

Leader Decision

Establishment of a Dynamic Purchasing System for Employment & Skills

Portfolio Holder	Leader of the Council
Date of decision	19 April 2024
	Signed

1. Decision taken

That the Leader of the Council:

- 1.1 Approves the procurement and establishment of a Dynamic Purchasing System (DPS) for Employment and Skills with a total value of £50-£100million on terms and conditions acceptable to the Executive Director for Resources; and
- 1.2 Following its establishment, authorises the Executive Director for Communities to negotiate and enter into permitted contracts under the DPS in consultation with the Portfolio Holder for Economy and subject to compliance with the Council's Constitution, on terms and conditions acceptable to the Executive Director for Resources.

2. Reasons for decisions

- 2.1 The provision of Employment and Skills activities requires the procurement of a wide range of external resources to ensure deliverability of a varied programme of services. It is proposed to establish a Dynamic Purchasing System (DPS) for Employment and Skills activities as using a DPS will provide a more efficient mechanism to secure relevant contracts than traditional procurement methods.
- 2.2 As the total value of services will exceed the thresholds within procurement legislation, a decision is needed at Leader or Cabinet level to comply with the Council's Constitution. As there is a pressing need to be ready to support projects in a short timeframe, it was not possible to wait until May for a Cabinet decision.
- 2.3 The Council has a significant opportunity to accept a variety of funding to deliver employability and skills work (potentially equating to over £80 million over 7 years). The short time frames are presenting challenges to decision making and to procurement processes, leading to increased requests for the Council to support activities. In conjunction with procurement colleagues, the Employment

and Skills Team has explored the most efficient ways of working to meet the demands of new contracts whilst maintaining robust and compliant governance.

- 2.4 Officers are seeking approval to commence the setup of a DPS which will provide the Council with the flexibility it requires for future procurement activity in this space. At the same time, and in recognition that some of the contracts sourced via the DPS will exceed officer delegation levels, this report seeks delegated authority for the Executive Director for Communities to negotiate and enter into permitted contracts under the DPS in consultation with the relevant Portfolio Holder.

3. Background information

- 3.1 Further to recent changes by national funding bodies, the responsibility to distribute Employment and Skills funding has now been transferred to Local Authorities. The increased responsibility brings significant funding to Warwickshire and the opportunity for the Council to take a leading role in the distribution of local employment & skills funding and the development of local programmes.
- 3.2 The recent changes to national policy and the re-direction of accountability supports the Council to accept funding which has historically been held by the Department for Work and Pensions (DWP), The Department for Education (DFE) and the NHS and will enable the Council to build Employment and Skills provision to reflect local needs. However, responding to such opportunities does present some challenges and in particular the timescales imposed in respect of this new funding for 2024 does not provide sufficient time to follow the usual procedures in terms of decision making and procurement and prevents the Council aligning with timeframes typically seen when creating new contracts and preparing new programmes of work.
- 3.3 As a result of the changes, it will now become the Council's responsibility to manage the funds within the timeframes required and commission a wide number of Employability and Skills delivery partners across Warwickshire. Whilst the Council's Employability and Skills team will build the capacity to manage such programmes, there is significant pressure on wider council services in supporting a significant increase in procurement activity were we to continue with a standard approach to procurement. The time required for multiple stand-alone procurements would result in organisational difficulties supporting the volume of programmes and impact the flexibility for outputs / delivery.
- 3.4 Various alternative approaches have been considered to support the Council to procure efficiently and effectively whilst maintaining legal and governance compliance.
- 3.5 From May 2024 the Council will begin to receive UK Shared Prosperity Fund (UKSPF) funding and will be asked to commission and fund programmes immediately. The UKSPF funds currently sit with Warwickshire's District and Borough Councils, who from April 2024 will then contract with the County Council to commission and deliver Employability and Skills work on their behalf.

- 3.6 The challenges faced in resourcing UKSPF, and the decision-making processes required to appoint the County Council to manage specific programmes as part of the Employability and Skills budget of individual councils has prevented the County Council making agreed procurement preparations until appropriate agreements are in place. The UKSPF programmes are due to launch on behalf of the Districts and Boroughs in May 2024, and delivery must commence shortly after, the timeline requires the Council to consider how to resolve the current time and capacity challenges in a way that is sufficiently flexible to deal with any potential future changes to the funding landscape.
- 3.7 There are several reasons why establishing a DPS is considered to be appropriate:
- The Council as part of UKSPF and future programmes will be required to commission (manage or deliver) a range of employment related activity. This will require the engagement of a broad range of external suppliers with differing specialisms via different procurement routes (both above and below the thresholds in procurement legislation). The DPS will enable this.
 - The DPS will also cope with the differing requirements of partnerships with the Integrated Care Board in planning for holistic care and employment support, offering employability advice to Warwickshire schools via Warwickshire Careers Hub (which will require short contracts to supplement specific local engagement), and the upcoming Universal Support programme targeting supported employment routes for the economically inactive will be of focus in late 2024. The DPS does not limit the number of suppliers who can join the framework and is able to supply a wide area of the employability landscape with the creation of individual lots.
- 3.8 In summary, in terms of current opportunities and proposed funding available over the next 7 years of employability & skills programming, the DPS will be required to support the commissioning and spend of circa £50-100million (see table 1 below).

