

## Committee: Cabinet

**Date: 22<sup>nd</sup> March 2021**

Wards: N/A

## Subject:

Lead Officer: James Pierce; Learning and Development Advisor

Lead Member: Councillor Tobin Byers; Cabinet Member for Finance

Contact Officer: James Pierce; Learning and Development Advisor

### **Exempt or confidential report**

*The following paragraph of [Part 4b Section 10 of the constitution](#) applies in respect of information within Appendix A to E and it is therefore exempt from publication:*

*Information relating to the financial or business affairs of any particular person (including the Authority holding that information).*

*Members and officers are advised not to disclose the contents of the appendices.*

**Reasons for Urgency:** *The Chair has approved the submission of this report as a matter of urgency as the Council is projected to lose £128,114 in unspent levy funds between now and the next cabinet meeting in May 2021 if no action is taken.*

*The Council is forecasted to lose c. £40,000 every month Levy funds go unspent due to limitations of current contracts and expiration of previous contract. This figure will increase to c. £55,000 per month for each month that this contract award is delayed.*

*(Above figures taken from London Borough of Merton's Digital Apprenticeship Services Account)*

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### **Recommendations:**

- A. That Cabinet approve the award of the contracts for Multiple Apprenticeship Standards across Lots 2, 3, 4, 6, 7, 8, 10, 11 & 12 to Suppliers E, H, J, K, N, O, Q, S, AB, AD, AE, AF, AH & AK, on an initial 3 year term from 31 March 2021, with extension provisions of up to a further 1 year. The identities of the preferred and unsuccessful bidders are set out in Appendix A. The contract values for the proposed term are set out in Appendix D.
- B. That the authority to exercise the extension provision is delegated to the Director of Corporate Services, in consultation with the Cabinet Member for Finance, and subject to continued funding and satisfactory supplier performance.

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## **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. The purpose of this report is to recommend that the Director of Corporate Services in consultation with the Cabinet Member for Finance to approve the award of the 14 contracts for the provision of delivery for multiple Apprenticeship Standards.
- 1.2. As an employer whose pay bill is in excess of £3million, London Borough of Merton (LBM) is required to pay 0.5% of our pay bill in the form of a tax into

a centralised account which can only be accessed to fund Apprenticeship qualifications. To date LBM has contributed a total of £2,321,843 into the levy pot and drawn down and spent £748,928 from the levy pot meaning a total of £1,572,915 has been underutilised in funds. In addition a target of 2.3% of the workforce to be made up of Apprentices, was set for Local Authorities by Central Government.

- 1.3. In order to achieve the Government's 2.3% Apprentice workforce target and maximise levy spend it is integral that the Council has the right service providers in place to deliver the Apprenticeship standards it requires to boost employment and developmental opportunities. Through entering in to multiple contracts with the chosen successful providers it will make it easier to call off from those providers to deliver different Apprenticeship standards at a chosen level as and when required to meet the workforce's developmental needs.

## **2 DETAILS**

- 2.1. In May 2017 Central Government introduced the Apprenticeship Levy which meant all employers who make NI contributions and whose gross pay bill is in excess of £3million are required to pay 0.5% of their pay bill in the form of a tax into a centralised account. The employer is only able to then access the funds they have paid in to their account to spend on the cost of recognised Apprenticeship training qualifications. A target of 2.3% of the workforce to be made up of Apprentices, was set for Local Authorities by Central Government. As of May 2019 any accumulated money not spent within 24 months from when the contribution was made is deemed as expired from the employers levy pot on a rolling month basis and can no longer be spent.
- 2.2. The London Borough of Merton (LBM) as an employer has just under 5,000 staff made up of 1,745 Council employees and the remaining 3,000+ made up of employees working in our maintained schools. As an employer of this size the London Borough of Merton's pay bill amounts to £138 million (per annum), therefore meaning that each year on average we contribute over £500,000 of our pay bill in to the Council's Levy pot. This is then topped up 10% by Central Government.
- 2.3. To date LBM has contributed a total of £2,321,843 into the levy pot, drawn down and spent £748,928 from its total levy pot and has committed a further £148,762 to be spent on its existing and live Apprenticeships. This means that to date the Council have underutilised its levy pot by £1,572,915 since the levy was introduced. This information was taken from LBM's Digital Apprenticeship Services Account (DAS).
- 2.4. For the LBM to achieve the Government's 2.3% target, the Council, working with its maintained schools would need to enrol a total 115 learners made up of staff and/or Fixed Term Contract Apprentices on to Apprenticeship programmes each year.
- 2.5. A Gateway 1 (GW1) report was approved in July 2020 by the Procurement Board to authorise the undertaking of a one off procurement exercise to award multiple contracts to multiple providers for the delivery of over 100

