**Prior information notice**

**This notice is for prior information only**

**Name and addresses**

**Information about joint procurement**

**Type of the contracting authority**

**Main activity**

General public services

**Scope of the procurement**

**Title:**

Adult Education Budget (AEB) Procurement

**Type of contract**

Service

**Estimated total value: c.£25m per annum (based on/subject to confirmation of Greater Manchester Combined Authority’s annual AEB allocation)**

**1 year contract with the opportunity to extend on an annual basis (for a maximum of 3 years)**

*The GMCA is committed to ensuring fairness, openness and transparency, and to following EU procurement regulations. The Prior Information Notice (PIN) is however, issued solely for the purpose of conducting pre-procurement market testing.*

*Interested parties will not be prejudiced or advantaged by any response or lack thereof to the PIN and a response to this PIN does not guarantee any invitation to participate in any future procurement.*

*This PIN does not constitute a call for competition to procure any services, supplies or works for the GMCA.*

*The GMCA is not liable for any costs, fees, or expenses incurred by any party in replying to the PIN.*

**1 PURPOSE**

The purpose of this PIN is to conduct initial pre-procurement market testing in relation to procurement of provision funded by the devolved Adult Education Budget in the 2019/20 academic year. It is testing principles and seeking provider input ahead of a formal market engagement event and forms part of a wider engagement/ consultation process which has included research activity and engagement with stakeholders and their network representatives on the GMCA’s AEB Task Group.

Details on how stakeholders may respond are set out at the end of this document and more details can be found on The Chest by following the below link:

<https://procontract.due-north.com/Advert?advertId=9502cf02-287e-e811-80ed-005056b64545&p=e0cc5631-4690-e511-80fb-000c29c9ba21>

It is envisaged that the key milestones for procurement will be:

* 31 July: Market Engagement event
* August/September: develop specification and related documentation
* Late October: SAQ issued
* April: confirmation of contract awards.

Please note this is an indicative timeline and the GMCA reserves the right to change its approach and timelines as appropriate.

**2 BACKGROUND**

Devolution of the Adult Education Budget (AEB) formed a landmark agreement within Greater Manchester’s ground-breaking devolution deal. The Greater Manchester Combined Authority (GMCA) will assume responsibility for ensuring high quality adult education is available across the city-region from the 2019-20 academic year[[1]](#footnote-1).

The Education & Skills Funding Agency (ESFA) has reminded providers that all AEB providers’ funding will be affected by devolution, even those in non-devolved areas. Mayoral Combined Authorities (MCAs) and Greater London Authority (GLA) will be responsible for funding their residents and ESFA will be responsible for funding residents of non-devolved areas. In future, depending on providers’ geographic delivery footprint and MCAs’ commissioning decisions, providers may have a single funding relationship with a commissioning authority or multiple funding relationships covering one or more MCAs/GLA and ESFA. It is therefore important that providers understand how much of their delivery (direct and sub-contracted) is to residents of devolved areas.

GMCA’s overall commissioning approach will involve a combination of plan-led grant funding and procured provision. This Notice is concerned solely with procured activity. Details of the GMCA’s approach to grant funding will be issued separately in due course.

**3 THE GREATER MANCHESTER AMBITION**

The principle purpose of the AEB is currently defined in the ESFA funding rules as being “*to engage adults and provide them with skills and learning needed for work, an apprenticeship or further learning*”. However, in Greater Manchester, we would add a further purpose: the AEB should continue to deliver high quality provision which leads to demonstrable improvements in opportunities, positive outcomes and progression for Greater Manchester residents.

Investment in adult skills gives people the tools they need for life and work, supporting up-skilling and re-training, and boosting productivity and inclusive growth. Over time, and with systemic improvements across the education landscape that will deliver higher attainment from compulsory education, we envisage being able to make a long term shift in emphasis away from just ‘second chance’ essential skills towards ensuring residents and businesses can keep pace with changes in the labour market and in the global economy.

As such, we believe the AEB warrants a much stronger strategic focus from policy makers, who recognise the important proactive role that can be played by training providers of all kinds, not as passive recipients of skills funding but as key strategic planning and delivery partners at the heart of the communities, places and economies that they serve.

The devolved AEB must sit within a transformational education, skills, employment and health system within GM that delivers a step-change improvement in the basic and generic skills needed for life and work, including English, maths and digital skills. At the same time that skills system must deliver the higher level and technical skills needed to drive productivity in GM’s growth sectors. A devolved Greater Manchester AEB will form a key element in supporting this progression within the broader delivery of the skills and employment system and linking with other provision including technical education and apprenticeships/traineeships.

