

CABINET

DATE	08/09/2021
REPORT OF	Councillor Shreeve, Deputy Leader and Portfolio Holder for Finance, Resources and Assets
RESPONSIBLE OFFICER	Sharon Wroot Executive Director Environment, Economy and Resources
SUBJECT	Dynamic Purchasing System for Apprenticeship Training
STATUS	Open
FORWARD PLAN REF NO.	CB 09/21/02

CONTRIBUTION TO OUR AIMS

Continuing a Dynamic Purchasing System for provision of apprenticeship training will enable us to provide quality apprenticeships to new and existing employees. This supports the strategic aim of stronger economy and the outcome that all people in North East Lincolnshire enjoy and benefit from a strong economy, by providing greater opportunities for employment skills, training and opportunities for local training providers to join the Dynamic Purchasing System. It will also support the outcomes all people in North East Lincolnshire fulfil their potential skills and learning by offering new apprenticeship training opportunities.

EXECUTIVE SUMMARY

The Government is committed to increasing the growth of apprenticeships as a viable and significant option for developing skills and employment opportunities. There have been major changes in apprenticeship national policy and the introduction of some significant reforms. One of these reforms was the introduction of the apprenticeship levy. In November 2015, the then Chancellor announced he would introduce a new apprenticeship levy of 0.5% on organisation payrolls which are in excess of £3m to raise £3bn a year, funding three million apprenticeships.

The Council currently procures all its apprenticeships through its Apprenticeship Dynamic Purchasing System. However, this is due to end on the 15th January 2022 and there are no more extensions available.

In order to remain compliant with the Public Contracts Regulations 2015 and Council's Contract Procedure Rules, the Council intends to reprocure the Apprenticeship Dynamic Purchasing System.

RECOMMENDATIONS

It is recommended that Cabinet:

1. Approve the commencement of a procurement exercise for the replacement Apprenticeship Dynamic Purchasing System.

2. Delegated authority to the Executive Director of Environment, Economy and Resources in consultation with the Deputy Leader and Portfolio Holder for Finance, Resources and Assets to deal with all matters relating to the award of individual contract under the Apprenticeship Dynamic Purchasing System.
3. authorises the Assistant Director Law, Governance and Assets (Monitoring Officer) to execute and complete all requisite legal documentation.

REASONS FOR DECISION

The decision allows the Council to commence a procurement exercise for the Apprenticeship Dynamic Purchasing System and allows the Council to award the individual contract. This will enable the Council to procure apprenticeship providers to deliver apprenticeships to the workforce and remain compliant with the Public Contracts Regulations 2015 and the Councils Contract Procedure Rules.

1. BACKGROUND AND ISSUES

- 1.1 In order for the government to significantly increase the quantity and quality of apprenticeships in England they have:
 - Introduced an Apprenticeship Levy which is a levy on UK employers to fund new apprenticeships
 - The levy will be 0.5% of the pay bill, paid through PAYE and paid into a digital account
 - Any UK employer, in any sector, with a pay bill of more than £3 million per year is liable to pay the levy
 - Ensured employers in England, who pay the levy and are committed to apprenticeship training, will be able to get out more than they pay into the levy, through a top-up to their digital accounts.
 - Apprenticeship targets for public sector bodies – there is a duty on public sector to have 2.3% of its workforce comprised of apprenticeships.
 - Established an Institute for Apprenticeships, led by employers, to support quality apprenticeships
 - Given apprenticeships equal legal protection to degrees.
- 1.2 Accessing the Apprenticeship Levy must be done in line with the requirements set out by the Education and Skills Funding Agency, and the requirements of the Public Contracts Regulations and the Contract Procedure Rules.
- 1.3 The Council currently procures its apprenticeships through its Apprenticeship Dynamic Purchasing System. However, this is due to end on the 15th January 2022 and there are no more extensions available.
- 1.4 To enable the Council to continue procurement of its apprenticeships in compliance with the Public Contracts Regulations 2015 and the Councils Contract Procedure Rules, the intention is to reprocure the Apprenticeship Dynamic Purchasing System, which it will then access to procure its apprenticeship providers.

- 1.5 Procurement of apprenticeships through the Dynamic Purchasing System is a two stage process. Firstly, in the initial set-up stage, all providers who meet the selection criteria will be admitted to the Dynamic Purchasing System, and providers will be able to apply during the life of the Dynamic Purchasing System, allowing it to adapt during its life to include new providers and also the Councils varied apprenticeship requirements. Individual contracts will then be awarded via further competition among the providers on the Dynamic Purchasing System. Approval to award the contracts, will be done in line with the Councils Constitution and Contract Procedure Rules.
- 1.6 A project team will be established which includes colleagues from Learning and Development, Procurement, Finance and Legal, and a project plan developed.
- 1.7 The intention is that replacement Apprenticeship Dynamic Purchasing System will run for a total of eight years.
- 1.8 The indicative whole life spend on apprenticeships awarded under the replacement Apprenticeship Dynamic Purchasing System is £1,920,000. The cost of these apprenticeships will be funded via the Apprenticeship Levy.

