

Birmingham City Council

Report to Cabinet

Date 14th May 2019



Subject: PROCUREMENT STRATEGY / AWARD FOR APPRENTICESHIP TRAINING SERVICES (P0423)
Report of: Director of Human Resources
Relevant Cabinet Member: Councillor Tristan Chatfield - Cabinet Member for Finance and Resources
Relevant O &S Chair(s): Councillor Sir Albert Bore - Resources
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Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Forward Plan Reference: 006328/2019		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential :		

1 Executive Summary

- 1.1 To provide details of the outcome of the procurement options appraisal for the provision of apprenticeship training services and seek approval to the commencement of the procurement activity to award contracts.
- 1.2 The proposed start date is 21st May 2019 for duration of up to 3 years 3 months.

2 Recommendations

That Cabinet

- 2.1 Approves the procurement strategy for the provision of Apprenticeship Training services for duration of up to 3 years 3 months from 21st May 2019.
- 2.2 Approves the delegation of the award of individual call-off agreements in accordance with the Procurement Governance Arrangements to the Director of Human Resources in conjunction with the Assistant Director, Development and Commercial (or their delegate), the Chief Finance Officer (or their delegate) and the City Solicitor (or their delegate) for contracts above the EU threshold (currently £181,302) and to the Director of Human Resources for contracts below £181,302.

3 Background

- 3.1 This service is for the provision of vocational training for apprentices employed by the Council and schools under the jurisdiction of the Council. The types of training required includes business administration, customer services, facilities management, leadership and specialist areas including finance, legal, procurement and the built environment.
- 3.2 In 2017, the Government introduced an apprenticeship levy of 0.5% on large employers whose wage bill exceeded £3m per annum. The levy is paid through the Pay as You Earn (PAYE) process to Her Majesty's Revenue and Customs (HMRC). Once an employer has paid the levy to HMRC via PAYE they are able to access funding for apprenticeships through a digital apprenticeship service account. The condition of the funding is that only training providers accepted on the Register of Apprentices Providers are used. The register is managed by the Education and Skills Funding Agency (ESFA).
- 3.3 In May 2018, in line with the Procurement Governance Arrangements, it was approved to enter into multiple contractor negotiations with the training providers on the ESFA framework to quotations and award contracts for the provision of apprenticeship training until 21st May 2019 whilst a longer term strategy was considered.
- 3.4 The recommended approach is to use the YPO Apprenticeships and Associated Training Dynamic Procurement System (DPS), as detailed in paragraph 4.3 for 3 years 3 months in line with the period of the DPS.
- 3.5 Call Off Process
 - 3.5.1 For each requirement, a direct award or further competition exercise will be undertaken for each individual training requirement in accordance with the YPO DPS protocol as follows:
 - Direct award – where it is identified that a direct award to a training provider is the most suitable solution for the trainee and value for money

to the Council can be demonstrated based on the DPS criteria for the particular type of training

- **Further Competition**

A further competition exercise will be carried out using the YPO system sent to all providers that can deliver the particular training required.

Tenders will be evaluated using the quality / social value / price in accordance with a pre-determined evaluation model. The quality element will account for between 30 - 90% dependant on the specific individual requirement, social value 10% (for training over £200,000) and price 10-70% again dependant on the specific individual requirement. This quality / social value / price balance has been established having due regard to the corporate document 'Evaluating Tenders' which considers the complexity of the services to be provided and the degree of detail contained within the contract specification.

Tenders will be evaluated against the specification in accordance with the pre-determined evaluation model described below:

Quality (30 - 90% Weighting)

Criteria	Overall Weighting	Sub-weighting
Training Delivery	100%	60%
Organisation and Resources		40%

Tenderers who score less than 60% of the quality threshold i.e. a score of 60 out of a maximum quality score of 100 (300 marks out of 500) will not proceed to the next stage of the evaluation.

Social Value (10%)

Social value will be an evaluation criterion for further competition on contracts with a value over £200,000.

Criteria	Overall Weighting	Sub-weighting
Partners in Communities	100%	80%
Good Employer		20%

Tenderers who score less than 40% of the social value threshold i.e. a score of 40 out of a maximum social value score of 100 (200 marks out of 500) will not proceed to the next stage of the evaluation.

Price (10 - 70%):

The price for a training course is in line with relevant bandings set by the ESFA. The basis of the evaluation for the pricing will be tenderers will bid down against the banded prices and the lowest price will be awarded the maximum score.

Overall Evaluation

The evaluation process will result in comparative quality, social value and price scores for each tenderer. The maximum quality score will be awarded to the bid that demonstrates the highest quality. The maximum social value score will be awarded to the bid that demonstrates the highest social value. The lowest price will be given the maximum score. Other tenderers will be scored in proportion to the maximum scores in order to ensure value for money and the proposed framework agreement will be awarded to the first ranked tenderer.

3.6 Contract Management

The call off contracts will be managed by the People Strategy Manager within the Organisational Development team in consultation with Corporate Procurement Contract Management team as and when required.

4 Options considered and Recommended Proposal.

4.1 Deliver In-House

There are not the skills, capacity and ability to deliver this service in-house.

4.2 Carry out a procurement process

This option was discounted as there is a framework agreement in place that covers the Council's requirements.

