



Report of: **Executive Member for Finance, Performance and Community Safety**

Meeting of:	Date	Ward(s)
Executive	13 th July 2017	All

Delete as appropriate	Exempt	Non-exempt
-----------------------	--------	------------

SUBJECT: Procurement Strategy – Apprenticeship Training Provision

1. Synopsis

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of Apprenticeship Training Provision in accordance with Rule 2.5 of the Council's Procurement Rules.
- 1.2 The contract is for delivery of government approved apprenticeship training for Islington Council employees by Education and Skills Funding Agency (ESFA) approved training providers. Training providers awarded the contract will form a framework of providers to deliver approved apprenticeship training from September 2017. However this contract does not guarantee use of service.

2. Recommendations

- 2.1 To approve the strategy for the procurement of Apprenticeship Training Provision as outlined in this report.
- 2.2 To delegate authority to award the contracts to the Corporate Director of Resources, in consultation with the Executive Member for Finance, Performance & Community Safety.

3. Background

3.1 Nature of the service

- 3.1.1 In June 2015, the Government announced that it would create 3 million additional apprenticeships by 2020 with the aim of boosting the capability of the workforce, raising the nation's productivity and supporting economic development.
- 3.1.2 The apprenticeship levy requires organisations with an annual paybill over £3 million to pay 0.5% of the paybill as an apprenticeship tax. For local authority maintained schools, the local authority is

considered the employer and therefore those schools' paybill will be included in Islington Council levy calculations and subsequent payments. The total levy for the council and schools in scope for 2017-2018 is £1.1 million. The levy paid; alongside a government top-up of 10% of this sum is given back to an organisation in a digital apprenticeship account that will accumulate throughout the year. The money in this account can only be used to pay for government approved apprenticeship training for new and existing employees. Any amount not used after 24 months will be recouped by the government and distributed to other organisations. Previously, training providers drew funding from the ESFA to pay for the apprenticeship training they delivered. Due to this system, Islington Council did not have a formal contract or service level agreement with any of the training providers used. Through the introduction of the apprenticeship levy, the employer will now directly pay training providers for their services. The nature of the payment and value of the training to be delivered requires a formal contract to be put in place.

- 3.1.3 Another key reform has been the Enterprise Act, introducing a statutory target for public sector organisations with 250 or more employees. Such organisations should have the numerical equivalent of 2.3% of their workforce starting an apprenticeship annually. This provides a target of 161 apprenticeships to be started across Islington Council and the relevant schools in scope in 2017/18. This target requires Islington Council to have further consideration of the levy and make every effort to use the funding, compared to private sector organisations that have the option of taking a 'use it or lose it' approach.
- 3.1.4 A further reform has been significant investment in the quality and scope of apprenticeship training through the introduction of apprenticeship standards. Previous apprenticeship frameworks are being replaced by apprenticeship standards, which will be used solely by 2020. The new apprenticeship standards have been developed by employers and are more closely linked to industry skills and needs, with training now ranging from GCSE to Masters level. New apprenticeship standards are being developed each year, and this paper recommends that this contract is awarded on a 1 +1 +1 basis to allow for opportunities to add new lots and new training providers and to be responsive to the developing apprenticeship training landscape.
- 3.1.5 In response to the apprenticeship reforms, Islington Council will be expanding its apprenticeship scheme and will be sourcing a higher volume of apprenticeship training, covering both apprenticeship standards and apprenticeship frameworks. It is intended that the Apprenticeship Training Provision Contract will be awarded to government approved training providers which meet a detailed delivery specification set by the council. Approved training providers may be called upon to deliver training for apprentices employed by Islington Council. To be eligible to deliver apprenticeship training, providers must first be listed on the register of apprenticeship training providers (RoATP). This will be a prerequisite to tender. The framework will ask training providers to select the lots for which they wish to deliver training. Five training providers per lot will be awarded. The 23 lots are as follows:
1. Social Care
 2. Business Administration
 3. Chartered Surveying
 4. Communications
 5. Commercial and Procurement
 6. Customer Service and Operations
 7. Digital, Technology and Data
 8. Early Years Education and Child Care
 9. Environment and Horticulture
 10. Events Management
 11. Facilities Management
 12. Finance and Accounting
 13. Human Resources
 14. Leadership and Management
 15. Law and Legal Services
 16. Project Management
 17. Highways and Electrical and Energy Management
 18. Cleaning and Environmental Support Services
 19. Direct Learning Support Schools

- 20. Housing
- 21. Libraries
- 22. Building, Planning and Construction
- 23. Vehicles Maintenance and Transport

3.1.6 The council must comply with the Public Contracts Regulation 2015 when selecting a training provider and an assessment organisation from the approved government registers. The training must be commissioned to ensure the council provides high quality training, training related support and pastoral care for its apprentices to ensure their success. This contract will set out a quality standard that will be expected from training providers and remedial actions should these not be met.

