

# LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Strategic Director for the Economy

**Date:** 07/06/2023

**Subject:** Adult Learning and Skills Service (ALSS) Procurement Strategy 2023

**Report author:** David Ede, Senior Manager Curriculum Planning & Funding

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## SUMMARY

The report sets out the procurement strategy for subcontracting a proportion of our H&F Adult Skills Budget (ASB). Our intention is to subcontract specialist skills provision that our Adult Learning & Skills service (ALSS) currently does not deliver. These specialist skills include STEMMM (Science, Technology, Engineering, Maths, Media Digital, Media Creative), Business and Digital Skills, Employability, Construction, Retrofit and Green Skills. Other Skills at Level 3 and Level 4 that lead to sustainable employment also include skills with high local demand such as Health & Social Care and Care, Hospitality and Retail.

The aim is to subcontract elements of our ASB funding to external providers in order to enhance the skills offer available to learners and to promote sustainable employment outcomes for local residents. The use of specialist subcontractors, offering high level qualifications in the skills above, will provide an excellent model of local skills partnerships that ALSS currently is unable to offer through direct delivery.

## RECOMMENDATIONS

To agree the procurement strategy for forming effective collaborative working arrangements with up to 10 providers locally, including Third Sector organisations, with contracted provision commencing September 2023 at a total cost over the two year running period of £400,000.

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**Wards Affected:** All

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Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	H&F and its partner Imperial College London have an Industrial Strategy. One of the four priorities is <b>Economic Growth for All</b> – support residents into high quality training and employment with the skills they need for the 21 <sup>st</sup> century. Hence ALSS will support a local drive to increase employment outcomes for residents post Covid 19, with a particular focus on the White City Innovation District and Earls Court.

	<p><b>Health and social care:</b> The health and social care sector is one of London’s largest employers, across a range of occupations and skill levels. The health and social care sector faces skills shortages and workforce development challenges. Through this new model of delivery ALSS intends to increase the skill levels of Health &amp; Social Care learners to support career progression. In caring services, high levels of vacancies are found for support workers, care assistants and health care assistants. It is expected that the demand for adult-care services will rise due to the ageing population and the impact of Brexit. Estimates of the number of additional jobs required in London for the adult social care sector is 17,000 in 2025, increasing to 69,000 by 2035.</p>
<p>Creating a compassionate council</p>	<p>This report presents the opportunity for ALSS to collaborate with other providers to mitigate the impact of change post Covid 19 and take the service forward. This will lead to ALSS delivering more qualification courses with more learners from the Adult Skills Budget (ASB) funding stream.</p> <p>Growth and demand for skilled workers continue to be strong in London’s creative industries, particularly in film and TV (including universal effects (or UFX) and animation), and gaming. While the sector has specific technical-skills shortages, there is also a need to develop transferable skills amongst the workforce – such as time management, and customer and people management skills. Delivery of both technical and transferable skills that support entry and progression within the film, TV and gaming industries is of particular interest to the GLA, especially where it can mitigate the disadvantage of entry into this sector faced by certain groups of Londoners. The sector has a key challenge in addressing the under-representation of certain groups, including Londoners from lower socio-economic backgrounds; women; Black, Asian and Minority Ethnic Londoners; and older workers.</p> <p><b>Hospitality:</b> The hospitality sector in London is diverse, and an essential part of life in the capital: one that also provides many employment opportunities for Londoners. The introduction of a new post-Brexit immigration system, and the reopening of the economy following lockdowns, have contributed to a high number of vacancies, rising sharply in the first half of 2022. In June 2022 the number of unique job postings in hospitality-related occupations were 8,225, up from 2,623 for the same period in 2021. There is strong demand for chefs, kitchen assistants and bar/waiting staff. The sector is also an important source of entry-level employment for young people. Many other sectors in London have current skills gaps; 21 have long-term job creation potential; offer strong labour-market returns in terms of high earnings; or make a significant difference to the lives of Londoners. Our proposed model of subcontracting skills provision will help address some of the skills gaps in H&amp;F.</p>
<p>Doing things with local residents, not to them</p>	<p>The impact of the project will be significant for local residents and stakeholders.</p> <p>ALSS will have a higher profile locally cementing its work with the</p>

