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**SPECIFICATION**

**INVITATION TO TENDER itt\_30155**

**Improving the Labour Market Relevance of Education & Training Systems**

**17-901**

**Hertfordshire**

**DATE: 08 July 2016**

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| **ESF: Improving the Labour Market Relevance of Education & Training Systems itt\_30155** |
| BACKGROUND |
| **General**  The contracting authority is the Secretary of State for Business Innovation and Skills acting through the Skills Funding Agency (SFA), an executive agency of the Department for Business Innovation and Skills exercising functions to fund adult education and skills.  The SFA, acting as an Opt-In Organisation for the European Social Fund (ESF), is procuring education and training services to meet priorities identified by Local Enterprise Partnership (LEP) area European Structural and Investment Funds Sub–Committees. As an Opt-In Organisation the SFA provides match funding at Priority Axis level utilising sources of public funding as match for ESF funded activity.  This Invitation to Tender (ITT) is for Priority Axis 2 and for Investment Priority (IP) 2.2, Improving the Labour Market Relevance of Education & Training Systems, where the need has been identified both in the LEP area and European Structural and Investment Fund Strategies.  The IP 2.2 supports improving the labour market relevance of education and training systems, facilitating the transition from education to work, and strengthening vocational education and training systems and their quality, including through mechanisms for skills anticipation, adaptation of curricula and the establishment and development of work based learning systems, including dual learning systems and apprenticeship schemes  The additional support from this investment priority will enable the design of skills provision which will help individuals gain skills and qualifications relevant to the needs of the labour market.  There are no specific strands in this IP.  The SFA is looking to procure an organisation to deliver the education and training systems project in the LEP area set out below.  **Hertfordshire Local Enterprise Partnership Background**  Ensuring our workforce has the right skills to encourage future economic growth lies at the heart of delivering the vision set out in the Hertfordshire Local Enterprise Partnership (LEP) Strategic Economic Plan (SEP) which has defined the following vision: ‘that by 2030 Hertfordshire will be the leading economy at the heart of the UK’s ‘Golden Triangle’. Skills for growth will be an important element in achieving this vision with over 50% of Hertfordshire businesses being knowledge intensive.  Hertfordshire had a growing productivity gap during the period 2008 – 2011, however this has improved over the period 2012-2014. It does however remain low when compared to pre-recession rates and when compared with some peer economies in the south of England. It seems likely that the supply of qualified workers was and remains a determining factor. Equally another contributing factor may be that Hertfordshire’s employers are less likely to train their staff than the leading local economies.  The LEP has worked with Hertfordshire County Council and DWP to develop a skills strategy for Hertfordshire. A key theme within the strategy is skills to drive growth i.e. working with businesses and training providers to improve the skills of both the existing workforce and the future labour market in order to sustain economic growth.    The LEP has identified the following priority sectors as key to its aim of driving economic growth within the county;   * Life Sciences/advanced manufacturing/engineering and IT – including life sciences, defence and aerospace companies, software, ICT and telecoms services, equipment producers and communications integrators; * film and digital media – noting that Hertfordshire has world class assets in the form of Leavesden and Elstree; * financial and business services – where there are opportunities to accommodate national headquarters and also regional offices serving southern England: Watford, St Albans, Cheshunt, Hemel Hempstead can all claim notable businesses in this context; * high-end logistics – which is growing very quickly, particularly in servicing London-based households and businesses, and increasingly generates higher quality jobs.   In addition to the above, the LEP realises the importance of employment growth sectors such as hospitality, health & social care, retail and other service based sectors, however prioritises those listed above  A local skills survey identified that in Hertfordshire SMEs were less likely to have a training budget or training plan when compared to SMEs nationally and when compared to larger businesses in Hertfordshire. Of those SMEs that provide no formal training to their employees, 27% cited financial costs as a reason whilst a further 20% cited a lack of knowledge of available training provision as the reason for not training employees.  