

Report of: LEP Director and Head of Economic Strategy for the Combined Authority

Report to: Deputy Chief Executive Strategy and Resources

Date: 9 April 2014

Subject: Leeds City Region Enterprise Partnership (LEP) Skills Hub – Procurement Exercise

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The LEP has been awarded (in principle) £17.5m of Employer Ownership Pilot funds from BIS to establish a Skills Fund (£15m) to support SMEs training requirements. A Skills Hub will also be established to manage the interactions with business and to make applications to the Fund on a 50:50 co-financed basis.
2. The LEP led Management Board established to oversee the project has agreed to procure a service provider to fulfil the functions of the Skills Hub. This procurement exercise will lead to a contract being let for 3 years in the first instance with an approximate value of £2m.

Recommendations

3. It is recommended that the Deputy Chief Executive (Strategy and Resources) takes the decision to approve the undertaking of the procurement exercise to secure a suitable Skills Hub provider.

1 Purpose of this report

- 1.1 To request that the Deputy Chief Executive takes the decision to procure a Skills Hub provider to provide the services to support the operation of the LEP's Employer Ownership Pilot Skills Fund.

2 Background information

- 2.1 The LEP originally requested a flexible £15m Skills Fund to support SMEs to train and develop their staff via the City Deal negotiations. This element of the deal was not forthcoming and the LEP was encouraged to submit an application to the Employer Ownership Pilot operated by BIS and managed by the UK Commission for Employment and Skills (UKCES).
- 2.2 An outline bid was submitted in April 2013 and a full bid submitted in October 2014. The bid requested a £15m Skills Fund and £2m to establish a Skills Hub. The Skills Hub will: help source appropriate training and providers; identify co-funding to support business investment; guide SMEs through the complexities of sourcing new or existing skills provision; and ensure that sufficient numbers of businesses and individuals are engaged in line with the project targets.
- 2.3 The LEP has received notification from BIS that the bid has been accepted and we are in the process of finalising the grant offer letter. A Management Board has been established, Chaired by a LEP Board Member, to provide strategic oversight of the project. Leeds City Council, as accountable body for the LEP, will be responsible for all financial management and compliance.

3 Main issues

- 3.4 The Management Board understands that the services required of the Skills Hub are complex, crucial to the outcome of the project and encompass a number of technical skillsets. They also have to be available consistently across the City Region and need to be responsive to employers in the LEPs key industrial sectors.
 - 3.1 They also recognise that there have been previous skills projects that have had similar objectives and approaches and that the learning arising from these will contribute to the success of this project.
 - 3.2 With this in mind, the Management Board considered whether the services could be provided by the partners in the bid. Joseph Rhodes Ltd, as the lead employer and engineering business was not a viable option. The LEP Secretariat, as a strategic body, felt that this role was not appropriate for them, and the Skills Network as a partnership body would not have the necessary legal status.
 - 3.3 A joint venture arrangement was considered and rejected on the basis that the risk of establishing a new body dependent upon project based funding and performance payments was too great.
 - 3.4 After considering the options available the Management Board determined that an open and competitive procurement exercise would be the best mechanism to

secure both the best value for money and the outcomes in terms of previous experience, technical skills and supporting contractual compliance.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 Widespread consultation was undertaken during the development of the bid, details of those consulted are provided below:

Management Board Members:

Mark Ridgway OBE, MD of Joseph Rhodes and LEP Board Member (Lead employer in the pilot bid)

Stephanie Burras, Chief Executive Ahead Partnership and Chair of LEP Employment and Skills Panel

Chris Jones, Principal of Calderdale College and Chair of Leeds City Region Skills Network

Don Brearley, Chief Executive of West Yorkshire Learning Providers

Neil McClean, Chair of Governors Leeds City College

Joanne Roney OBE, Chief Executive Wakefield Council

LEP Stakeholders

LEP Board

Leeds City Region Leaders Board

LEP Employment and Skills Panel

Leeds City Region Chief Executives

Leeds City Region Directors of Development

Leeds City Region Employment and Skills Officers

100+ Employers across the City Region

LEP Business Communications Group

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 The procurement exercise will examine in detail the equality and diversity policies and practises of the bidding organisations. Specific questions will be asked regarding their experience, abilities and track-record in delivering equality and diversity outcomes from skills funds and how they record and report this data.

4.2.2 An Equality, Diversity, Cohesion and Integration Screening form has been completed and is attached to this report.

4.3 Council policies and City Priorities

4.3.1

4.4 Resources and value for money

4.4.1

4.5 Legal Implications, Access to Information and Call In

4.5.1

4.6 Risk Management

4.6.1

5 Conclusions

5.1

6 Recommendations

6.1

7 Background documents¹

7.1

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.