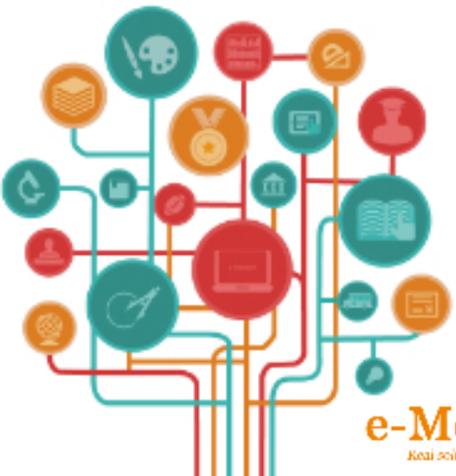


# Making the most of the 2017 procurement of apprenticeship training provision for non-levy paying employers

Beej Kaczmarczyk



# Reform of apprenticeships in England

## Provider control

- Provider funded for delivery of SASE framework
- Employer contribution expected but not always collected
- Different rates for different ages, location of training and size of employer

## Transition

- Employers have more control over content of new standards
- Funding partially to employer (incentives) and provider
- Employer contribution in cash (£2 for every £1 from employer)
- Remove some of the complications
- Implications of end point assessment

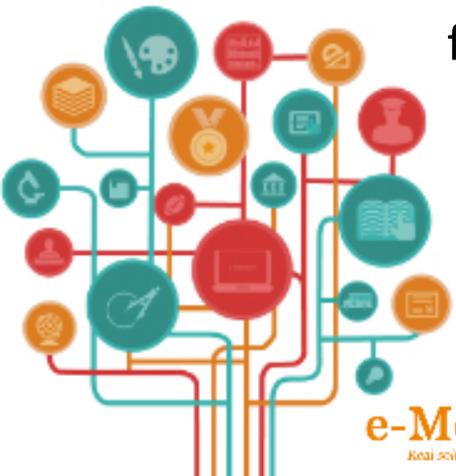
## Employer control

- Content and delivery controlled by employer
- Large employers pay 0.5% paybill tax as levy
- Larger employers use Apprenticeship Service accounts to pay for training and assessment
- Non levy paying employers co-invest 10% of cost of training and assessment
- **New RoATP and procurement of apprenticeship training for non levy paying employers**



# Why is this happening now?

- The original procurement was paused in April 2017 because it was very oversubscribed and it was felt that it had not achieved the right balance between stability of provision, promoting competition and ensuring choice for employers.
  - Successful providers would have been awarded less than they bid for, with implications for viability and continuity of provision
  - Excess demand concentrated in some geographical areas, not matching existing pattern of delivery
- To maintain stability of provision, existing contracts were extended to the end of December 2017 and this has had implications for both main contractors and sub-contractors.
- The procurement has now been cancelled and a new (transitional) procurement launched from the end of July, which will close in September 2017



# What is the ESFA hoping to achieve with the 2017 procurement?

- Support achievement of the Industrial Strategy and Skills Plan
- Enable the transition to an employer-led system
- Ensure a market that meets the skills needs of employers
- Better meet its objectives for high quality apprenticeship training
- Achieve good sectoral and geographical coverage of provision
- Achieve best value for employers, apprentices and providers
- Better support the growth of SMEs which are critical for economic growth and also for employing younger apprentices
- Attract interest from a wide range of high quality providers



# What is the procurement process and who can apply?

- The process is for contracts to provide apprenticeship training for non-levy paying employers for **new starts** on both frameworks and standards from **1<sup>st</sup> January 2018 to 31<sup>st</sup> March 2019**.
- The new procurement will **not** affect training provision for **existing** learners.
- Training providers who have successfully applied to be on the '**main route**' of the Register of Apprenticeship Training Providers can apply.
- The aim is to enable **all** employers from that date (April 2019) to be able to choose any provider from the register directly to deliver their apprenticeship training.
- The RoATP will **not** be reopened during this process
- It will a **competitive** process and it is critical the applicants have the capacity to deliver the ambitions underpinning apprenticeship reforms.