	<p>Economic Development team and partner organisations.</p> <p>The project:</p> <ul style="list-style-type: none"> <li>• enhances the opportunities available for learners</li> <li>• fills gaps in niche or expert provision</li> <li>• provides better access to training facilities</li> <li>• supports better geographical access for learners</li> <li>• offers an entry point for disadvantaged groups; or</li> <li>• gives consideration of the impact on individuals with shared protected characteristics, where there might otherwise be gaps</li> </ul>
Being ruthlessly financially efficient	Overall there will be rationalisation of resources and a cost saving on delivery per learner. This will help to guarantee the future of ALSS in the eyes of the funding bodies (GLA/ESFA).
Taking pride in H&F	<p>This project will support the H&amp;F priorities of:</p> <ul style="list-style-type: none"> <li>• <b>West Tech</b> H&amp;F will be a global beacon for innovation and growth.</li> <li>• <b>Encouraging Enterprise</b> – H&amp;F to be the best borough in Europe for businesses to start up, survive and grow.</li> <li>• <b>A great place to do business</b> – Improve town centres and commercial hubs to transform what they offer and to promote a vibrant arts, culture and leisure scene.</li> </ul>
Rising to the challenge of the climate and ecological emergency	<p>The Mayor of London and H&amp;F are committed to see London achieve net-zero carbon, and double the size of the green economy by 2030. H&amp;F are keen to see delivery of AEB and Free Courses for Jobs (FCFJ) that support progression into green occupations, particularly in retrofitting and green construction. We are also interested in the delivery of skills that will support the transition to net-zero carbon across a range of industries where jobs are likely to change. The ALSS subcontracting project supports increased delivery of new Green Skill qualifications for the benefit of H&amp;F residents.</p>

## Financial Impact

### Costs and Funding

The total proposed cost of this procurement of up to £400,000 (£200,000 per year for a two-year period) will be funded from the Greater London Authority (GLA) and the Education & Skills Funding Agency (ESFA) grant. The £200,000 has been incorporated into the 2023/24 budget.

### Risks and Next Steps

The procurement is not expected to include any inflationary uplift between year 1 and 2: A further decision report will be required to enable the award of contracts. This will set out the detailed financial implications, including confirmation of the financial status of the contractors, identification of the specific existing approved ALSS budgets that will be funding the procurement,

mitigations of financial risk (such as notice of termination clause), and assessments of value for money and affordability.

The GLA have their own due diligence process in place to confirm providers are acceptable following the Council's selection.

The procurement will be funded from existing sessional staffing and running cost budgets. The specific budgets will be confirmed as part of the decision report to procure.

I have received provisional assurance that there shouldn't be any unbudgeted redundancy costs.

*Sukvinder Kalsi, Director of Finance, signed it off on 31/05/23.*

## Legal Implications

This report recommends that the Council approves a procurement strategy for the delivery of adult learning and skills services. The procurement is to be divided into 7 Lots. The value of the contract is estimated to be £200,000 per annum and the term of the contract is 1 plus 1 year giving an overall estimated contract value of £400,000. The recommended procurement procedure is the open procedure. This meets the requirements of the Council's Contract Standing Orders for High Value Contracts. It is a condition of the funding for this contract from the GLA that the GLA approves the choice of service provider.

The appropriate decision maker is the SLT Member.

