

Cunninghame House,  
Irvine.

11 August 2016

## **Cabinet**

You are requested to attend a Meeting of the Cabinet of North Ayrshire Council to be held in the Council Chambers, Cunninghame House, Irvine on **TUESDAY 16 AUGUST 2016** at **2.30 p.m.** to consider the undernoted business.

Yours faithfully

Elma Murray

Chief Executive

**1. Declarations of Interest**

Members are requested to give notice of any declaration of interest in respect of items of business on the agenda.

**2. Minutes (Page 5)**

The accuracy of the Minutes of meeting of the Cabinet held on 21 June 2016 will be confirmed and the Minutes signed in accordance with Paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973 (copy enclosed).

### **GENERAL BUSINESS FOR DECISION**

#### **Reports by the Executive Director (Economy and Communities)**

**3. Consultation on Apprenticeship Levy and the call for evidence as part of the review of Enterprise Development and Skills Agencies (Page 11)**

Submit report by the Executive Director (Economy and Communities) on the responses to the consultation on the Apprenticeship Levy and the call for evidence in relation to the review of Enterprise and Skills Agencies (copy enclosed).

## **CONTRACTS**

- 4. Award of Contract - Framework Agreement for the supply and delivery of quality fresh fruit and vegetables (Page 59)**  
Submit report by the Executive Director (Finance and Corporate Support) on the result of the tender exercise for the Framework Agreement for the supply and delivery of quality fresh fruit and vegetables, salad ingredients and prepared fruit and vegetables, to Council locations across North Ayrshire (including the Island of Arran), East Ayrshire and Inverclyde (copy enclosed).
- 5. Award of Contract - Framework Agreement for the provision of Day Education Services for Children with Additional Support Needs (Page 65)**  
Submit report by the Executive Director (Finance and Corporate Support) on the result of the tender exercise for the Framework Agreement for the provision of Day Education Services for Children with Additional Support Needs and seek approval to award (copy enclosed).
- 6. Award of Contract - Nursery Extension to Loudoun Montgomery Primary School, Irvine (Page 69)**  
Submit report by the Executive Director (Finance and Corporate Support) on the tender exercise for the contract for a Nursery Extension to Loudoun Montgomery Primary School, Irvine (copy enclosed).

## **EXEMPT INFORMATION**

- 7. Exclusion of the Public**  
Resolve in terms of Section 50(A)4 of the Local Government (Scotland) Act 1973, to exclude from the Meeting the press and the public for the following items of business on the grounds indicated in terms of Paragraph 9 of Part 1 of Schedule 7A of the Act.

### **Non Disclosure of Information**

In terms of Standing Order 17 (Disclosure of Information) the information contained within the following reports is confidential information within the meaning of Section 50A of the 1973 Act and shall not be disclosed to any person by any Member or Officer.

- 7.1 Social Work Complaint Review Committee: Social Work Complaints Review Committee: Complaint by Mrs R**  
Submit report by the Chief Executive on the findings and recommendations arising from the Social Work Complaints Review Committee meeting held on 30 June 2016.
- 7.2 Social Work Complaint Review Committee: Social Work Complaints Review Committee: Complaint by Mr B and Ms C**  
Submit report by the Chief Executive on the findings and recommendations arising from the Social Work Complaints Review Committee meeting held on 15 July 2016.
- 8. Urgent Items**  
Any other items which the Chair considers to be urgent.

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## Cabinet

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Sederunt: **Elected Members**

Willie Gibson (Chair)  
Alan Hill (Vice-Chair)  
John Bruce  
Marie Burns  
Anthea Dickson  
Tony Gurney  
Vacant

Chair:

Attending:

Apologies:

Meeting Ended:



Cabinet  
21 June 2016

**Irvine, 21 June 2016** - At a Meeting of the Cabinet of North Ayrshire Council at 2.30 p.m.

**Present**

Willie Gibson, John Bruce, Marie Burns and Anthea Dickson .

**Also Present**

Alan Munro (Item 4 only).

**In Attendance**

E. Murray, Chief Executive; J. Butcher, Executive Director (Education and Youth Employment); G. MacGregor, Head of People and Transformation, C. McCourt, Team Manager (Corporate) and M. McTeague, Category Manager (Corporate Procurement) (Finance and Corporate Support); C. Hatton, Executive Director, L. Cree, Senior Manager (Property Management and Investment) (Place); K. Yeomans, Executive Director, C. McAuley, Head of Service (Economic Growth), A. Sutton, Head of Service (Connected Communities) and L. Kirk, Access Officer (Economy and Communities); I. Colvin, Director of North Ayrshire Health and Social Care Partnership, A. Fraser, Head of Democratic Services, L. McEwan, Corporate Communications Manager, A. Todd, Senior Policy and Performance Officer, M. Sugden, Communications Officer (Media and Internal Communications) and A. Little, Committee Services Officer (Chief Executive's).

**Chair**

Councillor Gibson in the Chair.

**Apologies for Absence**

Alan Hill and Tony Gurney.

**Chair's Remarks**

In terms of Standing Order 9.3, the Chair agreed to vary the order of business to allow earlier consideration of Item 10 - Future Delivery of a Range of Connected Communities Services and Item 13 - Roofing Works at 157 New Street, Stevenston.

**1. Declarations of Interest**

In terms of Standing Order 10 and Section 5 of the Code of Conduct for Councillors, Councillor Burns, as a member of KA Leisure Board, declared an interest in Agenda Item 4 - Future Delivery of a Range of Connected Communities Services.

## 2. Minutes

The accuracy of the Minutes of the meeting held on 7 June 2106 was confirmed and the Minutes signed in accordance with Paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973.

## 3. Future Delivery of a Range of Connected Communities Services

**Please note - this item has been call-in by Elected Members and will be heard by the Scrutiny & Petitions Committee on 24 August. No action can be taken meantime.**

submitted report by the Executive Director (Economy and Communities) on the alternative options for the delivery and management of a range of Connected Communities services, which were outlined in Appendix 1 to the report and included the recommendation of progression of Option 1 - creating a new arms-length organisation to deliver cultural services and lease the relevant properties and Option 2 - commissioning the delivery and management of the services from and leasing properties to KA Leisure to a detailed business analysis.

Members asked questions and were provided with further information in relation to:-

- the existing legal agreement and Service Level Agreement with KA Leisure;
- the potential delivery of Non Domestic Rates (NDR) savings of £450,000;
- detailed assessments that will be undertaken in respect of Human Resource and TUPE implications of any proposals and that a further report to Cabinet would report on any HR implications.

The Cabinet agreed (a) that the options relating to a non-profit distributing body, being a charity or company limited by guarantee should be progressed to a detailed business analysis; (b) to remit to officers to enter into discussions with the Board and management of KA Leisure as part of the process of developing the detailed business cases; and (c) that a further report on the analysis of the agreed options and recommendations for the future delivery of the services in scope be presented to a future Cabinet meeting.