According to the survey 55% of SMEs reported an increase in the recruitment of new staff over the past 12 months, far greater than micro businesses at 20% and even large businesses at less than 5%. It also showed that nearly half of employers identified skills gaps in their existing workforce, 45% of local businesses considered that skills gaps were important factors affecting their competitiveness.  A lack of commitment from SMEs towards up-skilling their employees particularly those with lower skills levels is impacting on the growth of our economy so public intervention is justified on grounds of market failure  Recent research highlighted that 12% of establishments in Hertfordshire experienced skills gaps, where staff are not deemed fully proficient in their role. This equates to 59,200 employees in Hertfordshire, or 11 per cent of the workforce in the area and 65% of establishments provided training to their staff in the last 12 months, equating to 68 per cent of the workforce. On average, employers provided 3.9 days of training per employee in the area.  Our aspiration is to work with businesses, Higher Education (HE), Further Education (FE) and other training providers to improve the skills of both the existing workforce and the future labour market ensuring a better matching of skills to business needs in order to sustain economic growth. |
| **DEFINITION OF TERMS** |
| **Candidate:** means an organisation who has been invited to take part in this procurement procedure  **Services:** The provision of an impartial advisory service to SMEs  **Small and Medium sized Enterprises (SME)**: Organisations employing less than 250 employees. |
| **SERVICE REQUIREMENTS** |
| **General Service Requirements**  All activities must complement and avoid duplication with other provision, thereby adding value to Department for Work and Pensions/Big Lottery, Education Funding Agency, Skills Funding Agency, local authority, National Careers Service and the new Careers Enterprise Company funded provision. Successful candidates will be required to ensure that ESF provision will clearly add value and not duplicate any provision that can be arranged locally through existing mainstream institutions.  ESF will not fund activity that duplicates or cuts across national policy on grants and loans for tuition for skills activities. Exemptions to this principle will be considered only where a market failure has been demonstrated and where the activity falls within the scope of the Operational Programme. This must be made clear in the candidate’s application. ESOL for employed people will not be accepted.  ***Capacity and readiness to deliver***  Candidates must have:   * The resources to offer locally tailored solutions and flexible delivery to meet the priorities of employers and employees in the defined geographical area of delivery. If the LEP area also has a ‘transitional’ area defined in addition to the ‘more developed’ area, delivery locations will have to be available *in each locality* * The capacity to deliver the Service immediately upon commencement of the contract and that delivery should not be delayed in any way by any recruitment processes or other processes or relationships that need to be established. * Where required, Candidates must be able to demonstrate the ability to undertake robust initial assessment of eligible individuals.   ***Track record***  The ability to deliver the Service, based on a track record in the successful delivery and management of this type and size of programme.  ***Information, Advice and Guidance***  Where the Service requires effective Information, Advice and Guidance successful Candidates and/or subcontractors delivering this element will either hold or be working towards the Matrix standard.  ***Management and quality assurance***  Candidates will need to have effective project management arrangements in place to ensure all of the requirements of this specification are fulfilled. The Service must be delivered to a high quality and successful tenderers will need to have in place quality assurance and improvement processes.  The Service needs to be flexible and responsive to the changing economic and political landscape and take into consideration that the approach and associated processes may change during the life of this contract. Therefore Candidates will be expected to be able to change the delivery of the Service accordingly.  ***Partnership working***  Candidates will be required to work in partnership with other organisations delivering education and training in the area to ensure the Service is complementary to and not in competition with other funded provision or projects.  The Service must be able to respond to changing local needs and opportunities, as well as policy changes.  Candidates will be required to establish linkages with and have an understanding of, local stakeholder needs and develop strong links with the key stakeholders.  ***Market intelligence and local knowledge***  The delivery of the Service must take into account the current and future social and economic indicators including labour market intelligence. Candidates must be able to demonstrate a comprehensive understanding of the current employment market and the current and future social and economic indicators including labour market intelligence for the geographical area being supported. Candidates must also have an understanding of local skills shortages and gaps and any existing skills support structures within the LEP area.  ***Management information and reporting***  Candidates will develop management information systems to enable it to submit data to the Skills Funding Agency via Supplementary Data (and the Individual Learner Record (ILR) where the project pays on starts, achievements or progressions) and put in place robust arrangements for ensuring that the evidence required to support payments is collected and retained.  Candidates will be required to share with LEPs and the Skills Funding Agency ongoing performance management data as well as additional intelligence to improve the effectiveness of projects in the LEP area in the future~~.~~  Candidates will be required to evaluate the effectiveness of the project as it completes and present the final evaluation report to the LEP.  **Specific Service Requirements**  To maximise its contribution to smart, sustainable and inclusive growth, ESF will support projects that make education and training provision more responsive to the needs of the economy, so that employers’ skills needs are more quickly and more effectively met, and individuals receive better designed skills provision which equips them for the world of work.  The candidate will deliver the Service to meet the LEP specific requirements that will promote improvements in the labour market relevance of skills provision through active engagement with relevant institutions and employers, particularly SMEs and Micro businesses.  The Services must provide an independent, impartial advisory service which will target small and medium size employers (SME) within the county boundary of Hertfordshire. The Services will provide expertise to engage SMEs in order to support the identification of Skills Development needs of individual employees, to assist the SME to prioritise identified needs, to assist the SME to identify appropriate solution provision, to ‘broker’ the relationship between the SME and the identified provider and to provide ongoing account management for an agreed period.  The Services should support greater engagement of SMEs and their individual employees in Hertfordshire and in so doing will increase the number of SMEs who invest in the skills development of employees in order to improve the individual’s and business competitiveness.  The Services should produce action plans for each SME engaged which generate referrals to the other ESF provision procured under Theme 10: Skills Support for Growth specification. In addition grants will be made available to support SMEs to recruit Apprentices.  The Services should be targeted at employees of SMEs (2-249) based in Hertfordshire who have not recruited an Apprentice within the previous 12 months. Whilst priority should be given to those SMEs in the key growth sectors listed below whose, this will not exclude support for SMEs in other sectors whose employees are predominantly low skilled, who have not engaged in any formal training in the previous 12 months  Key growth sectors;   * Advanced manufacturing * Life sciences * Environmental technologies * Film & digital media * Logistics * Advanced engineering * Pharmaceuticals   Eligible SMEs must have their main address in Hertfordshire, SMEs that are part of a larger group and/or are a franchise must have independent accounts and a Hertfordshire business address.  To be eligible for incentive grants the SME must satisfy the criteria above and the individual employee place of work must be based in Hertfordshire  The Services encourage greater engagement of SMEs and as a consequence increase the number of SMEs in Hertfordshire who have a formal training plan/budget, the number who undertake training for their employees, the number of SMEs who recruit an apprentice and a decrease in the number of SMEs who state that having a skills gap is having an impact on the growth of their business.  The Services will target SMEs, who have not previously formally engaged in developing their staff; the service will assist the SME to identify and prioritise the development needs of their staff and to identify the appropriate solution to the identified need. The Services must set out the outcomes that will result from activity.  The Services must:     * provide an independent, impartial skills advisory service * develop a consistent methodology for the delivery of a company based training needs analysis and resulting company owned action plan * develop a ‘live’ database a relevant and quality assured training provision * provide on-going account management support to those SMEs successfully engaged, in order to maximise impact of agreed solutions * develop an evaluation framework for the service to include opportunities for case studies/PR * promote and administer a SME incentive scheme (for SME’s employing between 50 and 250 employees, complementing the national AGE grant) for the recruitment of new Apprentices ensuring that the Scheme’s operating procedures are compliant with SFA and EU requirements and complement existing schemes   The Services must offer a free English and Maths skills analysis to all engaged clients and will provide the results of such analysis to the agreed solution provider.  