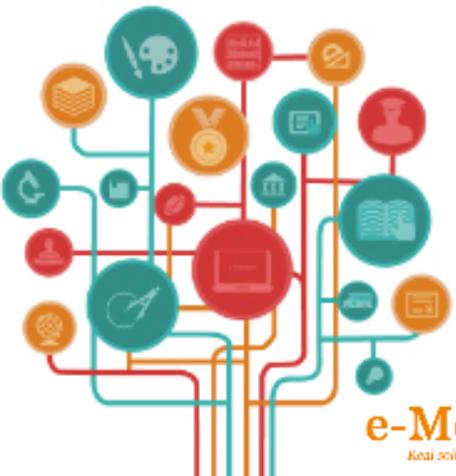
# Revised timeline

New procurement bids invited by end July 2017

New procurement bid window will close at the beginning of (4<sup>th</sup>) September 2017

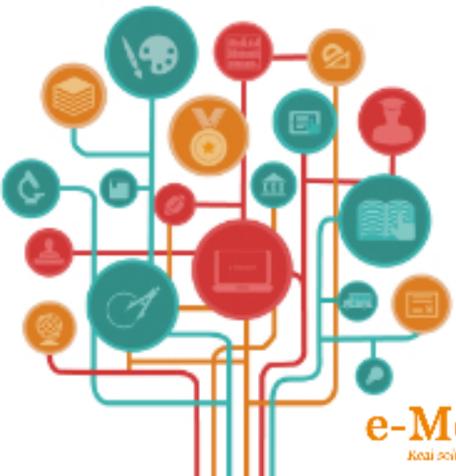
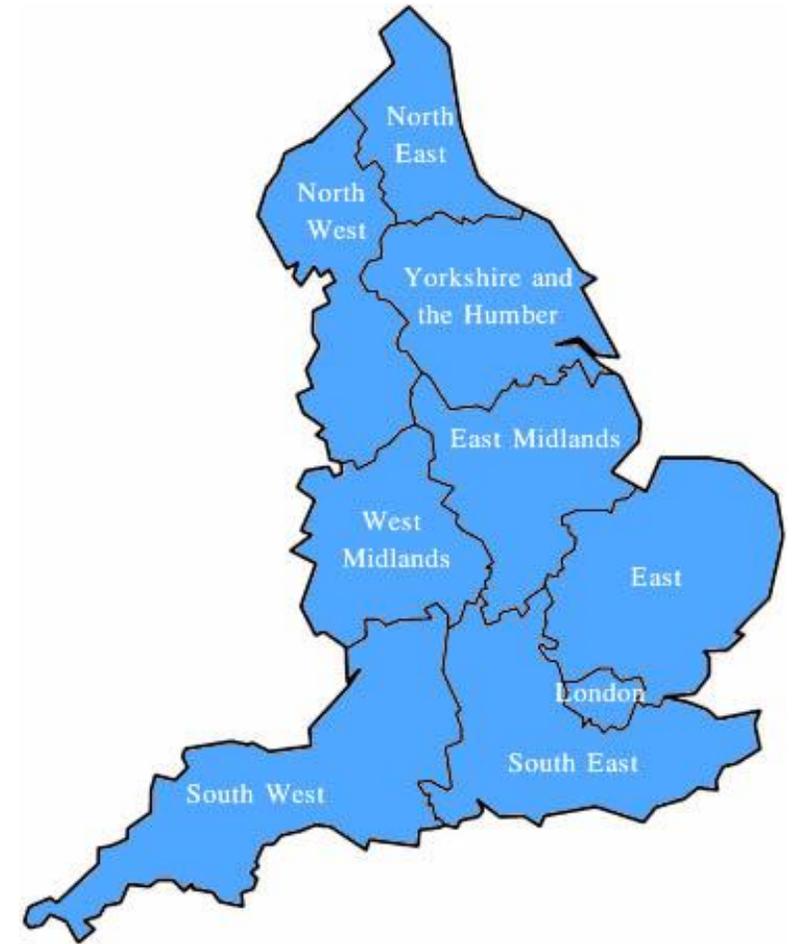
New procurement contract awards early (11<sup>th</sup>) December 2017