In particular, we want to develop with providers an approach which will be part of a system that works for everyone, as set out in the priorities within the Greater Manchester Strategy (GMS)[[2]](#footnote-2):

* Young people equipped for life and work
* Good jobs with opportunities for people to progress and develop
* A thriving and productive economy in all parts of the city-region.

**4 PROCUREMENT APPROACH**

Procured provision will form a crucial part of our approach to delivering GM’s objectives, focussing the system on outcomes, and addressing the funding priorities set out below. The Procurement process will:

* enable GM to focus on working with a smaller range of high quality providers and reduce duplication
* allow GM to add an element of flexibility and innovation into the contracts in line with the freedoms and opportunities devolution offers.
* allow GM to ensure and maintain a competitive, high quality marketplace
* allow GM to undertake comprehensive due diligence: providing the best possible value for money outcome from the procurement activity
* secure additional social value for GM’s residents and communities
* embed adult skills in the wider post-16 skills and employment infrastructure.

**4.1 Value and duration**

Based on GM’s indicative allocation of AEB, the value of procured activity for the 2019/20 academic year will be an estimated £25m, with the final value expected to be confirmed early in 2019 following DfE confirmation of GM’s overall AEB budget.

However, GMCA is keen to develop effective, high trust relationships with providers, delivering positive long-term impact for GM residents. This will enable providers to plan and build capacity with greater surety. We expect providers to develop a place-based curriculum offer and wrap-around support with a clear focus on learner progression.

With this in mind, GMCA’s intention is that contracts awarded from this procurement will initially last for one year (academic year 2019 to 2020), with an option to extend for a further 2 years. GMCA reserves the right to extend contracts for a second and third period of up to 12 months subject to funding availability, the provider’s delivery and performance against the contract, and skills policy (including any changes to the overall GM budget arising from the Spending Review or adjustments to the way in which GM’s allocation is calculated by central government).

**4.2 Guiding Principles**

The following principles for managing the devolved AEB have emerged from consultations with stakeholders to date:

* AEB investment should be aligned with Greater Manchester’s key priorities as set out in GMS
* investment should support and promote all high quality providers regardless of their scale and procurement processes should guard against disadvantaging providers of different sizes/types as an unintended consequence
* AEB is a long-term journey of change to ensure positive outcomes and impact for the residents of GM
* GM AEB investment must be considered in the broader skills landscape of ESFA, Apprenticeship, Student Loans and HE activity, none of which are devolved to GMCA but all of which are inextricably linked in terms of learner progression within the post-16 skills and employment system
* The relationship between GMCA and skills providers of all kinds should be primarily strategic rather than transactional, with a strong focus on proactive performance management
* The GMCA will be mindful of the stability and capacity of the skills delivery infrastructure in Greater Manchester, as well as GMCA’s own capacity to manage, monitor and assure activity on this scale
* Providers of all kinds should strive to deliver high quality skills training provision to GM residents.

**4.3 Funding rules, rates and eligibility**

Over time, GMCA will make full use of the freedoms and flexibilities afforded by devolved funding policy. However, this is a long-term vision which cannot be delivered overnight and should not be embarked upon without first building a proper evidence base.

While building that evidence, and to maintain stability in the system, GMCA is proposing for this procurement round to align (where appropriate) with the current funding eligibilities, rates and entitlements in line with national policy.

However, GMCA is considering whether any of the current entitlements around co-funded provision should be changed to fully funded provision. Linked to this, GMCA will review any further policy changes introduced by the Government and consider whether to implement and/or adapt them for the GM learners.

In addition, we are considering how funding models which incorporate outcome payments can be used to drive better impact for learners based on progress from the starting point of their individual journey. We are also considering pilot activity around funding additional elements of provision where they are linked to job outcomes.

**4.4 Impact of AEB Investment**

GMCA research has highlighted that most learners undertake more than one learning aim as part of a package of provision and one of the most urgent requirements in the first phase of devolution is to begin a shift to focusing on how that package of learning and skills development helps the individual to progress towards / within the labour market.

