through apprenticeships (the levy);
 - How employers and Government pay for apprenticeships and how colleges and providers receive this funding

- How much an employer can expect to pay for an apprenticeship, with the introduction of funding bands and maximum caps determined by the Institute of Apprenticeships
- How employers select their apprenticeship provider through the DAS
- How apprentices are assessed as competent in their roles with a requirement for independent assessment
- How the content of apprenticeships is agreed with employers and developed by them
- The levels at which apprenticeships can be studied, including degree level apprenticeships
- The expected number of apprentices delivered nationally with an ambition of 3 million in this parliament (by 2020); and
- The expected number of apprentices working in the public sector with a target of 2.3% of the workforce. For Sefton Council we currently recruit on average 70 apprentices under the current arrangements and from April 17 this will equate to 104 apprentices annually (including community and voluntary controlled schools).

2.1.2 The apprenticeship levy is set at 0.5% of payroll and requires all employers operating in the UK, with a pay bill over £3 million each year, to make an investment in apprenticeships. All employers get a £15,000 allowance to offset against the first £15,000 of levy liability. This means that only employers with a pay bill of over £3 million each year will actually pay the levy. This includes the Council's core service areas and Local Authority (LA) maintained community/voluntary controlled schools.

2.1.3 It is Sefton Council who has the responsibility to pay 'employer' Class 1 secondary National Insurance contributions (NICs) on the earnings of both Council and community/voluntary controlled school staff and so these earnings will be considered as part of the Council's pay bill for levy liability calculation. The Council gets the £15,000 allowance and will be responsible for administering the levy and the DAS on behalf of the Council and LA maintained schools.

2.1.4 The Council will pay the levy to HMRC then will be able to access funding for apprenticeships through the DAS. Former funding arrangements meant the Government paid training and assessment providers direct but this will change from April 2017. The Council will now be able to use the levy funds to pay directly for the training and assessment of apprentices. This presents a significant change to the funding rules and has implications for the Council.

2.1.5 The Council will be required to undertake a procurement exercise to identify training and assessment providers to deliver quality apprenticeships from April 2017. The value of the contract to be procured is estimated to be £600,000 per annum however the actual figure may change each year as a result of staffing reductions, pay awards, increments as well as the potential for some schools to convert to academies.

2.1.6 The new funding system for apprenticeships contains 15 funding bands each with an upper limit and which will range from £1,500 to £27,000.

3 Tender Process

3.1.1 The tender exercise will follow the appropriate OJEU Procedure. Approval is requested for the Cabinet Member (Regulatory, Compliance and Corporate Resources) to award the contract at the end of the tender process.

3.1.2 Training and assessment providers will be able to apply to deliver upon one or more LOTs, based upon the Council's existing apprenticeship provision, in the following occupational areas:

- Business Administration, Customer Service, Accountancy
- Engineering, Electrical Engineering
- Facilities Management
- Horticulture
- Information Technology, Marketing and Social Media
- Regeneration and Housing
- Sports and Leisure
- Cleaning & Support Services, Sustainable Waste,
- Teaching Assistant, Childcare, Youth Work
- Team Leading, Leadership and Management,
- Vehicle Maintenance, Heavy Goods Vehicle (HGV)

3.1.3 Interested providers will be expected to provide sufficient information to enable the Head of Regulation and Compliance to ensure that they comply with the Council's minimum criteria for Health and Safety, Equalities Policy, Insurance etc. This will also include the following additional criteria:

- Are able to demonstrate that their organisation has been judged as "Good" or above by OFSTED for its apprenticeship provision
- The provider is registered with the Skills Funding Agency (SFA) and is on the Register of Apprenticeship Training Providers (RoATP).

3.1.4 Tenderers achieving a 'pass' against all qualifying criteria will then be appraised on a Quality and Price basis to determine their suitability for each LOT and the type of work to be delivered. This appraisal will include a scoring of references.

3.1.5 The basis of the quality price evaluation to be applied would be 40% price and 60% quality.

4 Conclusion

4.1.1 It is recommended that Cabinet approves the procurement process aimed at creating a contract with suitably qualified training and assessment providers. The purpose is to deliver apprenticeship training with effect from April 2017 for a period of one year, with the option to extend for a further two 1 year periods.

4.1.2 It is recommended that the contract runs for an initial period of 1 year as there is a possibility that additional occupational LOTs may need to be added at a later date, thus giving us the flexibility to re-tender this opportunity incorporating all of these additional LOTs after the initial core period of the contract.

4.1.3 The highest scoring bidder be recommended for appointment as the Council's Preferred Training and Assessment Provider, with the second highest scoring bidder as a Reserve Provider to be engaged should, for whatever reason, the Preferred Provider not have the capacity.