different Apprenticeship standards. It was approved that the procurement exercise would be carried out using both the ESPO and YPO framework agreements and dynamic purchasing systems to identify preferred suppliers to deliver the services on an initial 3 year term, with extension provision of a further 1 year.

- 2.6. Through carrying out the procurement exercise in this way it will allow LBM to call upon an array of providers at a faster rate as and when needed. This will be beneficial for some of the less popular Apprenticeship standards that aren't as commonly/frequently utilised and overall help maximise staff development, increase Apprenticeship head count and maximise levy spend. This will also stop the disaggregation of spend across the category and allow the Council to procure in a more effective way.
- 2.7. Market engagement was undertaken prior to the tender being issued and there was strong interest in the tender.
- 2.8. Apprenticeships are still continuing and providers are continuing to deliver learning remotely despite the issues and situation surrounding COVID-19
- 2.9. The ITT was published on 25 January 2021, with a submission deadline of 5pm 12 February 2021. The Invitation to Tender (ITT) was published via the London Tenders Portal, and advertised to suppliers signed up to the ESPO and YPO framework agreements and dynamic purchasing systems. A total of 38 submissions were received across both Framework Agreements, and the evaluation of the bids was carried out in line with the evaluation methodology of the tender.
- 2.10. Of the 38 tenders received, 2 were duplicate bids and 4 were disqualified which meant 32 tenders were deemed compliant and therefore in contention to be awarded contracts across the 12 Lots.
- 2.11. Suppliers were asked to submit both their answers to the Method Statements questions along with their price quotes for the Lots they were bidding for on the pricing schedule. Suppliers who failed to submit both of these documents were disqualified from the process, and would not be progressed to stage 2 and 3 – quality assessment and price assessment. A total of four suppliers did not submit their pricing schedule and were in turn disqualified.
- 2.12. The tender evaluation comprised of three stages: the first of which was a compliance check, on a pass/fail basis; the second was the quality and technical evaluation in line with the methodology prescribed in the tender; and the third was the assessment of price.
- 2.13. The tender evaluation was carried out by a panel of three officers, two from the Learning and Development team and one from Policy, Strategy & Partnerships team. Each compliant tender was evaluated individually by each member of the evaluation panel to undertake the quality and technical evaluation. Details of the evaluation questions, scoring criteria and weightings can be found in Appendix B.
- 2.14. The panel, along with an officer from Commercial Services, met across three dates, 2, 5 and 8 March 2021 to discuss individual scores and comments for each question in order to arrive at an agreed, moderated score.

- 2.15. The names of the bidders and their respective scores are included at Appendices A, B and C respectively.
- 2.16. The procurement documents states that the contracts would be awarded to the two highest ranked bidders for each lot but this number may be reduced or increased depending if scores were particularly close, or; if it was deemed there was any other good reason to deviate from the original award scheme. The documentation also stated that the contracts would be awarded on the basis of the most economically advantageous tender to the Council, based on a 70% Quality and 30% Price split.
- 2.17. The bids were evaluated against the following six Method Statement questions to assess the quality of each bid:

METHOD STATEMENTS	
1.	Please give two examples of how you have worked with a large complex organisation and/or schools to develop and deliver Apprenticeship programmes linked to the Apprenticeship standards set out as required.
2.	<p>Please include the minimum number of learners to run a cohort, frequency of intakes and if the programme is roll-on / roll-off. How managers' and learners' expectations are managed. When and how training schedules are issued. Please also describe your processes for taking on new learners, including:</p> <ul style="list-style-type: none"> <li>• how learners and their managers are provided with the information they need about inductions in order to be able to attend them and complete all required elements.</li> <li>• initial assessment, the use of testing resources, methods to assess vocational skills levels.</li> <li>• the induction process, including duration, over what period of time and expected outcomes.</li> </ul>
	Please provide detail of how you have successfully supported cohorts of 10 learners or more through Apprenticeship programmes. Describe your on-programme support and how you measure this. Please include retention statistics and details of completion rate percentages for these programmes in your response and details of routine support as well as how you react to critical instances. What do you put in place to identify and mitigate risks of early leavers?
4.	Describe the learning programme for the qualification/s being proposed. Please provide a few sample programmes and detail how they could be tailored to meet the needs of London Borough of Merton? Where do you add value? What are the key touch points with learners and managers?
5.	Please provide examples of the resources that would be used on the programmes and describe what support is available to all groups of learners to support their continued development and successful completion.

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| 6. | Please include details of all contingency plans in place should key personnel and systems not be available during the course of the contract. |
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2.18. The tables below summarises the evaluation outcomes for each Lot we received bids for. No bids were received from service providers for delivery of the Apprenticeship standards in Lots 1 and 5.

<b>Lot 2</b>
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Bidder	Quality Weighting	Price	Final Weighted Score
Supplier AD	70%	29.83%	100%
Supplier K	70%	29.05%	99%
Supplier AK	70%	28.52%	99%
Supplier Q	70%	27.97%	98%
Supplier AE	70%	27.62%	98%
Supplier O	70%	26.72%	97%
Supplier X	65%	30.00%	95%
Supplier AC	68%	27.42%	95%
Supplier C	65%	29.25%	94%
Supplier I	65%	27.42%	92%
Supplier B	63%	27.62%	90%
Supplier AB	60%	29.63%	90%
Supplier E	63%	26.53%	89%
Supplier G	60%	28.86%	89%
Supplier V	60%	27.74%	88%
Supplier L	60%	27.05%	87%
Supplier P	58%	27.01%	85%
Supplier Y	55%	27.76%	83%
Supplier AH	50%	30.00%	80%
Supplier S	50%	27.69%	78%
Supplier J	48%	30.00%	78%
Supplier AI	48%	28.68%	76%
Supplier AJ	43%	25.20%	68%

**Lot 3**

<b>Bidder</b>	<b>Quality Weighting</b>	<b>Price (Lowest)</b>	<b>Final Weighted Score</b>
Supplier AK	70%	29.26%	99%
Supplier AH	50%	30.00%	80%
Supplier S	50%	29.50%	80%
Supplier AI	48%	30.00%	78%

**Lot 4**

<b>Bidder</b>	<b>Quality Weighting</b>	<b>Price (Lowest)</b>	<b>Final Weighted Score</b>
Supplier Q	70%	30.00%	100%
Supplier AE	70%	30.00%	100%
Supplier B	63%	30.00%	93%

**Lot 6**

<b>Bidder</b>	<b>Quality Weighting</b>	<b>Price (Lowest)</b>	<b>Final Weighted Score</b>
Supplier AD	70%	30.00%	100%
Supplier Q	70%	29.00%	99%
Supplier N	70%	26.99%	97%
Supplier AE	70%	26.19%	96%
Supplier AC	68%	28.07%	96%
Supplier X	65%	30.00%	95%
Supplier I	65%	26.99%	92%
Supplier B	63%	27.43%	90%
Supplier Y	55%	27.11%	82%
Supplier U	55%	27.00%	82%
Supplier AH	50%	30.00%	80%
Supplier A	50%	29.89%	80%
Supplier R	48%	26.99%	74%
Supplier T	38%	26.99%	64%
Supplier S	50%	0.00%	50%