*Angela Hogan, Chief Solicitor (Contracts and Procurement) 14<sup>th</sup> April 2023*

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## DETAILED ANALYSIS

### Proposals and Analysis of Options

#### Background

1. The goal is for ALSS to form effective collaborative working relationships with up to 10 similar providers locally to ensure a range of excellent learning opportunities for local residents. The procurement strategy proposes subcontracting £200,000 of provision each year, for a two-year period, across a pool of approved providers. Provision is due to commence in September. The process will include GLA/ESFA provider approval and due diligence process selecting providers.
2. The scope of the project is to subcontract learners in the ASB funding stream in the areas of STEMMM (Science, Technology, Engineering, Maths, Media Digital, Media Creative), Business and Digital Skills, Employability, Construction, Retrofit and Green Skills. Other Skills at Level 3 and Level 4 which lead to sustainable employment, also include skills with high local demand, such as Health & Social Care and Care, Hospitality and Retail. H&F and its partner Imperial College London have an Industrial Strategy. One of the four priorities is **Economic Growth for All** – support residents into high quality training and employment with the skills they need for the 21<sup>st</sup> century. Hence there is a local drive to increase employment outcomes for residents post Covid 19, with a particular focus on the White City Innovation District and Earls Court. The other priorities are:
  - **West Tech** - H&F will be a global beacon for innovation and growth.

- **Encouraging Enterprise** – H&F to be the best borough in Europe for businesses to start up, survive and grow.
- **A great place to do business** – Improve town centres and commercial Hubs to transform what they offer and to promote a vibrant arts, culture and leisure scene.

3. The GLA Priorities for Adult Education in London are:

- Digital
- HSC
- Hospitality
- Green
- Creative industries

The **Skills for Jobs Lifelong Learning for Opportunity and Growth** White Paper indicates change is very much on the agenda with employers having a more central role for **Local Skills Improvement Plans (LSIPs)** The expectation is that local skills providers will work closely with employers to ensure the skills offer matches employer's needs.

4. Overall there will be rationalisation of resources and a cost saving on delivery per learner. This will help to guarantee the future of ALSS in the eyes of the funding bodies. Tenders will be assessed thoroughly to ensure their quality of provision is good and that they are financially secure as the subcontracting organization will be measured by the outsourced provider's achievement rates. The E-tendering portal will be used to run an open procurement to source providers.

5. The main options for procurement are:

- **Option 1** - do nothing, but not an option due to lack of an internal skill set to provide.
- **Option 2** – Call off from a framework. This has been explored and no suitable framework is available.
- **Option 3** – Going to market in an open tender. To get best value and most appropriate suppliers meeting the specification. (Preferred option).

### **Market analysis, local economy and social value**

6. There is a growing need in H&F for people with skills in the subject areas listed above to support the Industrial Strategy.

The open tender will be through an ITT on Capital E-sourcing. This will also include Third Sector organisations. The Economic Development team have been consulted on possible providers they are aware of.

### **Contract Award and Selection Criteria**

7. Providers will be researched using information gathered from Qualification Success Rates (QSR), Ofsted reports, audit reports, and financial checks. ALSS will run an Invitation To Tender (ITT). Providers will be selected carefully with rigorous due diligence carried out by the GLA and service area. Only providers willing to work with ALSS, meeting minimum requirements as set by ALSS will be considered.

### **The ALSS minimum requirements**

8. Applicants must satisfy the following criteria to be considered:
- On the GLA/ESFA approved Register of providers.

- Recent Ofsted inspection (within last two years) with an overall grade of at least 2 (Good) or a recent relationship with a Grade 2 provider.
- Qualification Achievement Rates (QAR) against Adult Skills Budget (ASB) funded provision of 85% minimum for the previous academic year.
- Over 90% student satisfaction.
- Financially secure.
- Validated qualifications must be to the benefit of learners in the GLA devolved area especially H&F.

### Pre – award activities:

9. The GLA has approved ALSS as a subcontractor against the Adult Education Budget (AEB) and will also require information re: potential subcontractors for their approval prior to contracts being awarded. The assessment and evaluation will involve a panel made up of the Economy Department and Senior managers in ALSS. The panel will decide which organisations successfully meet the requirements of the ITT. Before confirmation of the award the following assessment and evaluation is used to inform the depth and breadth of the Inspection of the delivery site. The team will:
- consider the capability and capacity assessment
  - thoroughly examine the information provided
  - conduct a financial audit
  - quality assurance processes for teaching and learning on existing provision
  - interview the management team and a sample of staff
  - conduct a health, safety and safeguarding/prevent policy assessment
  - identify strengths, potential risks and developmental needs.