## 4. Roofing Work at 157 New Street, Stevenston

Submitted report by the Executive Director (Finance and Corporate Support) on essential roofing works, estimated to cost approximately £75,000, that are required to the building at 157 New Street, Stevenston, which is owned by Stevenston Common Good Fund.

Members asked questions and were provided with further information in relation to:-

- localised timber decay that requires to be addressed; and
- the replacement of roof coverings in some areas, as well as an overhaul of rainwater goods.

The Cabinet agreed to approve the procurement of essential roofing works at 157 New Street, Stevenston at an estimated cost of £75,000.

## **5. End of year 15/16 Council Plan Progress Report**

Submitted report by the Chief Executive on (a) the progress of the Council Plan 2015/20; and (b) that 81% of the 58 measures were on target or slightly adrift of target, as detailed in Appendix 1 to the report. A summary sheet of the red and amber performance indicators (PIs) was provided to Cabinet and further information was provided in relation to:-

- Modern Apprentices supported through Council sponsored initiatives;
- Town Centre footfall has increased;
- employment rate for age 16 - 24 year olds;
- Capital Expenditure - General Fund;
- Capital Expenditure - HRA;
- percentage of capital projects completed on time;
- percentage of complaints handled on time; and
- Freedom of Information requests responded to in 20 working days.

Members asked questions and were provided with further information in relation to:-

- the setting of realistic targets and the ambition to achieve 100%;
- the use of narrative within the report to highlight progress when PIs are categorised as red or amber;
- the measurement of footfall in Irvine Town Centre and methods that could be used to record footfall in other locations within Irvine

The Cabinet agreed to (a) approve the progress made in implementing the Council Plan 2015/20; (b) note that detailed progress on the Council Plan indicators will be incorporated into the Public Performance Reporting report to Cabinet on the 27 September 2016; and (c) refer the report to the Scrutiny and Petitions Committee for its consideration.

## **6. Directorate Plan 2015/18 Performance Reports as at 31 March 2016**

Submitted report by the Chief Executive which gave details of (a) the performance of all Directorates as at 31 March 2016 against the priorities outlined in the Directorate Plans, as set out in appendices 1 - 6 of the report; and (b) a Members' Seminar on 27 June 2016 that will provide a update on the performance of all Directorates.

The Executive Directors reported on the performance of their directorates during 2015/16, highlighting progress, priorities and challenges.

Members asked questions and were provided with further information in relation to:-

- a contingency plan that has been put in place in respect of Corriedoon Care Home;
- meetings that have been arranged with services users and the public to provide information in relation to the purchase of Red Cross House, Irvine for development as a Learning Disability Day Centre and Residential Supported Accommodation for the rehabilitation of learning disability and mental health clients; and
- an examination of the implications of the withdrawal of some hospital transportation services by the Red Cross.

The Cabinet agreed to (a) approve the performance of all Directorates as at 31 March 2016 against the priorities in the 2015/18 Directorate Plans; and (b) refer the Directorate Plan Performance Reports for the consideration of the Scrutiny and Petitions Committee on the 24 August 2016.

## **7. Performance Management Update**

Submitted report by the Chief Executive on (a) the progress of Performance Management arrangements within the Council; (b) detailed progress on the Performance Management Forum (PMF) work plan 2015/16 (Appendix 1); and (c) an updated workplan for 2016/17, reflecting the outputs from the workshop with the Improvement Service and the change of focus for the PMF (Appendix 2).

Members asked questions and were provided with further information in relation to the membership of the small panel, chaired by the Chief Executive, where Executive Directors present their six monthly performance reports.

The Cabinet agreed to (a) approve (i) the changes to the Performance Management Forum; (ii) the progress on the Performance Management Forum (PMF) work plan 2015/16 and Recognised for Excellence; and (iii) the work plan for 2016/17; and (b) refer the report to the Scrutiny and Petitions Committee for its consideration on the 24 August 2016.

## **8. Communications Strategy**

Submitted report by the Chief Executive on (a) the review of the Council's Communications Strategy; and (b) the development of a new Strategy and supporting Operational Plan which detailed the strategic communications objectives; and (c) how the Council will deliver communication in future across each of the main areas of the Council's communications functions.

Members asked questions and were provided with further information in relation to the Digital Engagement Strategy that provides guidance to services on the use of social media.

The Cabinet agreed to approve the new Communications Strategy, including the Vision, Commitments and Standards to be adopted by the Council.



## **9. Planning Performance Framework**

Submitted report by the Executive Director (Economy and Communities) which provided information on (a) the Planning Performance Framework (PPF) launched in April 2012 by Heads of Planning Scotland, in conjunction with the Scottish Government; (b) feedback from the Scottish Government on the Council's PPF4 and the Action Programme that informed the development of PPF5; and (c) the proposed submission to the Scottish Government of North Ayrshire's PPF5, as detailed at Appendix 1 to the report.

The Cabinet agreed to approve the content of the Planning Performance Framework 5 for submission to the Scottish Government and publication on the Council's website.

## **10. Inclusive Growth Pilot**

Submitted report by the Executive Director (Economy and Communities) on North Ayrshire Council's participation in an Inclusive Growth pilot with Scottish Government which will undertake a diagnostic assessment of the factors that are holding back long term sustainable inclusive growth in the local economy.

Members asked questions and were provided with further information in relation to the gathering of information at a local level as part of the diagnostic stage of the process.

The Cabinet agreed (a) to support the Council's participation in an Inclusive Growth pilot with the Scottish Government; and (b) that the results of the pilot are reported to Cabinet as part of the Council's measures to reduce inequality in North Ayrshire.

## **11. Grant Offers for Outdoor Access Projects in the Financial Year 2015/16**

Submitted report by the Executive Director (Economy and Communities) on (a) a range of projects to improve the outdoor path network; and (b) details of the fully and partially funded capital projects, successful revenue projects and unsuccessful projects, totalling £1,524,617, as outlined at Appendix 1 to the report.

The Cabinet agreed to (a) note the grant funding submissions made; (b) approve the acceptance and expenditure of the grant offers; (c) note the process made in relation to the submission of an application to the European Regional Development Fund Green Infrastructure Programme; and (d) receive a further report regarding potential projects for 2017/18 for approval.

## **12. Housing Repairs Policy**

Submitted report by the Executive Director (Place) on (a) revisions to the current Housing Repairs Policy to reflect regulatory and legislative changes, detailed in at 2.6 of the report; and (b) the revised Housing Repairs Policy attached at Appendix 1 to the report.

The Cabinet agreed to approve the revised Housing Repairs Policy, as outlined in Appendix 1 to the report.

## **13. Change and Transformation Portfolio**

Submitted report by the Executive Director (Finance and Corporate Support) on (a) the activity in delivering the Transformation Change Programme; and (b) details of the high level themes each Directorate is responsible for delivering and the size and scale of the transformation work (Appendix 1).