**Lot 7**

<b>Bidder</b>	<b>Quality Weighting</b>	<b>Price</b>	<b>Final Weighted Score</b>
Supplier AD	70%	30.00%	100%
Supplier AK	70%	28.75%	99%
Supplier O	70%	28.25%	98%
Supplier AE	70%	28.00%	98%
Supplier C	65%	30.00%	95%
Supplier B	63%	27.90%	90%
Supplier AB	60%	26.61%	87%
Supplier S	50%	29.08%	79%
Supplier AI	48%	29.36%	77%

**Lot 8**

<b>Bidder</b>	<b>Quality Weighting</b>	<b>Price (Lowest)</b>	<b>Final Weighted Score</b>
Supplier AE	70%	30.00%	100%

**Lot 9**

<b>Bidder</b>	<b>Quality Weighting</b>	<b>Price (Lowest)</b>	<b>Final Weighted Score</b>
Supplier S	50%	30.00%	80%

**Lot 10**

<b>Bidder</b>	<b>Quality Weighting</b>	<b>Price (Lowest)</b>	<b>Final Weighted Score</b>
Supplier K	70%	29.53%	100%
Supplier AE	70%	27.95%	98%
Supplier J	48%	30.00%	78%
Supplier R	48%	29.99%	77%
Supplier AJ	43%	28.80%	71%

**Lot 11**

<b>Bidder</b>	<b>Quality Weighting</b>	<b>Price (Lowest)</b>	<b>Final Weighted Score</b>
Supplier J	48%	30.00%	78%

**Lot 12**

<b>Bidder</b>	<b>Quality Weighting</b>	<b>Price (Lowest)</b>	<b>Final Weighted Score</b>
Supplier AD	70%	29.89%	100%
Supplier Q	70%	29.22%	99%
Supplier AE	70%	27.64%	98%
Supplier K	70%	27.01%	97%
Supplier O	70%	26.97%	97%
Supplier E	63%	28.71%	91%
Supplier H	60%	30.00%	90%
Supplier AF	60%	30.00%	90%
Supplier B	63%	26.84%	89%
Supplier AG	63%	26.70%	89%
Supplier L	60%	28.78%	89%
Supplier A	50%	29.67%	80%
Supplier S	50%	27.68%	78%
Supplier AI	48%	28.54%	76%
Supplier Y	55%	20.81%	76%
Supplier N	70%	0.00%	70%
Supplier AJ	43%	26.94%	69%
Supplier T	38%	26.86%	64%
Supplier R	48%	0.00%	48%
Supplier Z	35%	27.96%	63%

- 2.19. Out of the 103 Apprenticeship standards tendered for across the 12 Lots; bids were submitted by service providers to deliver 74 of the required Apprenticeship standards. See Appendix C for details of the Apprenticeship Standards that bids were successfully and unsuccessfully received for.



2.20. The successful bidders for each Lot have been listed in the table below.

Provider	Lots
Supplier E	12
Supplier H	12
Supplier J	11
Supplier K	2&10
Supplier N	6
Supplier O	7
Supplier Q	2,4,6&12
Supplier S	3
Supplier AB	2
Supplier AD	2&6
Supplier AE	2,4,8,10&12
Supplier AF	12
Supplier AH	3
Supplier AK	2,3 &7