Procured delivery starts 1<sup>st</sup> January 2018



# How does the 2017 procurement differ from the 2016 one?

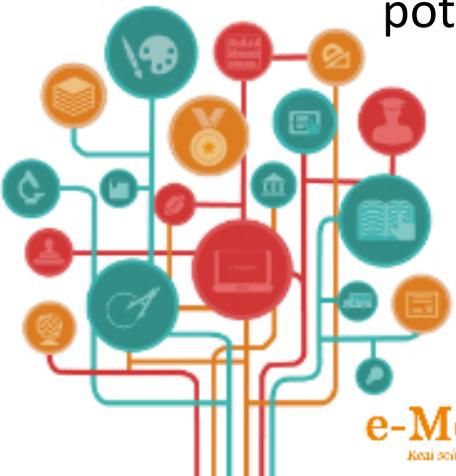
- Total value of awards anticipated to be between £440m and £650m
- New tender value caps and contract award limits to ensure greater confidence that bids and subsequent awards are set at realistic levels
- Awards in line with current levels of geographical delivery in the 9 English regions (single contract award made up of total awarded in each region)
- The ability to grow above award values in year, subject to affordability and apprenticeship priorities being met
- Different questions, scoring criteria and evaluation methodology



# Tender caps

- Will ensure stability of provision and encourage potential providers to submit realistic and deliverable proposals within the amount of funding available for award
- Will take account of non-levy historic delivery and experience in delivering all aspects of a contracted service
- In all cases if the award modelling results in a contract value of less than £200,000 for the initial period, no award will be made to the potential provider

Provider Class	Tender Cap
New Provider	UKPRN registered entities turnover 2015-2016 financial year multiplied by 1.25 or £750,000; whichever is lower,
Subcontractor	UKPRN registered entities turnover 2015-2016 financial year multiplied by 1.25 or £1.5m; whichever is lower,
Existing Apprenticeship Provider with non-levy historical delivery <b>at or below</b> £1.5m for 2015-2016	UKPRN registered entities turnover 2015-2016 financial year multiplied by 1.25 or £1.5m; whichever is lower,
Existing Apprenticeship Provider with non-levy historical delivery <b>above</b> £1.5m for 2015-2016	UKPRN registered entities 110% of non-levy historical delivery for 2015/2016 funding year (1 <sup>st</sup> August 2015 – 31 <sup>st</sup> July 2016), multiplied by 1.25



# Current geographical distribution of apprenticeship provision

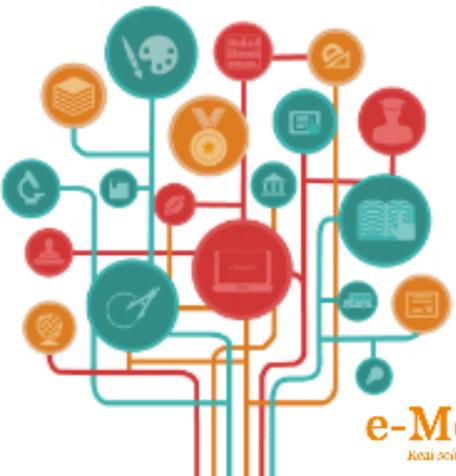
Tender Region	% 16-18 Funding	% 19+ Funding
East Midlands	10.6%	9.7%
East of England	10.6%	9.5%
London	7.4%	9.1%
North East	7.3%	8.0%
North West	16.2%	16.9%
South East	12.7%	13.1%
South West	10.7%	10.2%
West Midlands	11.5%	11.8%
Yorkshire and The Humber	13.1%	11.8%
Total	100.0%	100.0%

- Potential providers must specify the volume/value of delivery in each region that they anticipate delivering (by age group)
- The tender value is derived from the aggregate value of the regional amounts specified
- If appropriate balance is not achieved, the ESFA can use funding for a future procurement or a targeted award through performance management process



# What is the scoring and evaluation process ?

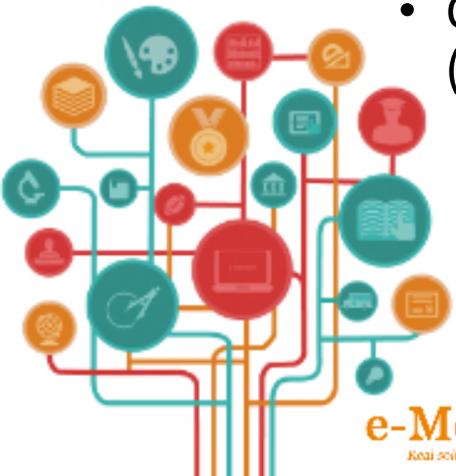
- Four-stage process
- 17 questions where a tender must score at least **50%** of the marks for each question
- Potential providers must meet a threshold of **75%** of the total score (with no questions scoring below 50%) in order to be eligible for an award (**1275 out of 1700**)
- The scoring and evaluation process will test **5 areas of delivery**:
  - Readiness to Deliver (3 questions – max score 300)
  - Delivery Planning (5 questions – max score 500)
  - Meeting Employer and Apprentice Needs (3 questions – max score 300)
  - Management Reporting and Quality Assurance (3 questions – max score 300)
  - Outcomes and Impact (3 questions – max score 300)