3.2 **Estimated Value**

3.2.1 Training procured through the Apprenticeship Training Provision contract will be funded by the apprenticeship levy and training providers will be paid directly from the council and schools digital apprenticeship account. The levy paid by the council will come from the council's central budget; the levy paid by schools will come from their individual budgets. It is estimated that the apprenticeship reform will result in levy funding for training of £1.1m per annum for the council as a whole. The £1.1m is made up of £0.8m for the council and £0.3m related to schools. The levy is based on the paybill, which is affected by headcount and salary levels, so the levy amount will fluctuate. The contract will not guarantee a proportion of levy funding or a number of apprenticeships to be delivered by a training provider.

3.2.2 The contract period will be one year, with the opportunity to extend on an annual basis for a maximum period of four years.

3.2.3 Islington Council has used approximately ten different training providers to cover the range of apprenticeship training provided over the past 7 years. Previously training providers drew down funding for apprenticeship training directly from the government and so Islington Council has not directly paid for apprenticeship training before, which means that a record of previous spend has not been maintained.

3.3 **Timetable**

3.3.1 There is no current contract for apprenticeship training. Tendering should begin as soon as possible in order to work towards the government's apprenticeship reforms and spend the levy using high quality training providers. Islington Council will submit a report each September, starting in September 2018, to the Secretary of State stating progress towards the public sector target. Internal reports will also be submitted to CMB covering spend against total levy and progress towards the public sector target.

3.4 **Options appraisal**

3.4.1 Islington Council is interested in working with neighbouring boroughs or being involved in pan London procurement for apprenticeship training provision. Regional discussions have begun with Haringey Council, proposing to set up and manage a dynamic purchasing system (DPS) for all interested parties and it is estimated that this system will be operating in 1 year. When this option becomes available, consideration will be given to adopting it for procuring new contracts. The recommended procurement strategy is to procure a framework (consisting of 23 lots with 5 providers appointed to each lot) advertising in OJEU as required by the Public Contracts Regulations.

3.5 **Key Considerations**

3.5.1 This contract is part of the council's work to support Islington residents to move into employment. Through the national apprenticeship reform, the council will be working towards providing more apprenticeships in the borough. Apprenticeships have the social benefit of providing progression opportunities to those who need them to support economic growth, and are a highly effective way for businesses to build a pipeline of skilled employees, address skills shortages and turnover, increase motivation and continuously develop their employees.

3.5.2 The London Living Wage will apply to all apprenticeship opportunities in the council and the relevant schools in scope. There are a limited number of training providers available on the Register of Approved Apprenticeship Providers. In many cases there is only 1 training provider that can deliver particular training. Requiring all training providers to be London Living Wage employers will potentially

have an impact on the apprenticeships that the council is able to offer. However, where there are no training providers paying the LLW it will be a requirement of the contract that any employees of that provider who work on the training provision for Islington Council apprenticeships will be paid the LLW.

3.5.3 Contracts will be continually monitored by the Apprenticeship Project and Programmes Manager. This is to ensure that the contract is working effectively and adheres to the quality standards set out in the specification. The focus of the service will be quality of training and training-related support. Remedial actions will be built into the contract, setting out steps that will be followed should service provision fall below the agreed standard.

3.6 Evaluation

3.6.1 The tender will be conducted in one stage, known as the Open Procedure as the tender is ‘open’ to all organisations that express their interest in the tender. The Open Procedure includes minimum requirements which the organisation must achieve before their response to the evaluation award criteria is considered.

3.6.2 The Education and Skills Funding Agency (ESFA) requires apprenticeship training paid for from the apprenticeship levy to be paid via the Digital Apprenticeship Account, therefore providers will be required to be registered on the RoATP as one of the minimum requirements before the tender is considered. This is a condition of any contract awarded.