DPS Opportunity	Commissioning to Commence	Prospective Values	Supplier
UKSPF: People & Skills	March 2024	£1.5million (1-year contract)	Local employability providers
Workwell Funding	April 2024	£2-3million (2-year contract)	Local employability providers
Universal Support	April 2024	£5million (per annum)	Specialist supported employment providers
Careers Hub	April 2024	£200,000 (per annum)	Education & Career specialist providers
Warwickshire Supported Employment Service	April 2024	£180,000 (per annum)	Specialist supported employment providers
Adult Education Budget	2025 onwards	£7.5million (per annum)	Colleges and local providers

Total (7-year DPS)		£82.6million	
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Benefits of a DPS

- Suppliers and delivery partners are experienced in registering and working to DPS opportunities with other local authorities and national providers.
- There is operational assurance in utilising a DPS, with the Council having used this approach across various areas of the in recent years.
- The Council can effectively and efficiently procure a variety of contracts meeting contractual needs and those of our local communities.
- The DPS offers a clear, compliant and transparent way of onboarding suppliers and ensuring all suppliers will have the opportunity to be considered fairly for new contract opportunities with the Council.
- The DPS will provide the Council's Employability and Skills team with the ability to extend contracts and make changes which reflect the anticipated evolution of contract delivery plans.
- The requirements for joining a DPS can be simpler than other procurement routes. Suppliers can join at any time during the lifetime of a DPS which allows new entrants to the market to apply without having to wait until a contract is re-procured, broadening the supply base.
- The DPS allows for multiple smaller contract lots and work packages which makes it attractive for both the procuring body and suppliers, including smaller suppliers.
- The Council is often required to act quickly to establish new support programmes across the Employability & Skills landscape. Prior to funding being confirmed, service needs can be difficult to scope and can vary significantly in demand. A DPS will provide flexibility and support with managing limitations when responding to local needs, engage local partners quickly and give the Council a route to stand-up and extend responsive services in a compliant way.
- The impact on resources of managing a DPS will result in a more efficient procurement experience, saving officer time and providing quicker contracting for external suppliers, alongside an ability to qualify the supplier network within the DPS. Ongoing resource is required to maintain the supplier network, conduct intermittent updates of relevant conditions for each lot and engage the market when new suppliers emerge, but this is less resource intensive than running individual spot tenders as opportunities arise, thus promoting efficiency.

4. Financial Implications

- 4.1 There are no direct financial implications with the establishment of the DPS (other than officer time in Economy and Skills, Strategic Procurement and Legal which is accounted for in current budgets). The costs of this time are covered by existing service budgets.
- 4.2 Opportunities for Government and other external funding to align with contracts procured under the proposed Employability & Skills DPS will continue to be explored offering futureproofing for activities commissioned by the Council.

5. Environmental Implications

- 5.1 The DPS will support key opportunities to deliver priorities and activities identified in the Council Plan, new Sustainable Futures Strategy, and emerging Warwickshire Strategic Economic Plan. In particular, it is envisaged that it will be used to support the delivery of the following action in the Integrated Delivery Plan: *“Work with partners to develop and commission a future programme to support Warwickshire businesses with the transition towards a net zero economy and the growth of the low carbon sector in Warwickshire.”*
- 5.2 The lots within the DPS will include the development of green skills alongside business needs with a view to leading the market where opportunities arise to develop activity with partners.

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Portfolio Holder	Leader of the Council Councillor Isobel Seccombe isobelseccombe@warwickshire.gov.uk

Urgent matter?	No
Confidential or exempt?	No
Is the decision contrary to the budget and policy framework?	No

List of background papers

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n/a

Members and officers consulted and informed

Portfolio Holder – Councillor Martin Watson

Corporate Board – Mark Ryder

Equalities – Delroy Madden

Procurement – Mark Baker

Legal – Nic Vine, Sioned Harper

Finance -

Democratic Services – Helen Barnsley, Amy Bridgewater-Carnall

Local Member(s): Chair & Spokes of Communities OSC