

THE EXECUTIVE

Tuesday, 12 June 2007

Agenda Item 10a The Automotive Upskilling Training Development Programme: Skills for Life Training and Development Services Contract Award (Pages 1 - 9)

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EXECUTIVE

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REPORT OF THE CORPORATE DIRECTOR OF REGENERATION

This report is submitted under Agenda Item 10. The Chairman will be asked to decide if it can be considered at the meeting under the provisions of Section 100B(4)(b) of the Local Government Act 1972 as a matter of urgency, so as to avoid delay in seeking the necessary consents that will enable the Upskilling Training to start by beginning of July.

The Automotive Upskilling Training And Development Programme – Skills For Life Learning And Development Services: Tender Acceptance	FOR DECISION
<p>Summary:</p> <p>The Council acts as the Accountable Body for up to £9.1m of London Development Agency (LDA) funding to support the Automotive Upskilling Training and Development Programme at Dagenham Engine Plant. The Council is leading the procurement process to secure Skills for Life learning and development services as part of that programme.</p> <p>Following agreement with the LDA, the Automotive Upskilling Programme now wishes to engage a learning partner to identify, support and develop workers who have literacy, numeracy and language needs within the Dagenham Engine Plant.</p> <p>As the value of the contract was anticipated to be around £370,000 the Executive's consent to tender is not required under the constitution. However the tender is now expected to be over £400,000 and Executive approval to accept the tender is now required. The funding for this contract will be met fully by the LDA from within existing budget allocations for the Upskilling Programme.</p> <p>Wards Affected: None specific</p>	
<p>Implications:</p> <p>Financial:</p> <p>The value of the proposed Skills for Life services is over £400,000; which would be fully funded through the Automotive Upskilling Programme (AUP) project budget of £32million.</p> <p>The only costs to the Authority in the role as the Accountable Body are the costs of administering the project, which will be recovered through Accountable Body Fees. The Accountable Body takes responsibility for the legal and financial management of the grant disbursed to the project. As the organisation receiving the funding, the Accountable Body is therefore responsible for putting in place an audit trail and overseeing contract management arrangements.</p> <p>The Accountable Body fees under this programme are approximately £140,000 annually. This meets the costs of the salaries and on costs of the Programme Manager and Administrative Assistant, £50,000 of recharges to LBBB Finance Department with a further £5,500 of recharges to the LBBB IT Department.</p>	

Programme performance is monitored by the Delivery Team comprising the Programme Manager and representatives from the Finance Department. Data relating to this performance is reported back to Steering Group on a monthly basis. The Steering Group is comprised of representatives from the funding bodies, the Learning and Skills Council and the London Development Agency; representatives from LBBB Finance Department and Ford Motor Company.

The Programme reports on output, expenditure, leverage and milestone performance to the London Development Agency on a quarterly basis. The reports are accompanied by quarterly grant claims which are signed off by the Director of Finance.

Legal:

A formal written agreement will be drawn up and sealed by the parties of this contract. The Council's Legal Division will be involved with the drawing up of any such Agreement.

Risk Management:

If the Executive agrees to the recommendation, the contract with the provider will use the standard LBBB terms and conditions to ensure quality.

The outputs/outcomes as set out in the specification are consistent with the programme objectives as agreed with the LDA. The outcomes have been agreed with the provider and will be monitored on a weekly basis and reviewed monthly to ensure compliance and value for money. Progress reports on the Skills for Life programme are reported back to the monthly Steering Group.

In the event of the Contractor failing to deliver the agreed outcomes, LBBB would have the ability to withhold payment and enforce the terms of LBBB major services contract, which will include the right to claw back monies paid to the contractor where costs are deemed ineligible.

In the unlikely event of funding being clawed back by the LDA, LBBB would be required to underwrite programme expenditure. To reduce the risk of this, the programme manager will strictly monitor eligible expenditure and the delivery of outputs and outcomes in accordance with LDA guidelines.

If the Executive does not agree the recommendation, the Skills for Life dimension of this important programme will not be addressed. The consequences of this will impact upon the programme achieving lifetime targets and overall outcomes.

Social Inclusion and Diversity:

The Race Relations (Amendment) Act 2000 places a requirement on local authorities to make an assessment of the impact of new and revised policies in terms of race equality. Existing policies have already been subjected to impact assessments. This Authority has adopted an approach of extending the impact to cover gender, disability, sexuality, faith, age and community cohesion.