The Cabinet agreed to (a) note the progress of the Change and Transformation activity; and (b) receive a further update in six months.

## **14. Award of Contract - Supply of a Managed Fleet Stores Service**

Submitted report by the Executive Director (Finance and Corporate Support) on the result of the tender exercise for the contract for Supply of a Managed Fleet Stores Service.

The Cabinet agreed to approve the award of the contract to Flying Penguin Enterprise Limited at a cost of £3,325,000.

The meeting ended at 4.10 p.m.

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## **NORTH AYRSHIRE COUNCIL**

### **Agenda Item 3**

**16 August 2016**

#### **Cabinet**

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**Title:** **Consultation on Apprenticeship Levy and the call for evidence as part of the review of Enterprise Development and Skills Agencies**

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**Purpose:** That Cabinet approves the responses to the consultation on the Apprenticeship Levy and the call for evidence in relation to the review of Enterprise and Skills Agencies

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**Recommendation:** It is recommended that Cabinet approve the attached responses for submission to government.

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#### **1. Executive Summary**

- 1.1 The Scottish Government has recently launched a consultation on the Apprenticeship Levy and a call for evidence in relation to a review of Enterprise and Skills Agencies. This report sets out the Council's proposed responses to both.

#### **2. Background**

- 2.1 The introduction of the UK wide Apprenticeship Levy was announced by the UK Government in 2015 and will be implemented from April 2017. The Apprenticeship Levy requires all employers operating in the UK, with a wages bill over £3 million each year, to make an investment in apprenticeships. The levy will be charged at a rate of 0.5% of an employer's annual pay bill.
- 2.2 While the levy will apply across the UK, skills policy including apprenticeships is devolved to the Scottish Parliament. Since the announcement there have been negotiations around how the levy would work for companies across all parts of the UK, what share of the proceeds Scotland would receive and how the levy funding would be used in Scotland. While the UK Government is planning to introduce a voucher system whereby employers in England can access funding for apprenticeships, the Scottish Government from an early stage, made it clear that the Scottish apprenticeship system significantly differed from England's and therefore would require a different approach. The Scottish Government has now launched a consultation to gather views on how the levy should operate in Scotland.

- 2.3 Key considerations for the Council in responding to this consultation are -
- North Ayrshire Council as a large employer is subject to the levy and it is projected would have an additional payroll cost of £800,000 a year. Local Authorities across Scotland are facing this additional cost at a time of unprecedented pressures on budgets.
  - This will be an additional cost for some of our local companies, however it is very difficult to assess what those impacts will be on North Ayrshire companies until there is a greater understanding of how the levy would operate in Scotland and how those companies who pay the levy could benefit from the scheme.
  - The levy is expected to raise up to £300m annually for Scotland to utilise. This presents great opportunities as well as challenges to ensure the resources are allocated fairly and to best affect.
- 2.4 The First Minister announced on 25 May 2016 that the Government would carry out an end-to-end review of the roles, responsibilities and relationships of the enterprise and skills agencies, covering the full functions of Scottish Enterprise, Highlands and Islands Enterprise, Skills Development Scotland and the Scottish Funding Council. The review is intended to ensure that these public agencies are delivering the joined up support that young people, universities, colleges and businesses need. The review will be led by the Cabinet Secretary for the Economy, Jobs and Fair Work, Keith Brown. On 15th July a call for evidence was issued, with a deadline for return of 15th August.
- 2.5 This review and call for evidence is more open ended than the Apprenticeship Levy consultation. It is unclear whether wholesale changes to the structures of enterprise development and skills agencies are being considered by Government and if they are, what the scope of these could be. The Council has particularly close links with Scottish Enterprise, Highland and Islands Enterprise and Skills Development Scotland and as such could be particularly impacted by any changes.
- 2.6 Evidence is presented to support the following positions on the national review of skills and enterprise agencies.
- The review should seek to de-clutter the national agency landscape providing clarity on responsibilities and greater recognition of local authorities role in economic development through the devolvment of local services and decision-making.
  - A greater priority to inclusive growth policy.
  - A greater recognition of economic geography and the different opportunities that our cities, islands, coast and rural area's present.
  - We would be supportive of a reduction from 4 national agencies to a single skills and enterprise agency for Scotland including the work of the 3 Ayrshire Councils to develop a regional detail and how we can work more jointly to deliver local plans and services.

- 2.7 In proposing these positions, we see that the review of national agencies could result in a shake-up of organisations and this may require that local government reviews its future role to maximise local delivery and effective working with national agencies. Any review of local delivery would factor in new priorities linked to regional and city deals being put in place across Scotland including the work of the 3 Ayrshire Councils to develop a regional growth detail and how we can work more jointly to deliver local plans and services.

### **3. Proposals**

- 3.1 The consultation documents in relation to the Apprenticeship Levy and the Review of the Enterprise and Skills Agencies are attached as Appendix 1 and 2.
- 3.2 The proposed North Ayrshire Council responses to the consultations are attached as Appendix 3 and 4.

### **4. Implications**

<b>Financial:</b>	The Apprenticeship Levy will result in an increased cost for the Council, which is expected to be as much as £800,000 annually. Depending on the way in which the levy is utilised, the Council may be able to benefit and access funding through whatever scheme the Scottish Government develop. Any changes to the enterprise agencies could ultimately have implications for funding in North Ayrshire, however it is too early in the process to speculate on likely outcomes. The Council would expect full funding to any additional local authority duties.
<b>Human Resources:</b>	Any changes made to the apprenticeship system or to the enterprise agencies could have impacts on the Council's services and ultimately the staff employed to manage and deliver those services. It is not possible to speculate on likely outcomes at this time.
<b>Legal:</b>	None
<b>Equality:</b>	None
<b>Environmental &amp; Sustainability:</b>	None
<b>Key Priorities:</b>	The Apprenticeship Levy consultation and the Review of Enterprise and Skills Agencies have implications in terms of the Council's commitment to develop the skills of local people, reduce unemployment and develop a strong business base.
<b>Community Benefits:</b>	None

## **5. Consultation**

- 5.1 All relevant Council departments have been consulted but the short timescales have limited any further consultation. COSLA and SLAED will use Local Authority views to compile responses for the sector.



**KAREN YEOMANS**  
Executive Director (Economy and Communities)

### **Reference :**

For further information please contact Caitriona McAuley, Head of Service (Economic Growth) on 01294 324309.

### **Background Papers**

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# **Consultation on the Scottish Government Response to the UK Apprenticeship Levy**

**July 2016**

## Foreword by Jamie Hepburn MSP, Minister for Employability & Training



Modern Apprenticeships play an increasingly important part in Scotland's approach to workforce development and youth employment. In partnership with employers and training providers, the Scottish Government has increased the number of Modern Apprenticeship opportunities to 26,000 in 2016/17. As part of Scotland's Youth Employment Strategy *Developing the Young Workforce* we are committed to growing the number of opportunities to 30,000 a year by 2020.