Minimum requirements include:

- A UK Provider Reference Number. This will be used to verify the company is listed on the ESFA register (RoATP). Bidders who are not currently listed on the SFA register are not eligible to bid and the remainder of the bid will not be scored.
- Evidence that the company has achieved an Ofsted rating of a minimum of Level 2 for Provision of Apprenticeships (unless it is a new provider, that has not yet been rated). If the company has not been subject to an Ofsted inspection, it must provide evidence of meeting equivalent quality assurance standards.
- Providers must meet or exceed the national average success rate for the lot/s for which they are applying in order to pass (unless it is a new provider, that has not yet been rated).
- Providers must state if they are a Living Wage Employer or a London Living Wage Employer.

3.6.3 The areas for evaluation will be:

Theme	
Background and Performance History (20%)	<ul style="list-style-type: none"> ● Ofsted inspection report ● Apprenticeship completion rates ● Employer satisfaction rate ● Learner satisfaction rate ● Is the training provider involved in the development of any apprenticeship standards ● Experience of delivering apprenticeships training for local authorities ● Experience and qualifications of trainers and assessors ● Process for assessing the competency of tutors delivering the training
Delivery of Training (40%)	<ul style="list-style-type: none"> ● Detailed and timely feedback and communication methods to ensure the council is informed of training attendance ● Detailed and timely feedback and communication methods to ensure the council is informed of learner progress on their course

	<ul style="list-style-type: none"> • Communication of training dates • Methods of delivery • Facilities and equipment in place to support the training • Frequency of face-to-face learning • Continuity of assessor/tutor • Engagement of learners across the duration of the apprenticeship • Method of recording apprentices 20% off the job learning • Ability to start apprenticeship training within 3 weeks of apprentice starting employment • Ability to complete apprenticeship training and EPA within stated timeframe • Workplace behaviour training
Delivery of Additional Support (10%)	<ul style="list-style-type: none"> • How Initial Assessment information is used to plan appropriate development strategies • Support in place for those who fall behind in training • Support in place for those who have a break from study • Support in place current staff who have been out of education for a long period • Support in place for learners with additional needs • Wider CPD training available to the apprentice and/or their team • Induction support • Training and support to apprentices' line managers
Additional services (5%)	<ul style="list-style-type: none"> • Advertising opportunities • Support with assessment days • Job fairs/recruitment activities • Signposting apprentices to follow on opportunities • Support with CVs/job search
End point assessment (5%)	<ul style="list-style-type: none"> • Role of the training provider in end point assessment
Price (10%)	<ul style="list-style-type: none"> • How the training provider plans to deliver the training and EPA within the maximum pricing structure • Detail any savings that might be made through economy of scale
Customer Care and Contract Management (10%)	<ul style="list-style-type: none"> • Method of collecting feedback from employer • Method of collecting feedback from learners • Method of applying the outcome of evaluation from employer and learner/s • Past experience of achieving contract KPI's • Plan of delivery against KPI's • Plan for remedial action when service falls beneath KPI's

It is recommended that the split for award is 90% quality and 10% cost. This is because there is a national maximum training price set on every apprenticeship training course which sets a feasible delivery price. Negotiating on price at the risk of receiving lower quality or at the risk of the service to Islington Council having a lower value than other contracts would be detrimental.

The biggest risk is of non-completion of apprenticeships resulting from poor training provision. Previously in the delivery of apprenticeships, the council has experienced delays in training due to training provider assessors leaving and no new assessor being assigned. Training providers have then requested extensions to apprentice contracts. There are risks if quality is not set at a high percentage that these same issues might continue.

3.7 Business Risks

3.7.1 The business risks associated with this procurement are the time implications associated with setting up

this framework. The council needs to continue to deliver apprenticeship training in order to have a realistic opportunity to achieve the public sector target and spend the levy and so will need to continue to operate whilst this framework is being set up.

3.7.2 An additional risk is holding a training provider to account for the quality of service. It is proposed that where quality falls short of the agreed standards, the training provider will have a period to remedy this. Following that they will be at risk of payments being stopped until quality is redressed, or being removed from the contract.

3.7.3 Currently the council uses 10 different training providers, none of which are under contract. There could be service user implications if a current training provider is not awarded the contract but is still required to deliver the apprenticeship training for the apprentices they are currently working with.