- 2.21. It is recommended that Lots 4, 7, 8, 10 & 11 are awarded to the top one or two highest scoring bidders that scored highest on Quality and Price.
- 2.22. For Lots 2, 3, 6 & 12 it is recommended contracts are awarded to the top two scoring bidders based on Quality and Price as well as to the highest scoring providers who can deliver the required Apprenticeship standards the top two providers are unable to provide.
- 2.23. In some instances bids for certain Lots could not be accepted as the bidder was not approved under the ESPO or YPO Framework to bid for the Apprenticeship standards within the respective Lot. This included Supplier S's bid in Lot 9 and Supplier AD's bids in Lots 7 and 12.
- 2.24. The successful bidders are all well-established organisations that have proven experience of tailoring and delivering Apprenticeship standards for large complex organisations like LBM.
- 2.25. All successful bidders demonstrated value for money in their proposals and outlined more diverse course offerings to address the skills needs of the workforce. They have demonstrable experience of delivery and high quality systems and resources in place to ensure that Apprentices progress and achieve in their Apprenticeships. They also have the ability to offer Apprenticeships on a one to one basis or as part of a larger group cohort. All providers also demonstrated their ability to be able to quickly adjust plans in light of any future disruption.
- 2.26. Each contract will be for an initial term of 3 years, commencing on 31 March 2021, with the option to extend for a further two 12 month periods at the Council's discretion.

### 3 **ALTERNATIVE OPTIONS**

3.1. **Do Nothing**

- 3.2. This would lead to no new contracts being awarded for over 100 different Apprenticeship Standards and the expiry of the existing contracts. As a consequence the Council would be unable to continue providing Apprenticeships, and additionally our available Levy funds would continue to expire until they match the expiration rate of what we contribute to the Levy fund year on year.

**4 CONSULTATION UNDERTAKEN OR PROPOSED**

- 4.1. None for the purposes of this report.

**5 TIMETABLE**

- 5.1. Should the contract be awarded to the Preferred Bidders, the future timetable is as follows:

<b>Stage / Activity</b>	<b>Date</b>
Cabinet Meeting	22 March 2021
Call-in Period	29 March 2021
Contract Awards	30 March 2021
Contract Start Dates	31 March 2021

**6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 6.1. Funding for the Apprenticeship training contracts would continue to be funded by the Apprenticeship levy which is currently underutilised. The levy is paid regardless, so offers a cost effective way of funding training for the workforce which would otherwise be an additional cost to LBM.
- 6.2. The value of the contracts to be funded will vary depending upon the number of Apprenticeships undertaken during the contract period but will not exceed the value of funding available via the Apprenticeship levy.
- 6.3. The total value of the contract can be found in Appendix D.

**7 LEGAL AND STATUTORY IMPLICATIONS**

- 7.1. The report refers to contracts to be let in order to assist the Council in meeting its requirements in arranging Apprenticeships. Such contracts to be awarded under a framework as noted in the report are compliant with the obligations of the Council's Contract Standing Orders.
- 7.2. Upon award of the contracts, the Council must undertake the notification and recording requirements as stated in section 8 below.

**8 PROCUREMENT IMPLICATIONS**

- 8.1. The procurement exercise was conducted in accordance with the Public Contracts Regulations and Contract Standing Orders, and the instructions in the further competition document.
- 8.2. The proposed contracts represent the best mix of quality and price available for each of the Apprenticeship standards that were part of the requirement.

- 8.3. There is no requirement to publish contract award notices on the Find a Tender service (formerly OJEU) for framework call-off contracts. Details of the contracts will be published on the Council's Contracts Register and the Contracts Finder website.

## **9 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

- 9.1. None for the purposes of this report.

## **10 CRIME AND DISORDER IMPLICATIONS**

- 10.1. None for the purposes of this report.

## **11 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

- 11.1. Whilst recognised as low risk it should be noted that the close scores of some bids could lead to some challenge from unsuccessful bidders. The evaluation panel are confident in the recommendations they are making and have a clear audit log and rationale for the awarding of these contracts.

## **12 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**

### **APPENDIX A THROUGH TO E (COMMERCIALLY SENSITIVE INFORMATION)**

- Appendix A - The identities of the preferred and unsuccessful bidders
- Appendix B - Method Statements Evaluation Scores
- Appendix C - Pricing Evaluation Scores of each Lot
- Appendix D - Value of this contract
- Appendix E - Required Apprenticeship Standards

## **13 BACKGROUND PAPERS**

- 13.1. None included.

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