### Timetable

Contracts Assurance Board (Strategy)	31 May 2023
Publish ITT on Cap E	28 June 2023
Contract Finder notice	28 June 2023
Closing date for clarifications	7 July 2023
Clarification response deadline	14 July 2023
Closing date for submissions	24 July 2023
Evaluation of Tenders online including site visit	24 July to 07 August 2023
Award Report Governance page template) - CAB	19 August 2023
Contract Finder Award Notice publish	Within one month of contract start
Contract engrossment	07 September
Contract mobilisation and implementation	01 October 2023
Contract Commencement date	10 October 2023

### Contract Management

10. The project sponsor will be ALSS Head of Service with David Ede managing the contract supported by the Deputy Head of Service who will focus on the quality of teaching and learning. The management plan will address the following points:
- The Impact on Stakeholders
  - The economic cycle

- The sponsor's requirements
- The ALSS organisation structure
- Funding methodology
- Quality assurance framework
- GLA/ESFA funding rules and regulations

## **Risks and Mitigations with sub-contracting:**

### **11. Risks**

- Poor achievement rates putting the reputation of the lead provider (ALSS) in jeopardy.
- Not achieving funding targets and therefore risking reduction in future allocation.
- Underestimating the costs of administering the contract.
- Second level sub-contracting without approval.
- Failing to complete contracts leaving learners on programme.

### **Mitigations**

- Providers will be expected to deliver learner achievement rates of 80% per qualification being delivered.
- ALSS will actively support subcontractors to improve the quality of their teaching and learning. This will improve the overall quality of the teaching and learning to the students and the organisation as a whole.
- On a regular basis ALSS will carry out lesson observations to assess the quality of the teaching and learning experience. This will include but is not limited to progress reviews and assessments as well the observation of classroom delivery.
- Subcontractors' delivery staff will be invited to ALSS CPD sessions to improve their teaching and learning practices.
- Following any visit from an ALSS member of staff, timely feedback will be provided to the management and the teaching staff of the subcontractor. The observations will form part of the service's standard teaching and learning assessment processes, which enables improvement strategies to be put in place.

### **Support of Sub-Contractors**

12. As part of our contract management process, a contract manager will be provided by ALSS to manage the relationship with the sub-contractor to ensure the quality and scope of the delivery.

Support from the ALSS MIS department to provide administration of the data provided from the sub-contractor into the ALSS Individual Learner Record (ILR) which is returned on a regular basis to the funding bodies depending on the delivery type.

ALSS will undertake a programme of quality assurance during the term of the contract. This will include, but is not limited to:

- Planned monthly meetings and short-notice meetings.
- Interviews with staff and students will include confirmation of learners and eligibility for the funding

- To ensure that the subcontractors delivery meets with the relevant funding rules for the funding bodies.

## **Communication**

13. As part of our procurement process the Fees and Charges Policy will be communicated to all new potential sub-contractors. As stated in the funding body subcontracting regulations these fees will be available on the ALSS website.

## **Payment Terms**

14. Payments are normally made on the basis of 20% of the total value against a qualification aim on receipt of accurately completed enrolment information. The balancing payments will be due monthly to a total of 80% of the weighted qualification aim value as stated on [Find a learning aim \(submit-learner-data.service.gov.uk\)](#) . The final monthly payment will be due on receipt of evidence of learner achievement by ALSS.

## **Reasons for Decision**

15. To agree the procurement strategy for subcontracted provision to deliver adult learning and skills provision as part of the wider focus by ALSS on different business models to support residents in the quest for employment outcomes and Covid 19 recovery.