The introduction of the UK wide Apprenticeship Levy was announced by the UK Government. This was done without any prior consultation with the Scottish Government and the other Devolved Administrations, despite apprenticeship policy being a fully devolved matter.

The Scottish Government is committed to working with employers to shape our response to the introduction of the Apprenticeship Levy. We want to take full account of employers' views on how Levy funding coming to Scotland can be used to benefit employers, individuals and our economy as a whole.

From our early discussions with employers there is a strong commitment to protecting our distinctive Scottish approach to providing high quality apprenticeship opportunities which respond to the current and future needs of the Scottish economy.

However the employers we have spoken to have suggested a more flexible approach which sees Levy funding to support workforce development more widely while protecting the development of the apprenticeship programme.

While ultimately decisions on the use of Levy funding will have to be taken against the backdrop of ongoing austerity imposed by the UK Government, the input of employers and other interested parties through this consultation will contribute significantly to the Government's response. I encourage you to respond to this consultation to aid that work.

**Jamie Hepburn**



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# **CONSULTATION ON SCOTTISH GOVERNMENT RESPONSE TO THE INTRODUCTION OF THE UK APPRENTICESHIP LEVY**

## **INTRODUCTION**

### **Purpose of this consultation**

1. This consultation asks for views on options for the use of Apprenticeship Levy funding being transferred to the Scottish Government.
2. The questions in this consultation paper are deliberately framed in a way that allows employers and other interested parties to express their views on options for the use of Apprenticeship Levy funding. The Government will consider this as part of the forthcoming budget process.

## **CONSULTATION QUESTIONS**

- Q1. Should the Government's commitment to 30,000 Modern Apprenticeships starts a year by 2020 a) be maintained or b) be increased?
- Q2. Should Apprenticeship Levy funding support growth in the number of Graduate Level Apprenticeships in Scotland?
- Q3. Should Apprenticeship Levy funding be used to establish a flexible skills fund to support wider workforce development?
- Q4. Should Apprenticeship Levy funding be used to support the expansion of Foundation Apprenticeships?
- Q5. Should Apprenticeship Levy funding be used to help unemployed people move into employment, and to help meet the workforce needs of employers?

Q6. Are there any additional suggestions on how Apprenticeship Levy funding might be used?

## RESPONDING TO THIS CONSULTATION

3. Responses should reach us by 26 August 2016. We would welcome earlier responses.

4. Please complete your response using the online system at <http://consult.scotland.gov.uk/employability-and-training/apprenticeship-levy/> or send your response with the completed Respondent Information Form included at the end of this paper (see 'Handling your response' below) to: [apprenticeshiplevy@gov.scot](mailto:apprenticeshiplevy@gov.scot)

or:

Apprenticeship and Employer Incentives Team  
Scottish Government  
6<sup>th</sup> floor  
5 Atlantic Quay  
150 Broomielaw  
Glasgow  
G2 8LU

5. If you have any questions please send an email to [apprenticeshiplevy@gov.scot](mailto:apprenticeshiplevy@gov.scot)

6. This consultation, and all other Scottish Government consultation exercises, can be viewed online on the consultation pages of the Scottish Government website at <https://consult.scotland.gov.uk/>

7. The Scottish Government has an email alert system for consultations <http://register.scotland.gov.uk/Subscribe/Step1>. This system allows stakeholders, individuals and organisations to register and receive a weekly email containing details of all new consultations.

## **Handling your response**

8. We need to know how you wish your response to be handled and, in particular, whether you are happy for your response to be made public.

9. Please complete the consultation online at <http://consult.scotland.gov.uk/employability-and-training/apprenticeship-levy/> or complete and return the Respondent Information Form (included at the end of this paper) as this will ensure that we treat your response appropriately. If you ask for your response not to be published we will regard it as confidential, and we will treat it accordingly.

10. All respondents should be aware that the Scottish Government is subject to the provisions of the Freedom of Information (Scotland) Act 2002 and would therefore have to consider any request made to it under the Act for information relating to responses made to this consultation exercise.

## **The consultation process**

11. As well as publishing this consultation paper, the Scottish Government will be discussing these issues with a range of organisations, including organisations that represent employers' interests.

## **Next steps in the process**

12. Where respondents have given permission for their response to be made public and after we have checked that they contain no potentially defamatory material, responses will be made available to the public in the Scottish Government Library and on the Scottish Government consultation web pages by 15 September 2016.

13. You can make arrangements to view responses by contacting the SG Library on 0131 244 4552. Responses can be copied and sent to you, but a charge may be made for this service.

### **What happens after the consultation?**

14. We will analyse responses to the consultation and information gathered from any workshops, group discussions and meetings carried out during the consultation period. Scottish Ministers will then consider the responses as part of the forthcoming budget process.

### **Comments and complaints**

15. If you have any comments about how this consultation exercise has been conducted, please send them to the contact details above.

## THE APPRENTICESHIP LEVY

16. In July 2015 the UK Government announced its plans to introduce a UK wide Apprenticeship Levy from April 2017. Employers will pay 0.5% of their annual pay bill in excess of £3m through the PAYE system. Those with an annual paybill of £3m or less will be exempt. The Levy will apply to employers in the public, private and third sectors.

17. The UK Government will use the funding generated through the Levy to support its commitment to deliver its ambitions for apprenticeships in England during the lifetime of the current UK Parliament and to allocate a share to each of the Devolved Administrations through existing Barnett arrangements.

18. Training levies and their collection are a matter reserved to the UK Government. However skills policy including responsibility for apprenticeships is a fully devolved matter.

19. Since the announcement the Scottish Government has been involved in discussions with HM Treasury on Scotland's share of the funding. Discussions on the exact implications for the Scottish budget are ongoing. Once this is finalised it will be for Scottish Ministers to develop proposals on how Scotland share of the levy will be allocated when setting future Scottish Budgets.

20. The introduction of the Apprenticeship Levy comes at a time when the Scottish Government policy on Modern Apprenticeships has been set as part of the 7 year implementation of the Youth Employment Strategy Developing the Young Workforce.

21. Alongside the introduction of the Levy the UK Government is also overhauling the development and delivery of apprenticeships in England. While this is very much the responsibility of the UK Government, the Scottish Government has been engaging with the Department for Business, Innovation & Skills to understand the planned changes and to ensure that cross UK issues are fully considered.

22. This work will continue in relation to issues which will have an impact across the UK including the future of existing levies, such as that which funds the Construction Industry Training Board, and the infrastructure which supports the development of apprenticeship frameworks.

23. The Scottish Government is keen to work with employers to shape our response to the introduction of the Levy Ministers to support employers to recruit more apprentices and support wider workforce skills development. Officials have already been involved in discussions with a range of employers and other stakeholders. That engagement has helped shape early thinking on how Levy funding might be used to support our Modern Apprenticeship and wider skills ambitions.

