

NORTH LINCOLNSHIRE COUNCIL

**BUSINESS TRANSFORMATION AND FINANCE
CABINET MEMBER**

**ESTABLISHMENT OF A DYNAMIC PURCHASING SYSTEM FOR THE
PROCUREMENT OF APPRENTICESHIPS**

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To seek approval to establish a Dynamic Purchasing System (DPS) through which to procure apprenticeship provision
- 1.2 The key points in this report are:
- Contract Procedure Rules require that for procurements over £1m whole life cost, cabinet member approval is required of the procurement plan.
 - The report sets out recommendations following extensive research and analysis.
 - The procurement plan is endorsed by the Apprenticeship Steering Group

2. BACKGROUND INFORMATION

- 2.1 In order for government to significantly increase the quantity and quality of apprenticeships in England, the following changes were introduced from 1 April 2017:
- A new Apprenticeship Levy, paid for by all UK employers with a pay bill of more than £3m per year.
 - This levy amounts to 0.5% of the employers pay bill which is paid into a digital account (the DPS). For North Lincolnshire Council, this is approximately £529,810.53 per annum which includes maintained schools.
 - All employers in England, who are required to pay the levy and are committed to apprenticeship training, will get out more than they pay in, via a 10% top-up to their DAS

- An apprenticeship target has been set for public sector bodies. The new duty on public sectors is to have 2.3% of its workforce comprised of apprenticeships (headcount average between April 2017 and March 2021). North Lincolnshire Council is currently developing its apprenticeship strategy in conjunction with recent re-organisation and organisational development commissioning.
- An Institute for Apprenticeships, led by employers to support quality apprenticeships, has been established

2.2 This means that funding for apprenticeships now sits within an Apprenticeship Levy pot that is managed by the council, rather than the funding sitting with apprenticeship providers, as previously. Access to the funding has to be done in line with the requirements set out by the Education and Skills Funding Agency, and in accordance with the requirements of the Public Contracts Regulations and the Contract Procedure Rules.

2.3 To enable the council to be compliant in its procurement of apprenticeship training, we are seeking to establish a Dynamic Purchasing System (DPS), which we will use to procure the services of apprenticeship providers.

2.4 A Dynamic Purchasing System (DPS) is an electronic system that we set up on YORtender, that enables the council to purchase commonly used goods, works or service. It allows us to set up and maintain a list of apprenticeship providers from whom we can achieve value for money provision as the need for new apprenticeship starts arises.

2.5 The DPS will be established in line with the requirements set out in the Public Contracts Regulations, and will follow a two stage process:

Stage 1: In the initial set-up stage, all providers who meet the selection criteria will be admitted to the DPS. Providers will also be able to apply during the life of the DPS, allowing it to adapt during its life to include new providers and also the Councils' varied apprenticeship requirements.

Stage 2: Individual contracts will then be awarded via further competition among the providers on the DPS who can deliver the required apprenticeship training. Approval to award the contracts, will be done in line with the Council's Constitution and Contract Procedure Rules.

2.6 To establish the DPS, a project team has been established which includes colleagues from Learning and Development and Procurement, with support from finance and legal.

2.7 The DPS will run for a total of four years.

2.8 In accordance with financial regulations the authority to award individual contracts within the Dynamic Purchasing System over £100,000 will be delegated to the Director of Business Development. Below that, the decision regarding award will be delegated to the budget holder..

- 2.9 The indicative whole life budget for the DPS is £2m. Contract Procedure Rules require that for procurements over £1m whole life cost, Cabinet Member approval to progress the procurement plan should be sought prior to the commencement of the procurement process.

3. OPTIONS FOR CONSIDERATION

- 3.1 Do nothing and procure apprenticeships on a one-off basis each time there is a need.
- 3.2 Establish a procurement framework.
- 3.3 Establish a Dynamic Procurement System.

4. ANALYSIS OF OPTIONS

4.1 Do nothing and procure apprenticeships on a one-off basis each time there is a need

Due to the potential aggregation of spend on common types of apprenticeships over time, just doing one-off procurements would put the council at risk of challenge, as we would exceed the value thresholds stated in the Public Contract Regulations. This is not a viable option as it is against our procurement regulations to spend sums of this size without formal procurement process in place.

4.2 Establish a procurement framework

The council can only access apprenticeship providers who are registered with the Education and Skills Funding Agency, and new providers can be approved at any time. A framework would restrict the council to only contracting with those providers who successfully got onto the framework when it was established, meaning no new providers could get on to the framework for the rest of its life.

This would limit the market available to the council as restrict the variety of apprenticeships available without establishing new frameworks.

4.3 Establish a Dynamic Procurement System

This will allow for a consistent and legal approach within which the council can procure apprenticeships. It will give providers an ongoing opportunity to submit a request to participate in the DPS and result in a market place that is dynamic and flexible.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

- 5.1 The DPS will be established utilising in house capability. Existing capacity is being created through the deletion of a Learning & Development Support Officer (grade 6) and creation of an Apprenticeships Co-ordinator (grade 6) in the Learning Solutions team. There are no cost implications associated with this change.

- 5.2 The establishment of a DPS will support the Council's key aim to deliver its services as efficiently as possible and support value for money through the procurement process.
- 5.3 The Council is already committed to the payment of 0.5% of its payroll into a digital account for the provision of training for apprenticeships.
- 5.4 The establishment of a DPS will ensure that the council is able to draw down the Apprenticeship Levy for apprenticeship training in a compliant and as efficient manner as possible. Any delays in the procurement process could lead to the apprenticeship funding being lost to the council as funds are time limited.
- 5.5 The Apprenticeship Levy Year 1 has to be spent within 18 months of collection. In subsequent years this reduces to within 12 months.

6. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)

- 6.1 By establishing a DPS, we will comply with statutory procurement requirements. We will also comply with equality and diversity legislation by encouraging participation in apprenticeships by individuals from a wide range of backgrounds.

7. OUTCOMES OF CONSULTATION

- 7.1 The project team included officers from Procurement, Learning Solutions and Adult Community Learning, with an overview from the Apprenticeship Steering Group.
- 7.2 The project team has considered alternative procurement solutions and their overriding view was that the establishment of a Dynamic Purchasing System is the best way to proceed.

8. RECOMMENDATIONS

- 8.1 Approval is given for the establishment of a Dynamic Purchasing System for procurement of apprenticeship training as the most effective way of ensuring compliance with procurement requirements and obtaining the services of high quality providers.

DIRECTOR OF BUSINESS DEVELOPMENT

Background Papers used in the preparation of this report: None

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