Devolution of AEB provides the opportunity to sharpen the focus on the impact and learner outcomes secured by this investment, rather than simply measuring the outputs in terms of learning aims and qualifications delivered. GMCA is proposing that this principle will underpin the commissioning approach and will secure provision which is increasingly focused on these outcomes. GM also wants to understand the impact of this on payment models and provider cash flow.

In line with relevant data protection legislation, all procured contracts will require providers to work with the GMCA to ensure that the necessary data is provided on a lawful basis. This will enable the GMCA to manage and assure payments as well as undertake relevant evaluations and research to evidence our objectives.

**5 FUNDING PRIORITIES**

In scoping the funding and commissioning priorities for devolved AEB provision, it is proposed that provision would fall under two specific themes as outlined below.

Through this Notice we are seeking to understand from the market whether these themes are the right ones on which to focus, to gauge the appetite, capability and capacity for delivery in GM, and to **seek initial feedback ahead of formal market engagement on any additional niche provision** currently being delivered which does not appear to fit within these themes.

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| **Theme 1**  | **Theme 2**  |
| **Comprehensive skills support across GM to support all residents to:*** Acquire basic skills
* Progress into/within learning
* Acquire and sustain employment/apprenticeship/ traineeship
* Progress in employment
* Gain employment in sector specific learning
* Integrate approach with other elements of the post-16 skills system including GM Working Well (Work & Health Programme) and transitions for 16-18 year olds / T-levels
 | **Innovative smaller projects that secure positive outcomes and test innovative delivery models for priority cohorts and sectors, including** (this list is not exhaustive):* Looked after Children and Care Leavers
* Homeless people, with a particular focus on young people
* Learners with special educational needs and disabilities
* Ex-offenders
* ‘Hidden NEET’ young people[[3]](#footnote-3)
* Learners from BAME backgrounds
* Residents aged over 50
* Rapid response to sudden changes in the employment/ business landscape
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Provision under **Theme 1** should be accessible to all GM residents as a mainstream offer.

Provision under **Theme 2** should provide targeted, intensive and innovative support. It will focus on social inclusion and inclusive growth by providing basic skills and supporting progression to further learning through provision tailored to the needs GM’s hardest to reach groups. It may also address needs arising within the labour market in response to sudden changes in the employment/business landscape. This provision might use/test different delivery models and must add value to, rather than duplicate, other services targeting these cohorts.

It is envisaged that activity under Theme 2 may have smaller contract values and we are seeking views on whether this type of model is required.

We would welcome views on whether differential minimum/maximum contract values for the two themes will support a diverse market by ensuring that capacity/scale issues do not preclude smaller organisations from operating in this market.

For the purposes of funding policy, one of the primary learner characteristics is their employment status: those out of work and those in work:

**1. *Skills for unemployed individuals***

A key priority for GMCA is ensuring that unemployed residents with specific skills barriers, have access to flexible, targeted support which delivers the experience and skills that will enable them to **secure employment/apprenticeships or progress in further learning.** For unemployed learners who are reasonably close to the labour market this may be in the form of targeted interventions such as short courses, vacancy-led skills programmes or outreach projects. (This list is not exhaustive.) For individuals who are further from the labour market and need more intensive support this may take the form of more fundamental essential skills development over a longer period where the skills forms part of a package of support.

This provision should include those learners who may be unemployed but require higher level learning to progress into employment. The GMCA is also keen to understand the introduction/impact of license to practice and payments for work experience as long as there is a **clear link to a job outcome**.

 **2. *Skills for employed individuals***

A further key priority for GMCA is to support residents who are employed, in low skilled, often atypical employment, to progress to higher paid, higher skilled and more secure employment. Provision for employed individuals should have the primary aims of improving the capability and productivity of the workforce and of supporting the progression of individuals in employment. This might include higher level units of learning, particularly in GM’s priority sectors.

For both types of learners, we want to better understand how skills provision can be more innovative and build a package of support for the learner that ensures a positive outcome. It will need to integrate and add value into the GM skills and employment support landscape in a way which avoids duplication and provide progression pathways for residents. This will include integration with JCP activity and GM’s devolved Work & Health Programme, as well as current policy around apprenticeships and future reforms to technical education.

Across the two themes and learner types, the procured provision is likely to encompass the following, recognising that some learners are likely to require several elements:

***Technical Skills***

GM’s skills system must deliver economically relevant programmes of learning that offer technical education for individuals with the aims of skills development and / or further progression in learning or progression into/within employment.

