

## **Corporate Policy Committee**

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<b>Date of Meeting:</b>	06 July 2021
<b>Report Title:</b>	Apprenticeship Levy Procurement Framework
<b>Report of:</b>	Jane Burns - Executive Director, Corporate Services
<b>Report Reference No:</b>	CP/13/21-22
<b>Ward(s) Affected:</b>	All wards

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### **1. Executive Summary**

- 1.1. This report provides a proposed way forward for the procurement of apprenticeship training provision across the Council, ASDVs and maintained schools.

### **2. Recommendations**

- 2.1. That Corporate Policy Committee:
  - 2.1.1. Delegates authority to the Executive Director of Corporate Services, to set the Council up to utilise the Yorkshire Purchasing Organisation (YPO) Framework – Apprenticeships and Associated Training 883 to award contracts, where possible, to training providers using YPO’s call off contract template. This requires the Council to sign a Non-Disclosure Agreement – Customer Access Agreement. Authority is further delegated to enable officers to utilise the replacement YPO framework scheduled for summer 2022 which will replace the existing version.
  - 2.1.2. Authorises the Executive Director of Corporate Services to take all necessary actions to implement the proposal.
  - 2.1.3. Receives a further update report on the strategic approach to apprenticeship delivery at the Council.

### **3. Reasons for Recommendations**

- 3.1.** Framework agreements were not yet available when the apprenticeship levy was set up in 2017, hence the development of the current Council framework.
- 3.2.** The YPO framework is fully compliant with Public Contracts Regulations 2015 and provides an extensive list of providers. Providers can be added every quarter which enables the Council to establish a preferred supplier list within the YPO framework. The framework also reduces the current administrative burden for the Council.

### **4. Other Options Considered**

- 4.1.** The development of a further procurement framework specific to Cheshire East Council has been considered, but this option has proved resource intensive and a considerable administrative burden for Workforce Development, Legal Services and Procurement.
- 4.2.** The proposed option is much less onerous and also offers more flexibility to access a wider range of training providers and apprenticeship standards.
- 4.3.** Other framework providers offer apprenticeship solutions. These are via a Dynamic Purchasing System (DPS), which does not offer direct award flexibility. It is necessary to retain the right to make direct awards to continue to cover the range of apprenticeships the Council wishes to access.

### **5. Background**

- 5.1.** From April 2017, the Finance Bill (2016) introduced a new funding mechanism for apprenticeships, an 'apprenticeship levy'. The levy is paid by employers (including the public sector) on 0.5% of pay bill. All employers receive an annual allowance of £15,000 to offset against their levy, meaning that the levy only applies to employers whose annual wage bill is £3 million or above. Employers in England who pay the levy do get out more than they pay into the levy, through a 10% top-up to their digital accounts. This applies to all employers who pay the apprenticeship levy. The 10% top up is credited to the digital accounts of employers on a monthly basis, irrespective of the number of apprentices they have.
- 5.2.** The levy payment made by Cheshire East Council is made available to the Council through an Apprenticeship Service account. The functionality of this online portal enables the Council to search for training providers, advertise apprenticeship opportunities, select the most appropriate training provider and is also the tool used to pay selected training providers for the training element of our apprenticeships. Funds expire 24 months after they appear in the digital account.
- 5.3.** Cheshire East Council calculates, reports, and pays its apprenticeship levy to HMRC through the PAYE process alongside tax and NICs.

