

DERBYSHIRE COUNTY COUNCIL

CABINET

9 May 2019

**Report of the Strategic Director for
Commissioning, Communities & Policy**

**APPRENTICESHIP PROCUREMENT
Council Services**

1 Purpose of Report

To seek Cabinet approval for the implementation of a Dynamic Purchasing System (DPS) to procure approved apprenticeship learning providers to meet the Council's internal apprenticeship requirements including those of Local Authority Maintained Schools.

2 Background

Derbyshire Adult Community Education Service (DACES) are the Council's preferred supplier for all apprenticeship training delivery. Where they are unable to deliver the required apprenticeship they, in conjunction with the employing department or school, go to the wider provider market to procure either a sub-contractor to deliver the off-the-job element of the apprenticeship or else a main provider to deliver the full programme.

The procurement of apprenticeship learning delivery providers is subject to the Public Sector contracting regulations. Only providers that are on the Government's approved list of training providers (RoATP) can be contracted with to deliver the apprenticeship training.

Procuring external apprenticeship training providers has been challenging thus far therefore at its meeting on 11 September 2018 Corporate Management Team (CMT) agreed that the Apprenticeship Reforms Project Board (ARPB) should investigate more cost effective approaches to procurement through the development of framework or partnership solutions.

Research has been undertaken across the local government sector to establish current practices including evaluation of three apprenticeship provider procurement options in order to establish the best solution for the Council. These options were maintaining the Council's current open tendering practice, joining an existing or establishing a Derbyshire County

Council procurement framework and implementing a Dynamic Purchasing System (DPS).

Based upon the findings, CMT have considered a proposal that the Council implement a DPS and recommend that Cabinet approve this option as it provides the greatest flexibility in meeting the current and future apprenticeship procurement needs for the Council and local authority maintained schools.

In making this recommendation it should be clear that DACES will always be considered first for delivery of any apprenticeships required by the Council.

3 Information and Analysis

Of the options considered a DPS offers the greatest degree of flexibility in responding to workforce planning priorities and changes. It is likely to deliver speedier procurement processes, has potential for greater efficiencies around procurement whilst also providing the opportunity for effective quality control around delivery partners.

DPS overview

A DPS is a procurement procedure available for contracts for works, services and goods. As a procurement tool, it has some aspects that are similar to a framework agreement, but where new suppliers can join at any time. As the DPS is open to suppliers throughout its duration, new start-ups, or businesses that wish to expand into new public sector markets will not be frozen out of the market meaning that the DPS provides more flexibility than traditional frameworks.

This will allow the Council to encourage approved apprenticeship providers to join the DPS during its period of validity and when new relevant apprenticeship standards become available for delivery. This will reduce the risk of being limited to a fixed number of providers or else having restricted access to specialist providers.

The division of DPS into categories by type of requirement, size of contract, or geographical place of delivery, could ensure that niche suppliers and SMEs have maximum opportunity to compete. Providers do however need to be on the Government's register of approved apprenticeship providers

The DPS is a two-stage process. First, in the initial setup stage, all suppliers who meet the selection criteria must be admitted to the DPS. The Council cannot impose any limit on the number of suppliers that may join a DPS however the Council can make it clear that suppliers will be required to accept the terms and conditions of the Council when bidding for contracts under the DPS.

The DPS can streamline procurement processes for both the suppliers and the Council; suppliers don't have to demonstrate suitability and capability every time they wish to compete for a contract under the DPS, and the award of individual tenders can be quicker than under some other procedures.

Once established onto the DPS, providers find the tendering processes less onerous making a DPS a more attractive model for many providers, particularly for specialist ones dealing with "niche" apprenticeships and those offering apprenticeships across a wider range of standards. The tendering process is expected to be speedier for the Council than the Council's current open tendering process.

Individual contracts are awarded during the second stage.

Once the DPS is established, the council may award specific contracts by inviting all suppliers (on the DPS or admitted to the relevant categories) to bid, the award criteria to be used for the award of individual contracts has to be set out in the original contract documentation.

Derbyshire County Council DPS

A DPS has a maximum value and duration started in the initial procurement documentation.

It is proposed that the Council's DPS will have a value of £2.2m per year ie the total annual levy contribution made by the Council.

To maximise any efficiencies it is also proposed that the initial DPS has a duration of 5 years making the total value of the DPS £11m.

It is not envisaged that the total value will be used during the term of the DPS.

The stated value is the nominal maximum figure for the DPS and by quoting the maximum possible the Council will provide itself with a "comfort zone" ensuring that the available funding does not run out before the end of the DPS's lifespan.

Stating the maximum figure will not preclude DACES from drawing down levy funding for the apprenticeship learning that the service delivers nor from the Council transferring levy funding into the broader Derbyshire economy to support the Council's Employment and Skills Strategy. It should be noted that the DPS cannot be utilised to procure providers under our transfer of levy arrangements as the government's funding regulations do not allow this

The process to establish a DPS will be fairly simple and be supported by the Council's procurement specialists. It will include defining the selection criteria that the Council will apply to applications to join the DPS.

It is envisaged that the DPS will be available for use no later than autumn 2019.

Corporate Procurement will provide the technical expertise required for the initial setup and subsequent management of the DPS itself to ensure compliance with Public Contract Regulations. The Council also need to abide by the requirements for publication on Contracts Finder about contracts which have been awarded.

Partnership working

Potential for partnership working is twofold.

Delivery partners:

It is expected that by establishing the DPS the Council will be better placed to develop partner relationships with preferred learning providers who understand the context of Derbyshire County Council. This will make co-design of apprenticeship programmes much easier resulting in apprenticeship delivery that is more effectively aligned to the Council's operational requirements and priorities.

Procuring partners:

When undertaking research into procurement practices local authorities in the area that responded all expressed interest in establishing a D2 approach. Whilst there will be benefits from implementing a D2 approach, developing a broad ranging DPS across the county will take much longer to achieve than one that focusses purely on the Council's needs. Therefore CMT recommend that Cabinet agree to adopt a standalone Derbyshire County Council DPS at this stage. The effectiveness of this model can be evaluated during its lifespan and consultation with local authorities around a future joint DPS will be informed by the experience developed.

4 Financial Considerations

The £11m maximum value of the DPS over its 5 year lifespan represents the level of Council contributions to the apprenticeship levy over the same period. No additional funding is sought to finance the DPS.

The development, over-arching management, operation and governance of the DPS will be undertaken by Corporate Procurement, DACES and supported by CCP Organisation Development team from within existing resources and budgets.

5 Other Considerations

In preparing this report the relevance of the following factors has been considered:- human resources, legal and human rights, equality of opportunity, health, environmental, transport, property, crime and disorder and social value considerations.

6 Key Decision?

No

7 Is it necessary to waive the call-in period?

No

8 Officer's Recommendation

That Cabinet note the content of this report and agree to the implementation of a Dynamic Purchasing System as detailed in the report and specifically that:

- a Dynamic Purchasing System (DPS) be implemented as the preferred apprenticeship provider procurement model for the Council.
- the total value of the DPS will be £11m based upon £2.2m per annum with a 5 year duration.
- the initial DPS will be exclusive to Derbyshire County Council.
- the development, management, operation and governance of the DPS will be undertaken using existing resources and budgets from within Corporate Procurement, DACES and CCP Organisation Development teams.

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