24. This consultation is designed to test more widely the ideas developed to date with employers.

### **Scottish Government Modern Apprenticeship Policy**

25. While the Scottish Government is committed to growing, widening and enhancing Scotland's Modern Apprenticeship programme, we do not believe there is the need for a fundamental shift at this stage in the mechanisms for apprenticeship delivery in Scotland. This allows a flexible approach to delivery by private and third sector training providers; colleges; industry groups and employers.

26. The success of the Modern Apprenticeship programme can be seen in the ongoing commitment from employers. This reflects the benefits of the programme to employers in supporting the skills development of their workforce and in bringing new talent into that workforce. In 2015/16, 25,818 new Modern Apprentices commenced their training across a wide range of sectors of the Scottish labour market.

27. In line with the recommendations of the Commission for Developing Scotland's Young Workforce and the Youth Employment

Strategy, the Scottish Government has committed to ambitious significant further development of the Modern Apprenticeship programme. The Youth Employment Strategy is focussed on providing a wider range of vocational education opportunities starting in school with enhanced employer involvement. The overall aim of the programme is to see a 40 per cent reduction in youth unemployment by 2021.

28. Modern Apprenticeships are a central part of the Strategy. The Government is committed to increase the number of new Modern Apprenticeship opportunities to 30,000 a year by 2020, with growth focussed on higher level apprenticeships, particularly in Science Technology Engineering & Mathematics frameworks, and an on-going focus on opportunities for young people.

29. The strategy sets out how we will seek to widen the programme by addressing under representation among young disabled people, young people from minority ethnic backgrounds and care leavers as well as addressing gender segregation within the programme. This focus on inclusion is designed to widen the talent pool at the disposal of employers, supporting them to harness all of the talents available to them. There is also a commitment to support more small businesses to offer Modern Apprenticeships.

30. The strategy also sets out how we plan to enhance the programme by offering earlier opportunities for pupils in the senior phase to begin apprenticeship training while still at school through the introduction of Foundation Apprenticeships and to introduce Graduate Level Apprenticeships in partnership with employers and universities. (An explanation of both Foundation and Graduate level apprenticeships is set out later in the document.)

31. The development of the programme will be informed by senior and wide ranging employer leadership through the recently established Scottish Apprenticeship Advisory Board and employer input from the



Developing the Young Workforce (DYW) programme through the DYW Programme Board and the emerging network of DYW Regional Groups.

32. Originating from the recommendations of the Commission for Developing Scotland's Young Workforce, the Scottish Apprenticeship Advisory Board provides employer leadership and contributes to the development of apprenticeships in Scotland; ensuring they are aligned with industry and economic need, fair work and job opportunities. It is responsible for providing advice and guidance and making recommendations on the guiding principles, operational policy, systems and structures supporting apprenticeships in Scotland.

33. The Scottish Apprenticeship Advisory Board structure includes an Employer Engagement Group, of which employer and business organisations are members. This group has a specific role to listen, engage, communicate and distil information from employers on matters affecting apprenticeships in Scotland and will therefore play an important role in supporting the consultation process.

34. Parallel to the establishment of the Scottish Apprenticeship Advisory Board is the emergence of the network of industry led DYW Regional Groups. These bring together employers and the region's education community to encourage and support more employers to engage with schools and colleges and to recruit more young people including Modern Apprentices.

## **OPTIONS FOR THE FUTURE**

35. From engagement with employers to date it is apparent that while they see great value in Modern Apprenticeships, they do not see them as the only way to meet their skills needs. Nor is there evidence that Levy paying employers will be able to absorb the numbers of apprentices into their businesses required to recover their full Levy contribution.

36. The Scottish Government is therefore keen to explore a wider set of options to use Levy funding to benefit employers and support our economic ambitions while supporting the delivery and quality of the Modern Apprenticeship programme for the benefit of Levy paying employers and of smaller employers. The approach outlined in this consultation document covers four distinct elements which you are invited to share your views.

Element 1 - Maintain the current Modern Apprenticeship growth ambition and commit to industry that we would fund further expansion should there be demand.

37. The Scottish Government remains committed to delivering at least 30,000 Modern Apprenticeship starts each year from 2020. We believe that this remains the appropriate level of expansion to protect the quality of the apprenticeships on offer, both for Modern Apprentices and for employers.

38. Discussions with employers to date have indicated that there is a general view that while the introduction of the Apprenticeship Levy will potentially increase interest in the recruitment of Modern Apprenticeships among Levy paying employers, they will generally not be in a position to offer a sufficient number of Modern Apprenticeships to recover their full Levy contribution.

39. Levy paying employers comprise no more than 2 per cent of all employers in Scotland. The majority of employers who currently recruit apprentices fall below the Levy threshold. Many of these employers are part of the supply chain for Levy paying employers.

40. There was an acceptance among the employers we have spoken to that investment of Levy funding in Modern Apprenticeships directed toward smaller employers will benefit Levy paying employers in terms of developing skills among their supply chain and more generally within the economy. The Scottish Government therefore remains committed to

supporting both Levy paying employers and smaller employers able to offer Modern Apprenticeship opportunities.

41. The introduction of the Apprenticeship Levy will potentially encourage employers to recruit more Modern Apprentices. In recognition of this, we think it is appropriate to offer employers the opportunity to provide more than the 30,000 opportunities that we have already committed to if there is sufficient industry demand. The overall level of this would need to be agreed, with the quality of Modern Apprenticeships at the heart of any further expansion.

Q1.  
Should the Government's commitment to 30,000 Modern Apprenticeships starts a year by 2020;

- a) be maintained
- or
- b) be increased?

## Element 2 – Graduate Level Apprenticeships

42. Within the overall plans to grow the Modern Apprenticeship programme is a commitment to develop Graduate Level Apprenticeships. These would provide work-based learning opportunities up to Masters degree level for employees. They are being created in partnership with industry and the further and higher education sector. These apprenticeships combine academic knowledge with workplace focussed skills development to enable participants to become more effective and productive in the workplace at an earlier stage.

43. Graduate Level Apprenticeships provide an opportunity to develop a new way into degree-level study for individuals who are currently employed, or who want to go straight into work. Apprentices can

progress to the highest level of professional qualifications with a range of entry and exit points from a Higher National Diploma (Scottish Credit and Qualifications Framework level 8) to a Master's degree (Scottish Credit and Qualifications Framework level 11).

44. By investing in staff through Graduate Level Apprenticeships, employers can enhance the higher level skills of their workforce and support their staff to develop their skills to industry and professional standards. Graduate Level Apprenticeship designed around the needs of industry will provide employers with confidence that the learning at college or university will directly contribute to the success of the business.

45. The first Graduate Level Apprenticeships will begin in 2016 with an initial focus on ICT/Digital, Civil Engineering and Engineering. As they develop it is expected that the programme to extend to a range of additional industry sectors.