***English for Speakers of Other Languages (ESOL)***

Programmes that have the primary purpose of teaching English to speakers of other languages are crucial to enabling those individuals to engage more effectively with the local economy and society. ESOL provision is also important in a work environment, whether entering the labour market or progressing within it. GM is keen to understand both any unmet demand in the current system, as well as any examples of ESOL being embedded effectively within other programmes of learning.

***Basic English, maths and digital skills***

All individuals in GM must be equipped with the functional level of English and maths skills that are essential to help them secure and sustain employment, as well as improving social inclusion and ensuring access to services and opportunities. Delivery will also extend to the Digital entitlement, once it has been defined by Government.

***Learners with Special Education Needs and / or Disabilities (SEND)***

It is recognised that there are barriers to adult education and training for learners with special educational needs and / or disabilities (SEND). For example, the availability and awareness of local provision that meets an individual’s needs; appropriate training for staff; risk assessments in mainstream institutions to support learners with SEND; and the cost of / access to public transport.

**Soft Market Testing**

**THIS IS NOT A CALL FOR COMPETITION**

The GMCA would like to explore current and emerging good practice in their AEB services to facilitate continuous improvement. The purpose of this exercise is to research the market in order to help the GMCA draft and formulate a specification. This would include looking at delivery models which would maximise opportunities for the GMCA to deliver value for money. Consequently, the GMCA would like to invite interested organisations to participate in this exercise.

**Soft Market Test/ Expression of Interest Process**

Step 1 – Interested potential providers are required to complete the following documents:

1. General Information
2. Undertaking by Potential Providers; and
3. Request for Information

and upload their completed documents onto The Chest portal via the Messaging Service by **16:00 on Monday 16th July 2018**

1. **General Information**

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|  | Full name of your organisation: |  |
| Contact Details - Name: |  |
| Job Title: |  |
| Address: |  |
| Telephone no: |  |
| Fax No: |  |
| Mobile No: |  |
| Email Address: |  |
| Web Address (if any): |  |

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|  | Current legal status of the Potential Provider (e.g. partnership, private limited company, etc.). Please tick 1 box |
| Sole Trader |  |
| Partnership |  |
| Public Limited Company |  |
| Private Limited Company |  |
|  | Other ( please state) |  |

|  |  |
| --- | --- |
|  | Company Registration: |
| Registration Number: |  |
| Date of Registration: |  |
| Registered Address: |  |
| VAT registration number: |  |
|  | Brief Description of Primary Business activities and services  |  |

1. **Undertaking by the Potential Providers**

I/We certify that the information supplied is accurate to the best of my/our knowledge and I/we accept the conditions and undertakings requested in this document.

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| Name\* |  |
| Signed | Duly authorised on behalf of the Potential provider(Electronic signature required here) |
| Position |  |
| Date |  |

**C) Request for Information**

**Please complete the following questionnaire fully, highlighting any information that you consider to be commercially sensitive\*.**

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| **1** | What have been the key lessons learnt from previous tenders and contracts of similar provision/services on a local and national scale?  (Maximum 500 words) |
| Response       |

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| **2** | Approximately what proportion of your learners are GM residents? If you do not have GM learners please indicate this it is not a barrier to continuing with the questions.Of those GM residents, approximately what proportion (if any) undertake all or the majority of their provision via distance learning? (Maximum 250 words) |
| Response       |

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| **3** | Of those GM residents, approximately what proportion (if any) undertake all or the majority of their provision via distance learning? (Maximum 250 words) |

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| **4** | Do you currently deliver ESF funded skills provision?(Maximum 250 words) |
| Response       |

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| **5** | Please provide a short description of the nature and scale of provision you currently deliver in GM, in particular any interdependencies with other provision (including, if relevant, geographical spread, sector focus, cohort focus, etc).If you do not currently deliver to GM residents please give a short description of your provision as it relates to themes 1 and 2. (Maximum 250 words) |
| Response       |

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| **6** | Do you think the 2 proposed themes are right? Is it necessary to separate them for the purposes of procurement? (Maximum 250 words) |
| Response        |

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| **7** | The current value of provision being delivered to GM residents currently varies by provider from hundreds of pounds at one end of the spectrum to several millions at the other. GM is proposing to set minimum and maximum contract values, based on the information available on the current capacity and scale of the market, as well as understanding any latent capacity and the timescales involved in mobilising that capacity.a. Are there other considerations which should be taken into account in setting minimum/maximum contract values?b. With those considerations in mind, what would you suggest as minimum/maximum contract values for each theme?(Maximum 500 words) |
| Response       |