4.3 Use a Collaborative Framework Agreement

There are four framework agreements in place that cover apprenticeship training:

- Crown Commercial Services Apprenticeship Training & Related Services (RM3823) started on 12th September 2017 for a period of 12 months with the option to extend for a further two 12 month periods.

This framework agreement covers apprenticeship training for leadership and management, project and delivery management, HR, finance and tax, business administration, digital and property. Use of this framework was considered and discounted as it was predominately set up to cover central government job roles and does not cover the myriad of the curriculum of training that the Council requires. The lots available to local authorities are provided by national organisations with a regional presence and would preclude the Council's use of local training providers.

- Nottingham City Council Apprenticeship Training Services Framework Agreement (DN300490) – The framework agreement commenced on 1st November 2017 to 31st March 2021.

This framework was discounted as it does not cover the range of training standards and services required by the Council and does not include local providers on the ESFA funding framework.

- Shropshire Council Apprenticeship Training Framework Agreement (RMCV 021) in line with ESFA/IFA funding from May 2017 utilising Levy Funding. 1st April 2017 to 31st March 2021.

This framework was also discounted as there is a direct upfront payment requirement to Shropshire Council of £35,000 in order to access this framework and it does not cover the range of training standards and services required by the Council and does not include local providers on the ESFA funding framework.

- Yorkshire Purchasing Organisation Apprenticeships and Associated Training, Dynamic Procurement System which began in August 2018 for a period of up to 4 years.

As this is a dynamic procurement system it is possible to add training standards and local training providers (West Midlands SMEs) on the Education Skills Funding Agency to this agreement as the list is re-opened on a quarterly basis throughout the contract period. This gives us the flexibility to add our requirements if they are not currently included. The call off procedure is for either a further competition or direct award and allows for the Council to add additional terms e.g. the inclusion of social value proportionate to the value of the requirement. This is the recommended option.

5 Consultation

- 5.1 Officers from City Finance, Corporate Procurement and Legal and Governance have been involved in the preparation of this report.

6 Risk Management

- 6.1 The CPS approach is to follow the Council Risk Management Methodology and the Procurement Team is responsible for local risk management. CPS maintains a risk management register and documentation relevant for each contract. The risk register for the service has been jointly produced and owned by Human Resources and CPS with arrangements being put in place to ensure operational risks are appropriately mitigated.

7 Compliance Issues:

- 7.1 **How are the recommended decisions consistent with the City Council's priorities, plans and strategies?**

7.1.1 This proposal supports the Council's strategic outcomes and priorities:

- Making Birmingham an entrepreneurial city to learn, work and invest in, giving everyone the opportunity to realise their potential through lifelong learning, skills and good jobs. Enabling Birmingham residents to be trained and up-skilled appropriately to enable them to take advantage of sustainable employment as well as ensuring that our children and young people are able to realise their full potential through great education and training.

7.1.2 Birmingham Business Charter for Social Responsibility (BBC4SR)

Compliance with the BBC4SR is a mandatory requirement that will form part of the conditions of this contract. A BBC4SR Action Plan will be required if the Council purchase services either with a cumulative value or an individual call off value of £200,000. Performance against the action plan (if applicable) will be monitored on a regular basis as part of the contract management review process.

7.2 Legal Implications

7.2.1 The Council's relevant legal powers are contained in the under section 111 of the Local Government Act 1972. The Council has the power to do anything which is calculated to facilitate or is conducive or incidental to, the discharge of any of its functions and therefore has a general power to enter into contracts for the discharge of any of its functions.

7.2.2 Data sharing agreements for each call off contract will be in place where required prior to engagement.

7.3 Financial Implications

7.3.1 The estimated cost of the service is £3.24m per annum. This will be funded via the Apprenticeship Levy which will realise a total sum of approximately £2.93m. This consists of £1.64m in relation to non-school Council services and £1.29m for schools under the jurisdiction of the Council. The Government also provides a 10% top-up of the Council's monthly levy payment in addition to the employer's contribution. This fund will enable the payment of vocational training for apprentices employed by the Council.

7.4 Procurement Implications

7.4.1 This report concerns the procurement strategy for apprentice training and the implications are detailed throughout the report.

7.5 Human Resources Implications

7.5.1 Recent restructures within HR/OD are now able to deliver and drive forward a more strategic approach to workforce planning across the council. As part of the wider culture change programme set out within the Workforce Strategy 2018-2022, a long term approach to planning and continuous development will ensure

sufficient capacity and capability to deliver the necessary improvements set out in the Council Plan.

7.6 Public Sector Equality Duty

7.6.1 A relevance test was conducted on 18th March 2019 by the Organisational Development team to decide whether the planned procurement of apprenticeship training services had any relevance to the equality duty contained in Section 149 of the Equality Act 2010 of eliminating unfair/unlawful discrimination and to promoting equality and human rights. The test concluded that there was no requirement to assess this further and completion of an Equality Assessment form was not required.

7.6.2 The requirements of Standing Order No. 9 in respect of the Council's Equal Opportunities Policy will be incorporated into the Contract.

7.6.3 The requirements of the Equality Act 2010 will be specifically included in the call off Contract to comply with the Act.

8 Background Documents

8.1 List of Appendices accompanying this Report:

- N/A