Q2. Should Apprenticeship Levy funding support growth in the number of Graduate Level Apprenticeships in Scotland?

a) Yes

b) No

### Element 3 –Development of a flexible skills fund for wider workforce development

46. Employers have indicated that they would welcome a wider use of Levy funding for workforce development training opportunities beyond apprenticeships. This was something which was a particular focus in relation to addressing skills gaps and meeting the skills needs of older employees for whom a full apprenticeship would not be appropriate. While the Modern Apprenticeship programme allows some scope for those aged 25 and over to participate in the programme, the focus of the planned expansion is on those aged under 25.

47. Our discussions with employers have indicated that using Levy funding to support a new flexible skills fund for employers to train existing employees would be welcomed. Quality and positive impact on productivity would be central to the fund, with training restricted to qualifications benchmarked against appropriate levels of the Scottish Credit and Qualifications Framework (potentially level 6 and above).

48. The Scottish Government is interested in the idea of a new flexible skills funding stream to support wider workforce development. Aligning this with areas of known current and future skills shortage such as ICT and digital, logistics and distribution, the future demands of the transition to the green economy and areas of construction will be important. This would be developed in partnership with industry and would be aligned with economic growth and fair work ambitions.

49. Such a proposal would need further work within the Government's forthcoming budget process but we would welcome feedback from employers on the value of this approach.

Q3. Should Apprenticeship Levy funding be used to establish a flexible skills fund to support wider workforce development?

a) Yes

b) No

#### Element 4 – Pre-Employment Support

50. As part of Developing the Young Workforce Programme Skills Development Scotland, colleges and schools are working together to offer opportunities to young people to participate in Foundation Apprenticeship opportunities within the senior phase of school. These are designed to help young people gain valuable, real-world work

experience and access work-based learning while they're still at school. By giving young people earlier exposure to the world of work, they have the opportunity to develop the skills, experience and knowledge they'll need when they leave school including preparation for a full Modern Apprenticeship.

51. For young people Foundation Apprenticeships provide the chance to get a head start on their careers by gaining an industry-recognised qualification, work on real projects and broaden their career options when they leave school. They also provide much better practical understanding of the Modern Apprenticeship pathway open to young people after they leave school.

52. For employers, the emergence of Foundation Apprenticeships provide an opportunity to attract highly motivated and committed young people who are willing to learn, identify young people who are right for their business and contribute to ensuring their organisation has people with the skills they need.

53. Funding is in place to support the development and expansion of Foundation Apprenticeships until 2018. In the longer term there is an opportunity to consider whether or not Foundation Apprenticeships should be supported by Levy contributions.

Q4. Should Apprenticeship Levy funding be used to support the expansion of Foundation Apprenticeships?

a) Yes

b) No

54. From 1st April 2017, employment support services in Scotland will change. New powers to provide employment support for disabled people and those at risk of long term unemployment will be devolved to Scotland.

55. The Scottish Government aims to use these powers to better align employability support in Scotland, helping unemployed Scots find sustainable and fair work, and focusing on those who need most help to reduce inequality. This is also an opportunity to deliver the support unemployed people need to find – and to stay in - work and helping employers to find, employ, and retain the people they need to help them compete successfully and grow their business.

56. The devolution of contracted employment support will build on existing SG services, not only to help people find and stay in work, but to develop the skills of our workforce to ensure that employability support is firmly aligned with the needs of the Scottish labour market. In this way, we can ensure that individuals are supported in finding employment opportunities, but also that businesses can find the employees they need to grow and to succeed.

57. Meeting the recruitment needs of Scotland's employers means doing all we can to help unemployed Scots into work. It means working to remove barriers for groups who face particular challenges finding jobs, and enabling people to participate fully in the labour market. To deliver this, in the first delivery stage, Scottish Ministers have agreed to allocate up to an additional £20m in 2017-18 over and above the initial £7m funding being transferred to the Scottish Government for the delivery of newly devolved employment services.

58. To match employer needs to with support for people seeking work, funding from the Apprenticeship Levy would provide an opportunity to enhance the support on offer, and align with employer needs. The aim is to create employability services in Scotland that reflects the workforce, that meets industry and sector needs that helps grow national and local economies and that builds on the existing delivery landscape.

59. Devolved powers are a springboard for greater efficiency, alignment and integration of employability support. Devolved powers are also an opportunity to build the employability skills of unemployed

people, and to match the employment needs of employers in Scotland, with those seeking employment.

Q5. Should Apprenticeship Levy funding be used to help unemployed people move into employment, and to help meet the workforce development needs of employers?

a) Yes

b) No

### Additional Suggestions

60. The Scottish Government would welcome your views on additional suggestions on how Levy funding might be used to develop skills.

Q6. Are there any additional suggestions on how Apprenticeship Levy funding might be used?



## Consultation on Scottish Government Response to the Apprenticeship Levy



### RESPONDENT INFORMATION FORM

**Please Note** this form **must** be returned with your response.

Are you responding as an individual or an organisation?

☐ Individual

☐ Organisation likely to pay the Levy ☐ Organisation unlikely to pay the Levy

Full name or organisation's name

Phone number

Address

Postcode

Email

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

☐ Publish response with name

☐ Publish response only (anonymous)

☐ Do not publish response

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for the Scottish Government to contact you again in relation to this consultation exercise?

☐ Yes

☐ No



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PPDAS75369 (07/16)

# ENTERPRISE & SKILLS REVIEW

## CALL FOR EVIDENCE

JULY 2016



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## ENTERPRISE AND SKILLS REVIEW CALL FOR EVIDENCE



In her Priorities for Government speech on 25 May 2016, the First Minister announced an ‘end-to-end’ review of enterprise and skills services. Scottish Enterprise, Highlands and Islands Enterprise, Skills Development Scotland, and the Scottish Funding Council play an important role in delivering the Economic Strategy, supporting economic development in Scotland and enabling every individual to achieve their potential.

To enable the agencies to play a full role in supporting the delivery of the priorities in Scotland’s Economic Strategy, and to support individuals and businesses to succeed, it is important that they collaborate behind a clear and shared vision; have a common understanding of their roles, responsibilities, and what services and investments to prioritise; and use their skills and tools to respond confidently and flexibly to changing economic circumstances.

This Call for Evidence invites you to contribute your views so we can ensure that Scottish Government and all our public agencies are delivering the joined-up support that our young people, universities, colleges and businesses need.

A handwritten signature in black ink, appearing to be 'KB', followed by a horizontal line.

Keith Brown, MSP  
Economy Secretary

## Context

The Purpose of the Scottish Government is to focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.

Scotland has a strong economy and is wealthy and productive. Our economy grew by 1.9% over 2015, in line with forecasts. Our GDP per head (excluding oil) is the highest in the UK after London and South East. We attracted more inward investment in 2015 than anywhere else in the UK outside London, and we have a labour market which has remained resilient following the 2008 financial crisis.