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| **8** | Are there any other types of provision (e.g. distance learning) that are not currently covered in this Notice which should be included in the funding priorities? If so, how could this be done?We also want to understand whether there would be value in funding additional elements of provision such as work experience and licence to practice where there are clear links to job outcomes. Do you have views on these or any other elements which might usefully form part of a wrap-around support package for learners that will support job outcomes?(Maximum 500 words) |
| Response       |

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| **9** | Please give a short description of the way in which you currently use learner support funds. Do you have views on/any examples of what works well/doesn’t work in the current system?(Maximum 250 words) |
| Response       |

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| **10** | Some of the national policy entitlements relate to co-funded learning (depending on the nature of the provision and the circumstances of the learner). GMCA wants to understand whether the current approach to funding those policy entitlements is fit for purpose. Do you have views on possible flexibilities in the funding of/eligibility for policy entitlements which you believe might better meet the needs of learners? What would you envisage the impact of this change being in terms of learner numbers?(Maximum 500 words) |
| Response       |

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| **11** | In response to consultation feedback, GMCA is exploring how an element of payment by results within the funding model might help to incentivise/support positive outcomes for learners, while still enabling providers to manage operating costs, cashflow and risk. a. We are considering a number of payment models and would welcome your views on the respective advantages and disadvantages of:i. The current model, in which an element of funding is attached to the achievement of a qualification with 20% held back for achievement of it ii. Full payment by results, with the majority of funding predicated on achieving the stated outcomeiii. Partial payment by results, combining funding elements linked to service delivery, on-programme milestones, for achievement of the agreed outcome/progression and an additional payment linked to a positive destination (eg employment, further learning at a higher level) b. Are you aware of any examples of payment models which have worked particularly well in terms of allowing providers the freedoms and flexibilities to support positive, evidenced outcomes for learners while remaining robust enough to provide adequate assurance and value for money? (Maximum 750 words) |
| Response       |

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| **12** | Do you have any views on the best way of the GMCA managing the strategic and operational relationship with each contracted provider? What support would you require from the GMCA in order to deliver these services effectively? (Maximum 250 words) |
| Response       |

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| **13** | GMCA wants to focus on positive outcomes for learners, rather than on outputs in terms of qualifications and learning aims. We are looking to use existing systems and data collection as far as possible but are keen to understand where additional MI might help to build the evidence base to support development of payment models, future commissioning decisions, and other flexibilities now and in the future. a. What does and doesn’t work well in the current system around data recording/reporting? b. Do you currently collect data/MI which is not required by the ESFA but which you use for internal business/curriculum planning purposes which might assist with measuring outcomes/impact? c. If we were to require quarterly qualitative performance report would that be reasonable (taking account of your answer to b above)? d. ILR: Based on your use of the ILR, are there potential flexibilities in the way that user defined fields could be utilised by GM providers to facilitate a standardised collection of additional information?e. Are you aware of any examples of particularly good practice in terms of outcomes, progression or destinations tracking and how these might be evidenced and incentivised? (Maximum 750 words) |
| Response       |

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| **14** | How might the timeline and scope of reporting projected performance/delivery change, with a view to allowing timelier opportunity for providers to raise any issues with underspend and to apply for growth?(Maximum 250 words) |
| Response       |

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| **15** | GMCA wants to ensure that as much funding as possible reaches learners but recognises that there are costs involved in properly managing and assuring supply chains. We will be considering relevant guidance and best practice in relation to all management fees and those generated by subcontracting arrangements. In order to ensure a properly planned and transparent approach to subcontracting, we are proposing that:* Providers with whom the GMCA contracts should outline any plans to use subcontracting/supply chains at the beginning of the funding year, clearly setting out the fees/costs associated with each layer
* Approval should be required for any in-year changes to subcontracting arrangements.

What are your views on this approach?(Maximum 250 words) |
| Response       |

1. Commencing 1 August 2019 [↑](#footnote-ref-1)
2. *Our People, Our Place: The Greater Manchester Strategy* (GMCA, October 2017) [↑](#footnote-ref-2)
3. Hidden NEETS are young people aged 19-24 who are not in education, employment or training but also not claiming any benefits. They are therefore ‘invisible’ to the system and therefore have been identified as a priority group by GMCA and partners. [↑](#footnote-ref-3)