# Calculation of awards (stage 3)

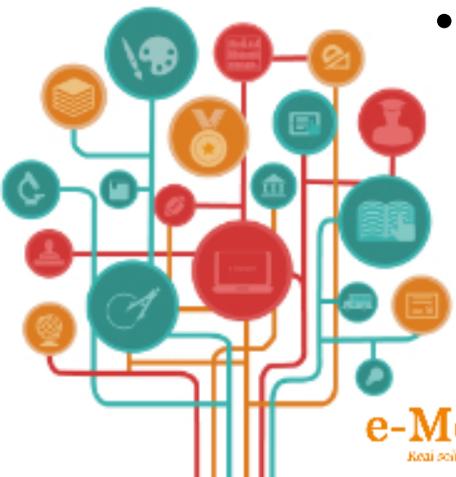
- In effect 18 individual budgets (9 regions x 2 age groups)
- Awards for each individual budget will be set through a pro rata process (divide total budget by total value of successful tenders)
- Pro rata % will be applied to the value of successful tenders in respective budget groupings
- Combined to form a total contract value (subject to min of £200,000)

Region	16-18		Adult	
	Tender	Award	Tender	Award
A	100,000	80,000	50,000	20,000
B	100,000	70,000	50,000	20,000
C	100,000	50,000	50,000	15,000
Total	300,000	200,00	150,00	55,000



# What are the implications of the changes?

- Not reopening the RoATP during this process will restrict the range of apprenticeship providers for specialist/higher/degree apprenticeships, e.g. HEIs
- Minimum contract value of £200,000 will mean many smaller providers will not meet the pro-rata threshold even if they were capable of delivering more than £200,000 (also applies to providers with turnover of less than £160,000)
- For large existing providers the cap on the old tender was £5 million but that has now been removed and it is unlimited
- New performance management arrangements will give providers the confidence to expand during this transitional period (if delivering in line with the tender)
- New questions and scoring criteria set very tough thresholds for awards
- Some providers will be managing three different contract arrangements



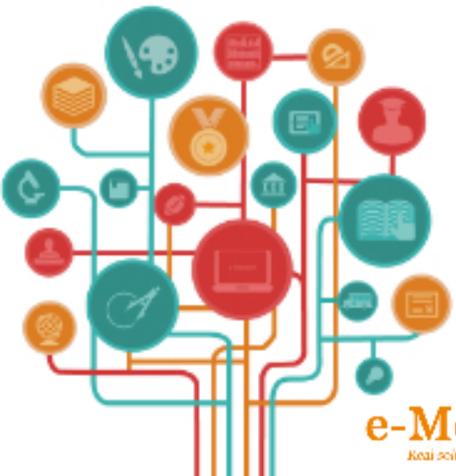
# Hints and tips

## Do's

- Read the new specification carefully
- Answer all questions fully
- Provide evidence for all claims you make
- Make sure your bid value takes account of the new thresholds
- Submit requests for clarification through bravo portal (by 22<sup>nd</sup> August)
- Submission in plenty of time and by the right person

## Don't's

- Don't assume your answer in one question will be OK for other questions
- Avoid cut and paste from other documents
- Don't miss out information or skip questions
- Don't assume that some rules don't apply to you
- Don't leave it to the last minute !



# What are the key messages for providers who want to be successful in the process?

To be successful, providers should bear the following in mind:

- Understand and respond accordingly to the criteria
- Deliver the funders' agenda
- Ensure you have the capacity and capability to deliver high quality apprenticeships
- Have the systems and processes to ensure effective management of the contracts
- Be clear about how you will manage the 20% off the job element

**There will be a lot of competition, so what makes you distinctive from other providers?**