Our colleges and universities educate, build confidence, develop skills, encourage innovation and help drive the economic growth we need. Their contribution promotes Scotland's international standing as a competitive nation, based on the skills of our people and the quality of our ideas.

But the economic challenges are increasing. Scotland's international rankings show the challenges we face in matching our key competitors in productivity, innovating and exporting, improving our income inequality, and addressing key skills gaps and structural unemployment. The outcome of the EU Referendum has also generated volatility in financial markets and heightened economic uncertainty. At this point the full impact is uncertain, but over coming weeks we will start to understand more about the economic implications.

Scotland's Economic Strategy sets out the approach to achieving our national Purpose and the ambition for Scotland to rank in the top quartile of OECD nations for productivity, inequality, sustainability and wellbeing. The approach is based around the two mutually supportive goals of increasing competitiveness and tackling inequality. The strategy sets out four priority areas for supporting sustainable economic growth:

- **Investing** in our people and our infrastructure in a sustainable way;
- Fostering a culture of **innovation** and research and development;
- Promoting **inclusive growth** and creating opportunity through a fair and inclusive jobs market and regional cohesion;
- Promoting Scotland on the **international** stage to boost our trade and investment, influence and networks.

These priorities are underpinned by a number of the Scottish Government's key policies. Scotland also has a clear national performance framework; a common way of assessing whether we are meeting our ambition of increased economic growth and productivity and higher social inclusion. More information on how our policies link together and the way we measure our progress is at **Annex A**. **Annex B** outlines the wide range of functions that the agencies carry out.

## Terms of Reference and Approach

On 25 May the First Minister announced that the Scottish Government would carry out an end-to-end review to ensure that all of our public agencies are delivering the joined-up support that our young people, universities, colleges, training providers businesses and the workforce need. The review terms of reference were published on 15 June and these are attached at **Annex C**.

The three aims of the review might be summarised as:

- Building on the evidence of 'what works' and national and international benchmarking to achieve the step-change needed in Scotland's economic performance;
- Capturing the user journey and experience to understand what might be simplified and improved;
- Shaping which services should be prioritised and how they should best be organised and delivered.



In conducting this review, the Scottish Government will follow these principles:

- The review will be outcome-focused, and help us make a step-change in our economic performance and productivity;
- It will be evidence-based, open and transparent, with an opportunity for everyone with an interest to contribute;
- It will put service users at its heart and aim for increased clarity, ease of access and simplicity in a system of support designed to meet future challenges;
- It will be robust and independent of any individual organisation;
- It will benchmark nationally and internationally against best practice.

As ideas and options for the way ahead start to emerge, we will take into account that a good outcome needs to ensure:

- A common vision and performance framework for all to maximise economic growth and productivity and support more inclusive growth, with full geographical access.
- A modern system of support that is fit for the 21st century, simple and clear for users to access, supported by the right roles, services, skills and behaviours.
- Affordability – making the best use of all public resources, financial and other assets, to impact on outcomes, with funding matching priority services and flowing through the minimum number of levels and organisations to the user.

The review is being led by the Cabinet Secretary for Economy, Jobs and Fair Work on behalf of the Scottish Government. The Cabinet Secretary will be supported in his consideration by other Cabinet Secretaries and Ministers from relevant portfolios.

He will also be assisted by a Review Group of independent experts, who will meet at least three times during the review to provide a high level of informed debate and challenge, gather input and evidence including from their own networks, and to consider findings and agree strategic direction and next steps. Experts from the agencies themselves will assist Scottish Government as it considers the submitted evidence and other information and synthesises the outcome for the Review Group.

The Review will report in late summer 2016.

### Users

An end-to-end review starts with the experiences of all those who use or work in the Scottish system of support, whether as students, businesses, service providers, partners, or those who use the services provided by our Agencies or otherwise interact with them. We want to hear all views.

Some businesses or individuals may find they do not use public services much, if private providers or membership organisations meet their needs. Others may access more local than national services. Students or others in the skills system may be more aware of their relationship with a University, College or training provider, rather than the agencies themselves.

## Review questions

The Review will draw on existing published Scottish Government reviews and evidence. We are keen to understand all relevant evidence and experiences to decide how best to take forward those services funded and delivered through Scottish Government and our agencies.

Our vision is to make Scotland's economy one of the best in the world: to make a step-change in our economic growth, productivity and social inclusion; and for Scotland to rank in the top quartile of OECD countries for productivity, inequality, sustainability and wellbeing. We will achieve this through investing in our people and infrastructure; fostering a culture of innovation; boosting inclusive growth; and promoting Scotland on the international stage.

We welcome your views on any or all of the questions below.

### Personal experience

1. Have you had direct interaction with enterprise or skills advice or support?  
Y/N
2. Tell us briefly about your experience:
  - what were you trying to access?
  - through whom and when?
  - what was your experience?
  - what worked well and less well?
  - how did you find the quality, ease and speed of service?
  - what did you think of the cost or value of the service?
3. If you have not used such services can you outline why this is the case?

### Reflections on the system of support

4. What do you see as the strengths and weaknesses of the current approach?
5. What needs to change in the current system of support to make it simple and clear, and help us deliver Scotland's vision?

6. What are the right:
  - roles;
  - services;
  - skills; and
  - behaviours
 needed from our agencies to support this transformation?
7. How might we ensure this step-change reaches and benefits all of Scotland, building on regional and local strengths?
8. How would we know if the system is working better?
9. How might public resources be deployed most effectively to match priorities, deliver value for money, and flow through the minimum number of levels and organisations to the user?
10. Is there any other published evidence, or good practice, which you would particularly highlight that you wish us to take into account during the review?

Please provide any other relevant comments you may have.

You will also need to tell us about yourself  
– please see opposite.

### How to Respond

Please complete these questions on-line, before **15th August 2016**.

Alternatively, please send a written response, including the completed respondent information form, to [entandskillsreview@gov.scot](mailto:entandskillsreview@gov.scot), or to

Karl Reilly,  
Head of Coordination and Events,  
Economic Development Directorate,  
6th Floor Atlantic Quay,  
150 Broomielaw,  
Glasgow,  
G2 8LU.



## Response to Call for Evidence on the Scottish Government Enterprise and Skills Review



### RESPONDENT INFORMATION FORM

**Please Note** this form **must** be returned with your response.

Are you responding as an individual or an organisation?

- ☐ Individual
- ☐ Organisation

Full name or organisation's name

Phone number

Address

Postcode

Email

The Scottish Government would like your permission to publish your response. Please indicate your publishing preference:

- ☐ Publish response with name
- ☐ Publish response only (anonymous)
- ☐ Do not publish response

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this exercise?