## **Equality Implications**

16. ALSS is committed to eliminating discrimination and encouraging diversity, equality of opportunity and equal treatment for staff, volunteers, contractors, and service users. ALSS mission and values enshrine this core principle. ALSS recognises that this is an essential component of a successful working relationship. Providers will treat all people with dignity and respect, recognising the value of each individual. Providers must be committed to providing equal opportunities and to avoiding all forms of unlawful discrimination in service delivery and employment on grounds of race, sex, gender reassignment, marital status and civil partnership disability, age, sexual orientation, religion or cultural beliefs and pregnancy and maternity.

## **Risk Assessment and Proposed Mitigations**

17. Subcontracted provision will be included in the measures for success of ALSS therefore providers need to be selected carefully. Providers will be researched using information gathered from Qualification Success Rates (QSR), Ofsted reports, audit reports and financial checks. ALSS will run an Invitation To Tender (ITT). Providers will be selected carefully with rigorous due diligence carried out by the GLA and service area. Only providers willing to work with ALSS, meeting minimum requirements as set by ALSS will be considered.
18. The GLA has approved ALSS as a subcontractor against the Adult Skills Budget (ASB) and will also require information re: potential subcontractors for their approval prior to contracts being awarded. The assessment and evaluation will involve a panel made up of the Economy Department and Senior managers in ALSS. The panel will decide which organisations successfully meet the requirements of the ITT. Before confirmation of the award the following assessment and evaluation is used to inform the depth and breadth of the Inspection of the delivery site.



Following in depth due diligence, successful providers will be selected and contracts drawn up with a financial value agreed for each provider.

This will ensure that only high-quality providers meeting the selected criteria will be selected

The above will assist in mitigating the risk of:

- inadequate (contract) management of subcontractors
- non-compliance with GLA/ESFA funding rules by subcontractors; and fraudulent and incorrect funding claims
- poor quality assurance frameworks

*David Hughes, Director of Audit, Fraud, Risk and Insurance, 27/04/202*

## **Climate and Ecological Emergency Implications**

19. ALSS is keen to see delivery of AEB and Free Courses for Jobs (FCFJ) courses that support progression into green occupations, particularly in retrofitting and green construction. The contract will support the delivery of skills that will support the transition to net-zero carbon across a range of industries where jobs are likely to change. Green jobs are predominantly undertaken by men. Women, people from ethnic minority backgrounds, and those with disabilities are still under-represented across the sector.

*Hinesh Mehta, Head of Climate Change, 17/04/2023*

## **Information Management**

20. A Personal Information Assessment (PIA) has been submitted for this project.

## **Local Economy and Social Value**

21. There is a growing need in H&F for people with skills in the subject areas listed above to support the Industrial Strategy. This is a growing area for development with some existing providers offering qualifications in the key areas and potential for start - up concerns to develop into teaching & learning subjects such as Green Skills.

The open tender will be through an ITT on Capital E-sourcing. This will also include Third Sector organisations. The Economic Development team have been consulted on possible providers they are aware of.

All Contracts will be kept below £100,000.

## **Social Value Implications**

22. The council's Social Value policy is that, for contracts tendered with a value over £100,000, social value should be considered. The above paragraph states that no contract intended to be let in this strategy will have a value above £100,000 and so this policy does not apply.

*Paul Clarke. Social Value Officer, 31 May 2023.*

## **Consultation**

23. Feedback from learners and residents at focus groups has highlighted much interest in the Green Skills agenda. The GLA Fund ALSS and have Green Skills as a key priority for providers to deliver to support progression into employment in this growing area.

Qualifications in this subject area are available for delivery and many are currently under development by the awarding bodies for delivery from 01/08 2023. ALSS is currently the

Adult Community Education (ACE) lead for the West London Green Skills Hub funded by the London Mayor. Research for the Hub has shown 75% of current 'green jobs' are in the Energy Efficiency – Retrofit, Insulation, Renewables sector. West London Local Authorities are embarking on an ambitious programme of domestic retrofitting, presenting employment opportunities.

## **LIST OF APPENDICES**

APPENDIX 1 - Equalities Impact Assessment