

<b>Marches enterprise joint committee</b>	
<b>Meeting date:</b>	<b>31 May 2016</b>
<b>Title of report:</b>	<b>The Marches LEP manufacturing skills capital project</b>

## **Classification**

Report: Open

Appendix A : Exempt from publication by virtue of paragraph 3 of the Access to Information Procedure Rules set out in the constitution pursuant to Schedule 12A Local Government Act 1972, as amended

## **Key decision**

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function to which the decision relates  
and

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

## **Purpose**

To grant preferred bidder status to the organisations named in the exempt Appendix A and agree arrangements to award contracts for funding under the Marches Growth Deal skills capital fund.

## **Recommendation(s)**

**THAT:**

- (a) preferred bidder status be awarded and the detailed recommendations as set out in exempt Appendix A be approved; and**
- (b) authority be delegated to the Marches LEP Director following consultation with the Marches LEP Accountable Section 151 Officer to conclude contract negotiations and award contracts to preferred bidders within the financial envelope set out in the financial implications to this report.**

## **Reason for recommendations**

1. To ensure that funds available to the Marches LEP area are allocated in accordance with government requirements to meet the priorities within the strategic economic plan (SEP) and to agree efficient decision making arrangements to minimise delay in finalising contracts.

## **Summary**

2. As part of the Marches LEP plans to tackle skills issue skills capital funding of £3.3m was allocated to the LEP by DCLG. The LEP issued two calls for expressions of interest (EOI) from further education and private training providers in 2014/15 seeking responses that delivered capital projects (i.e. for equipment and training facilities to address the training needs of key sectors in the Marches SEP). The response was limited and a number of applicants subsequently withdrew mainly due to the shortage of match funding.
3. A further OJEU compliant procurement process has therefore been undertaken based on a detailed tender specification and tender response document to establish a minimum of two advanced manufacturing hubs across the Marches region.
4. The tender sought submissions from organisations that wished to set up and develop advanced manufacturing hubs as regional training centres for advanced manufacturing skills in five key areas where there is currently limited training provision. It was envisaged the hubs will operate on a “hub and spoke” model and will be partnership led, comprising consortia of employers and educational providers including HE, FE and private sector training providers working together. They aim to build on a whole range of collaborative initiatives already in place in the region and will house equipment and deliver training programmes including apprenticeships to meet the identified needs of local businesses. The hubs are planned to commence operation (i.e. delivering training courses and apprenticeships) from April 2017 at the very latest.
5. As a pre-requisite of the tender, it was clearly stated that all funding must be committed and fully expended by bidders by 31 March 2017. Tenders which could not achieve that requirement would not be evaluated.
6. A summary tender evaluation report is provided at appendix A (exempt from publication).

## **Alternative options**

7. Given the value of the funding available, the procurement process had to be fully compliant with the Public Contracts Regulations (2015), therefore there were no alternative options in terms of procuring the project.
8. Final award of contract could be reserved to the joint committee. This is not recommended given the need to progress swiftly to ensure that external funding is not lost to the LEP area.

## **Financial implications**

9. Confirmation has been received from DCLG that the funding for skills capital (£3.3m) is available, of which £461,000 was committed in the last financial year. The balance of that funding (£2.8m) must be allocated and utilised in 2016/17. Due diligence has been undertaken as part of the OJEU procurement process and the assessment of preferred

bidders indicates that they can deliver the outcomes within the £2.8m financial envelope.

## **Legal implications**

10. The LEP team will put in place commercial contracts with the organisations awarded the skills capital funds. The contracts will be drawn up by the Shropshire Council legal team, who are the accountable body.

## **Risks, opportunities and impacts**

11. The £2.8m skills capital funds must be spent in 2016/17 so if there is insufficient officer capacity to progress completion of the contract award and monitoring of spend, this funding may be lost to the area. To mitigate this risk a skills funding officer has been recruited to amongst other things monitor performance and spend against agreed milestones and outputs in the contracts with the skills providers on a quarterly basis and will report on this to both the LEP Skills Board and the LEP Performance, Risk and Monitoring Committee which are sub-groups of the LEP Board. If the grant is not used for the purposes it was contracted the organisation, as outlined in the contract, will be required to pay back the grant.
12. A professional procurement expert has provided advice to ensure that the procurement process was compliant with public procurement rules, mitigating the risk of procurement challenge.

## **Consultation**

13. Through the OJEU procurement process, The Marches LEP has consulted widely with potential bidders and held potential supplier engagement / briefing events to encourage bids. Local authority partners have been engaged in the evaluation process undertaking financial due diligence before contracting to provide breadth of feedback.
14. The Marches LEP board has reviewed the tender evaluation report and recommends preferred bidder status be awarded as set out in recommendation (a) and that authority be delegated to the Marches LEP Director following consultation with the Marches LEP Accountable Section 151 Officer to conclude contract negotiations and award contracts to preferred bidders within the financial envelope set out in the financial implications to this report as set out in recommendation (b).

## **Additional information**

15. None

## **Appendices**

Appendix A – Tender appraisal report. (exempt from publication.)

## **Background papers**

None

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Further information on the subject of this report is available from  
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