A Policy Proofing process has been introduced to assess such impacts, however, as this report does not concern a new or revised policy there are no specific adverse impacts insofar as this report is concerned. The services delivered through the training provider will

<p>be culturally sensitive and available to all.</p> <p>Monitoring equality will be carried out in accordance with the Council's current guidelines.</p> <p>Crime and Disorder: There are no specific implications insofar as this report is concerned.</p>		
<p>Recommendation(s)</p> <p>The Executive is recommended to appoint Tribal Education to provide Skills for Life Training and Development services at the Ford Motor Company Dagenham Engine Plant on the terms set out in the report.</p>		
<p>Reason(s)</p> <p>To safeguard local employment, secure the future of the Ford Dagenham Engine Plant and assist the Council to achieve its Community Priority of 'Regenerating the Local Economy'.</p>		
<p>Contact Officer: Alan Lazell</p>	<p>Title: Head of Skills Learning and Enterprise</p>	<p>Contact Details: Tel: 020 8724 8038 Fax: 020 8227 3231 Minicom: 020 8227 3034 E-mail: alan.lazell@lbbd.gov.uk</p>

1. Introduction and Background

- 1.1 As introduced to Executive on 29 March 2005, the FAUP project is a £32m training programme designed at improving skills and knowledge in the Ford Diesel Plant, to enable a smooth transition into producing the highly complex DV4 and DV6 engines. The launch of the new engine will involve the hiring of approximately 400 employees, resulting in a high volume of training for new employees and those employees transferring from other areas of the plant.

2. Current Position

- 2.1 Engine production is comprised of two main areas, the machining of engine parts and the assembly of those parts. Work has been progressing on the project including a comprehensive Training Needs Analysis of the 2000 person Dagenham Engine Plant workforce which was completed in March 2006.
- 2.2 The programme has established a framework of providers which are providing specific services on a call-off basis. Progress against this element of the programme is on schedule.

Skills for Life Training and Development Services

- 3.1 To meet the needs of the workforce within the Dagenham Engine Plant, the need to invest resources in developing the capacity of Skills for Life levels is considered vital to ensure successful engagement across the wider programme.

3.2 The appointment of a company to deliver targeted Skills for Life support to hard to reach workers is an important step in addressing the skills gaps within the Dagenham Engine Plant workforce.

4. Tender

4.1 The tender followed an Open procedure but was exempt from advertisement in the Official Journal of the European Union (OJEU).

4.2 In order to procure these services a tender brief was prepared, advertisements published in national publications and tender pack requests sent out by email to companies between 7 February and 14 March 2007. By the tender closing date on 22 March 2007, 12 tender submissions had been received (tender results are attached as **Appendix A**, which because of the nature of its contents is in the private and confidential part of the agenda)

4.3 Contract award was based on quality, and the most economically advantageous tender in terms of the following criteria: financial standing, appropriateness and effectiveness of proposed systems and working methods, experience of providing comparable services, professional and technical qualifications and experience, value for money and client references. The results of the tender assessment are also in Appendix A.

5. Implications

5.1 Financial Implications

5.1.1 The project is funded as follows:-

Funding Body	£
London Development Agency (Revenue Funding)	9,159,189
London East Learning Skills Council	3,521,069
Ford Motor Company	18,958,722
Total	31,638,980

5.1.2 The budget for the Project is as follows:-

Expenditure Classification	£
Training course delivery	9,967,939
Wage compensation	16,686,541
Equipment usage depreciation	1,000,000
Project management including logistics	390,000
Employee research & evaluation	84,500
Trainee release cover	3,510,000
Total	31,638,980

5.1.3 This expenditure would be charged against Training Course Delivery which has a total budget of £9.9 million.

5.1.4 As this project is fully funded and the Council has already agreed to act as the Accountable Body there are no financial implications directly involved with this report.

6. Risks

6.1 The risks reported on 29 March 2005 still apply, but the specific risks of this decision are as follows:

6.2.1 Skills for Life Tender

If this request is not approved, LBBB will be required to seek alternative methods for introducing Skills for Life support to Dagenham Engine Plant. This will result in delays within the delivery profile of the programme and the possibility of a reduction from the LDA in overall funding allocations.

6.3 If the programme fails to deliver the outputs as specified then the LDA funding may be reduced, clawed back or not provided. Close management and monitoring of the programme by the delivery team and the Accountable Body is vital in ensuring constant review of performance and delivery.

7. Consultees

7.1 The following people were consulted in the preparation of this report:

Councillors

Lead Councillor, Councillor Kallar (Portfolio for Regeneration)

Internal

Resources Department

Robin Hanton, Group Manager – Corporate / Legal

Alex Anderson, Group Manager Regeneration and Customer Services Finance

Sue Chappell, Strategic Procurement Manager

Regeneration

Michelle May, Group Manager Employment and Enterprise

Mark Booth, Strategic Programme Manager

External

Amy Lewis, FAUP Project Manager, Ford Dagenham Engine Plant,

Sarah Wilkins, LDA FAUP Programme Manager

Background Papers Used in the Preparation of the Report:

- Executive Minutes No. 372 - 29.03.05 - The Automotive Upskilling Training Development Programme, London Riverside Limited
- Executive Minutes No. 271 - 07.03.06 – The Automotive Upskilling Training Development Programme, London Riverside Limited
- Executive Minutes No. 21 – 13.06.06 - The Automotive Upskilling Training Development Programme, Framework Agreement

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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