3.8 The Employment Relations Act 1999 (Blacklist) Regulations 2010

3.8.1 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of Trades Union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to sign the council's anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences. The adequacy of these measures will initially be assessed by officers and the outcome of that assessment will be reviewed by the council's Procurement Board

3.8.2 The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.6 of the Procurement Rules:

Relevant information	Information/section in report
1 Nature of the service	The contract is for delivery of approved apprenticeship frameworks and standards eligible for government funding for Islington Council employees by approved training providers. See paragraph 3.1
2 Estimated value	The framework agreement has an estimated value of £1.1 million of Islington Council levy spend. See paragraph 3.2
3 Timetable	The estimated contract start date is 1 September 2017 See paragraph 3.3
4 Options appraisal for tender procedure including consideration of collaboration opportunities	The preferred option is a framework agreement. See paragraph 3.4
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	This contract is part of the council's work to support Islington residents to move into employment. Those completing apprenticeship training are employed on a minimum of the LLW and training providers will need to pay the LLW to all their employees delivering apprenticeships for Islington Council. See paragraph 3.5
6 Evaluation criteria	It is recommended that the split for award is 90% quality and 10% cost The award criteria price/quality breakdown is more particularly described within the report. See paragraph 3.6.3

7 Any business risks associated with entering the contract	The business risks associated with this procurement are the time implications on delivery whilst establishing the framework and holding a training provider to account for quality of service. See paragraph 3.7
8 Any other relevant financial, legal or other considerations.	See paragraph 4

4. Implications

4.1 Financial implications:

4.1.1 It is important that this contract is implemented promptly since the estimated Apprenticeship Levy for Islington Council is £1.1m and we have a 24-month window to use this for apprenticeship training or the face the prospect of the government recouping the unspent element.

4.2 Legal Implications:

4.2.1 The Apprenticeships, Skills, Children and Learning Act 2009 (new chapter A9 of Part 1) has been amended by the Enterprise Act 2016, Clause 24 in relation to the introduction of public sector apprenticeship targets. The amendment provides for the setting of apprenticeship targets for local authorities by the secretary of state. The government's proposals for the apprenticeship levy are set out in the "proposals for apprenticeship funding in England from May 2017" published on 12 August 2016. The council may enter into contracts with providers of services related to apprenticeship training under section 1 of the Local Government (Contracts) Act 1997.

4.2.2 The services being procured are subject to the light touch regime set out in Regulations 74 to 77 of the Public Contracts Regulations 2015 (the Regulations). The threshold for application of this light touch regime is currently £589,148.00. The value of the proposed contracts is above this threshold. It will therefore need to be advertised in the Official Journal of the European Union (OJEU). There are no prescribed procurement processes under the light touch regime. Therefore the council may use its discretion as to how it conducts the procurement process provided that it: discharges its duty to comply with the Treaty principles of equal treatment, non-discrimination and fair competition; conducts the procurement in conformance with the information that it provides in the OJEU advert; and ensures that the time limits that it imposes on suppliers, such as for responding to adverts is reasonable and proportionate. Following the procurement a contract award notice is required to be published in OJEU. The council's Procurement Rules require light touch contracts over the value of £500,000.00 to be subject to competitive tender.

4.2.3

In compliance with the requirements of the light touch regime in the Regulations and the council's Procurement Rules the proposal outlined in the report is to advertise a call for competition in OJEU and procure the service using a competitive tender process. On completion of the procurement the contract may be awarded as required to tenderers who meet the requirements of the council subject to the tenders providing value for money for the council.

4.3 Environmental Implications

There are no significant environmental implications arising from this proposal. Visits from training providers to apprentices are organised in order to incorporate multiple apprentice assessments within the one visit to encourage efficiency and minimise the carbon footprint.

4.4 Resident Impact Assessment:

4.4.1 The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding. A Resident Impact Assessment was completed on 5th May 2017 and is attached.

5. **Reason for recommendations**

5.1 The approval of this contract framework is recommended in order to work in the developing apprenticeship market. This contract will allow for the council to engage with training providers across clear quality and performance specification to get the best quality training for council employees.

Appendices:

Resident Impact Assessment

Final report clearance:

Signed by:

4 July 2017



Executive Member for Finance, Performance and Community Safety Date

Report Author: Amadea Afful
Tel: 020 7527 2640
Email: Amadea.afful@islington.gov.uk