The Services must support the employer at all stages of a journey towards achieving agreed outcomes and will be required to manage referrals to other sources of business support. All engagements and resulting activities with client employers and their employees should be recorded on a customer tracking system that has interface with any such system operated by the Hertfordshire Growth Hub  The Services must link with Hertfordshire Growth Hub and be branded as such.  The successful Candidate must implement a SME engagement plan in agreement with any such plans that the Hertfordshire Growth Hub and other key stakeholders have in place. |
| ELIGIBILITY |
| **General**  General eligibility requirements are set out in : the European Social Fund Programme for England 2014-2020 National Eligibility Rules which can be found here: <https://www.gov.uk/government/publications/european-structural-and-investment-funds-programme-guidance>  Please note LEP Specific requirements are subject to the National Eligibility Rules detailed above.  In delivering the Services, the successful Candidate must take into account and support the targets for the following groups where this is consistent with the other Services requirements for addressing the needs of groups identified as priority and meeting the Services deliverables:   * Small and Medium Enterprises successfully completing projects (which increase employer engagement; and/or the number of people progressing into or within skills provision)   This Service is being delivered under investment priority 2.2 and the Managing Authority has confirmed that the focus is a project developing an improved education system and for the purposes of this specification the programme participant eligibility requirements are not relevant. LEP specific eligibility is shown below.  **LEP Specific Eligibility**  Eligible SMEs must have their main address in Hertfordshire, SMEs that are part of a larger group and/or are a franchise must have independent accounts and an Hertfordshire business address  To be eligible for Incentive grants the SME (employing between 50 and 250 employees) must satisfy the criteria above and the individual employee place of work must be based in Hertfordshire. |
| **GEOGRAPHY / AREA OF DELIVERY** |
| **LEP Specific**  The Services will be delivered within the Hertfordshire Local Enterprise Partnership area.   * The Service must be available across the Hertfordshire LEP area which is co-terminus with the County of Hertfordshire * Eligible SMEs must have their main address in Hertfordshire, SMEs that are part of a larger group and/or are a franchise must have independent accounts and a Hertfordshire business address * To be eligible for Incentive grants the SME must satisfy the criteria above and the individual employee place of work must be based in Hertfordshire   There may be a possible overlap in the North Hertfordshire District Council area with Greater Cambridge Greater Peterborough LEP. |
| **FUNDING AND DELIVERABLES** |
| **LEP Specific**  Currently £1,198,000 will be available for the period from September 2016 to March 2018. This may be increased if additional funding becomes available.  The table below shows the initial planned outcomes, but performance management may change the volumes and mix during the life of the contract.  The provider must only claim either a SD01 or SD02 deliverable per SME  The provider must only claim either a SD03 or SD04 deliverable per learner  The provider must only claim for a SD03 or SD04 deliverable learner whose training has been identified within a SD01 or SD02 training plan  Learner progression into education must be a recognised qualification (either regulated or non-regulated) and if possible linked to the qualifications offered under the ESF funded Skills for Growth programme  To be eligible for the apprenticeship incentive payment, the SME must employ between 50-250 employees and not have recruited an apprentice in the last 12 months. Incentive payments are restricted to 2 per SME in any 12 month period  The minimum service deliverables, values and volumes for which evidence must be provided are:   |  |  |  |  | | --- | --- | --- | --- | | **Description** | **Volumes** | **Unit Cost Total Value Average per Intervention** | **£** | | SD01 - training plan for an SME who has not engaged in training in the last 12 months | 500 | £225 | £112,500 | | SD02 - training plan for an SME who have not recruited an apprentice in the last 12 months | 250 | £350 | £87,500 | | SD03 – Learner progression into education | 2000 | £200 | £400,000 | | SD04– Learner progression onto an apprenticeship | 370 | £400 | £148,000 | | SD05 – Apprentice Incentive | 300 | £1500 | £450,000 | |