- 5.4.** Following a previous report submitted to Cabinet on 10<sup>th</sup> October 2017, Cheshire East Council developed and has since utilised its own preferred supplier list, via a formal OJEU tendering process. After a series of rounds, the framework has more than 70 suppliers available for different courses in place. This framework expires on 31<sup>st</sup> December 2021.
- 5.5.** Whilst this did provide options for the procurement of apprenticeship training, many of the training providers required did not fall within the framework. This has resulted in an additional administrative burden for several services across the Council as the development and review of additional contracts has been required. It is anticipated that this may continue to some extent with the YPO Framework and direct awards will still be occasionally required to ensure the Council is able to access the apprenticeship standards it requires, but it is anticipated that overall workloads will be reduced.
- 5.6.** Apprenticeship training provider frameworks have developed extensively in the last four years and a review undertaken by the Procurement Team has found more effective and efficient options now in the marketplace. The proposed framework provider is YPO. The Council has a strong relationship with the framework provider, and they have been used successfully by the Council to contract with colleges who are not currently on our framework. Utilising a framework provider means the Council has access to more resource to manage training providers and the apprenticeship standards they offer. YPO also has a simple portal for contracting new college/courses which will benefit the council in terms of resource and speed to implement contracts. Using a framework will mean no above threshold level procurement to manage suppliers would be required.
- 5.7.** This is a fully compliant framework adhering to Public Contract Regulations 2015. Cheshire East Council will agree to use the YPO framework and will then contract with available providers via the framework. This framework expires on 31/7/2022 and it is expected to be replaced with a similar framework.
- 5.8.** The framework has allowed the Council to deliver a range of apprenticeships, which has expanded significantly since the inception of the apprenticeship levy in April 2017. This has provided the Council with a valuable resource to attract, develop and retain our workforce. The opportunity presented by the later introduction of an allowance to transfer unspent levy funds to other employers has also afforded the ability to improve the skills base across the wider Cheshire East footprint.

## **6. Implications**

### **6.1. Legal**

- 6.1.1.** The Finance Act 2016 created an obligation on certain major employers, including the Council, to pay the Apprenticeship Levy with effect from the 2017/18 tax year.
- 6.1.2.** In commissioning training providers to supply apprenticeship qualifications, the Council must comply with both the Public Contracts Regulations 2015 and the Council's own Contract Procedure Rules.
- 6.1.3.** The YPO Apprenticeships and Associated Training Framework Agreement 833 runs from 1 August 2020 to 31 July 2021 with two possible extensions, to 31 July 2022 when it is anticipated that a new agreement will be put in place. It is understood to be compliant with the Public Contracts Regulations 2015. The OJEU notice references to the Government list of Local Authorities able to use the Framework Agreement and Cheshire East Council is listed.
- 6.1.4.** The YPO has agreed a set of framework terms and conditions between YPO and the provider. These cannot be amended by the Council. YPO has created call-off terms and conditions for the Council to put in place with a provider, which can be amended if both parties agree. Legal Services will draft any such required amendments.

### **6.2. Finance**

- 6.2.1.** The apprentice levy is set at 0.5% of total payroll that is subject to National Insurance. The anticipated annual cost is around £743,000. The Government deducts a portion of this figure (approximately £20,000) to reflect employees who live outside England and then tops up the remainder by 10%. Based on figures to date, the anticipated total annual amount available to spend will be around £797,388. This figure has reduced, and will continue to do so, as schools have left/leave the Council to become academies. Apprenticeship levy funds expire after a period of two years if they remain unspent.

### **6.3. Policy**

- 6.3.1.** Supporting delivery of the Corporate Plan, the apprenticeship programme provides an additional significant resource to develop and retain our workforce and supporting them to be confident, motivated, and resilient.
- 6.3.2.** The use of a compliant framework allows the Council to be fair and transparent in its approach to the procurement of apprenticeship training, whilst retaining an ambition to use local providers wherever possible. This is consistent with the Council's Social Value Policy.

#### **6.4. Equality**

- 6.4.1.** The continued offer of new apprenticeships at the Council attracts and retains young people within our workforce.

#### **6.5. Human Resources**

- 6.5.1.** This compliant procurement route will reduce the administrative burden for Human Resources of managing the apprenticeship levy.
- 6.5.2.** In addition to attracting new talent into the organisation, the continued offer of apprenticeships supports the development of our existing workforce through succession planning and talent management and addresses identified skills. Established career pathways are now in place across a number of areas that support wider recruitment and retention issues.

#### **6.6. Risk Management**

- 6.6.1.** A timetable for the awarding of the contracts is in place to ensure that the required deadlines are met.

#### **6.7. Rural Communities**

- 6.7.1.** There are no implications.

#### **6.8. Children and Young People/Cared for Children**

- 6.8.1.** This report relates only to the procurement of training providers, but it should be noted that work has begun on how the increase in apprenticeship opportunities at the Council can form part of a Cared for Children Strategy.

#### **6.9. Public Health**

- 6.9.1.** There are none.

#### **6.10. Climate Change**

- 6.10.1.** There are none.

<b>Access to Information</b>	
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Appendices:	None
Background Papers:	None