2. RISKS AND OPPORTUNITIES

- 2.1 By choosing not to establish a long term solution for compliantly procuring apprenticeship providers, the Council will be putting itself at risk of challenge because over time, the aggregated spend of individual apprenticeship procurements will exceed the thresholds set out in the Public Contracts Regulations 2015. Establishing the Dynamic Purchasing System will provide a solution which is compliant with the Public Contracts Regulations.
- 2.2 Local providers and SMEs will have the opportunities to submit a request to participate in the Dynamic Purchasing System, and requests to participate can be submitted at any point during the life of the Dynamic Purchasing System so it is accessible to new entrants to the market.

3. OTHER OPTIONS CONSIDERED

- 3.1 Procuring apprenticeship providers on a one-off basis every time. Due to the potential aggregation of spend on common types of apprenticeships, over time just doing one-offs would put the Council at risk of challenge, due to exceeding the value thresholds stated in the Public Contracts Regulation 2015 and Council's Contract Procedure Rules.
- 3.2 Establishing a framework of apprenticeship providers. 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 contracting with those providers who successfully got onto it when it was established, meaning no new providers could get on to the framework for the rest of its life, therefore limiting the market available to the Council.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

- 4.1 There are a number of positive implications for the Council's reputation. It will evidence that the Council is an exemplar employer in terms of establishing the Dynamic Purchasing System to support in the delivery of a varied apprenticeship programme. The Council will also be able to positively promote apprenticeships across its partner organisations and other businesses across North East Lincolnshire and act as a role model, offering advice and support where required. In addition to this there will be the positive aspects of supporting disadvantaged and underrepresented groups into work via the apprenticeship programme.
- 4.2 The Dynamic Purchasing System will support delivery of apprenticeship training by providers who can deliver locally, which again has positive implications for the Council's reputation.

5. FINANCIAL CONSIDERATIONS

- 5.1 The continuation of a Dynamic Purchasing System will support the Council's key aim to deliver its services as efficiently as possible and support value for money through the procurement process.
- 5.2 The Council is already committed to the payment of 0.5% of its pay expenditure into a digital account for the provision of training for apprenticeships ('the Apprenticeship Levy'). This levy is estimated to be £0.25M per annum and up to £2M over the eight year life of the Dynamic Purchasing System.
- 5.3 The continuation of a Dynamic Purchasing System 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 by the Council as funds are time limited. The Dynamic Purchasing System will be established from existing resources and therefore not impact on existing budgets.

6. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

None

7. CONSULTATION WITH SCRUTINY

There has been no consultation with Scrutiny as it has not been necessary at this stage in terms of continuing a DPS for procurement purposes.

8. FINANCIAL IMPLICATIONS

- 8.1 The Dynamic Purchasing System will not require additional budget provision and the costs of the respective apprenticeships will be funded through the apprenticeship levy budget.

9. LEGAL IMPLICATIONS

- 9.1 The recommendations seek approval for the commencement of a procurement process in order to establish a Dynamic Purchasing System (DPS).
- 9.2 A DPS is a common mechanism and procurement tool similar to a framework but

where new suppliers can join at any time. However, it has its own specific set of requirements, and these are set out at regulation 34 Public Contracts Regulations 2015.

- 9.3 The DPS is a two-stage process. Initially all suppliers who meet the selection criteria will be admitted to the DPS. Secondly individual contracts will be awarded with the Council inviting suppliers on the DPS (for the relevant category within the DPS) to bid for a specific contract.
- 9.4 The exercise will be conducted so as to comply with the Council's policy and legal obligations, specifically in compliance with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015, and be supported by relevant officers.
- 9.5 It is clear that the procurement of a DPS of this nature will underpin the Council's skills and education agenda's.

10. HUMAN RESOURCES IMPLICATIONS

Continuation of the Dynamic Purchasing System links to the People Strategy aim to attract, develop, and retain a skilled and diverse public services workforce. The DPS will enable us to draw down levy funds to secure providers of apprenticeships for our workforce contributing to their ongoing development. Any delays could result in an inability to source apprenticeship providers for those wishing to undertake apprentices which will also affect our ability to draw down funds from the levy.

11. WARD IMPLICATIONS

- 11.1 Affects all wards

12. BACKGROUND PAPERS

- [Register of apprenticeship training providers - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/collections/register-of-apprenticeship-training-providers)
- [Pay Apprenticeship Levy - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/collections/pay-apprenticeship-levy)
- [Apprenticeship funding rules - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/collections/apprenticeship-funding-rules) (2021-2022)
- [Meeting the Public Sector Apprenticeship Target September 2020 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/collections/meeting-the-public-sector-apprenticeship-target-september-2020)

13. CONTACT OFFICER(S)

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