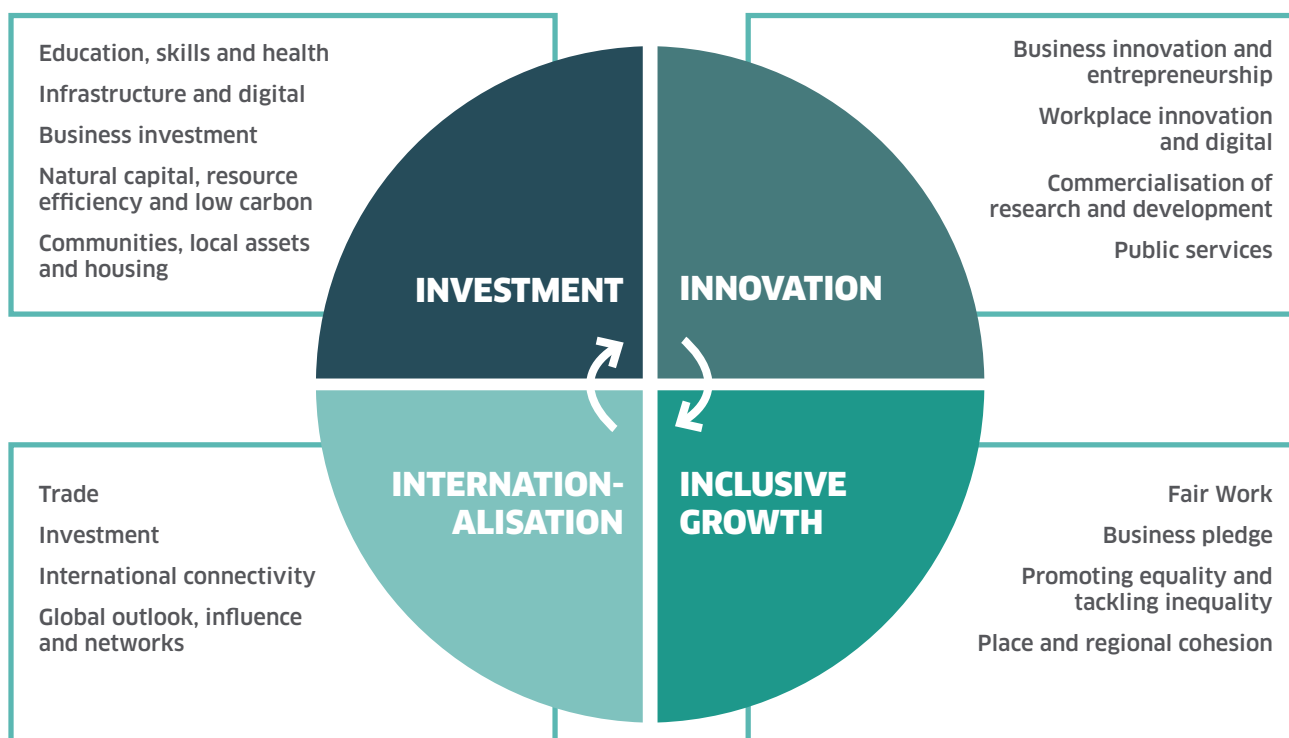
- ☐ Yes ☐ No

## ANNEX A

### Scotland's Economic Strategy and National Performance Framework

**Scotland's Economic Strategy** focuses on the two mutually supportive goals of increasing competitiveness and tackling inequality, and we have four priority areas: investing in our people and infrastructure, fostering innovation, promoting inclusive growth and promoting Scotland on the international stage. These four priorities are sometimes referred to as the “4 I’s”. The diagram below shows how our key policies fit [Scotland's Economic Strategy](#).

#### The Four priorities



The **Purpose** of the Scottish Government is to focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth. It is measured and regularly reported on through the National Performance Framework (NPF), which includes high level targets relating to the Purpose, along with a set of National Indicators.

There is a wide range of indicators which exist below the National Performance Framework and can be used to further understand economic issues in Scotland and to monitor the performance of specific agencies and specific parts of the economic system.

#### Overview of Performance

**Productivity:** Scotland's real productivity level, in terms of GDP per hour worked, is 4.4 per cent higher than in 2007. Although Scotland's productivity level is similar to the UK's, we would rank 19th out of 35 OECD<sup>1</sup> countries. A step-change is needed to reach our ambition to rank in the top quartile of countries.

<sup>1</sup> <http://www.gov.scot/About/Performance/scotPerforms/purposetargets/productivity>

**Inequality:** Income inequality, as measured by the Palma Ratio, increased slightly between 2013/14 and 2014/15. Although Scotland is less unequal than the UK overall, we would rank 19th out of 34 OECD countries where estimates of income inequality are available.<sup>2</sup>

**Investment:** In 2014 Scotland had the highest percentage of the population with tertiary educational attainment of all European countries.<sup>3</sup> However, there are persistent differences in educational attainment, and in school leavers going on to positive destinations, between those in the most and least deprived areas of Scotland.<sup>4</sup>

**Innovation:** Spending on research and development in Scotland has increased between 2006 and 2014, from 1.32% of GDP in 2006 to 1.56% of GDP in 2014.<sup>5</sup> However, Scotland's business R&D expenditure as a share of GDP is low by international standards.<sup>6</sup> Scotland's small business innovation rate is slightly higher than the European-wide rate. However, Scotland lags in terms of the innovation rates of medium-sized and large-sized businesses.<sup>7</sup>

**Inclusive Growth:** Scotland's labour market has been resilient in recent years. While there are persistent differences in employment rates across Scotland, the gap is narrowing.<sup>8</sup> Around 20% of employees in Scotland earn less than the Living Wage.<sup>9</sup>

**Internationalisation:** The value of Scotland's international exports has increased by 36% in nominal terms since 2007, although the value of exports fell between 2013 and 2014.<sup>10</sup> However, the share of Scottish SMEs exporting has declined in recent years, from 20% in 2006-07 to 12% in 2014.<sup>11</sup>

2 <http://www.gov.scot/About/Performance/scotPerforms/purposetargets/solidarity>

3 Labour Force Survey & OECD data

4 <http://www.gov.scot/Topics/Statistics/Browse/School-Education/leavedestla/follleavedestat/attainmentandleavers1415>

5 <http://www.gov.scot/About/Performance/scotPerforms/indicator/research>

6 <http://www.gov.scot/Resource/0049/00491296.pdf>

7 <http://ec.europa.eu/eurostat/web/microdata/community-innovation-survey> & <https://www.gov.uk/government/statistics/uk-innovation-survey-2015-headline-findings>

8 <http://www.gov.scot/About/Performance/scotPerforms/purposetargets/cohesion>

9 <http://www.gov.scot/About/Performance/scotPerforms/indicator/livingwage>

10 <http://www.gov.scot/About/Performance/scotPerforms/indicator/exports>

11 <http://www.gov.scot/Resource/0049/00494097.pdf>

## ANNEX B

### Agency Roles and Responsibilities

Our enterprise and skills agencies perform a wide range of functions which are vital to supporting the Scottish economy.

#### [Scottish Enterprise \(SE\)](#)

SE is the main economic development agency for lowland Scotland, playing an important role in assisting businesses in Scotland and delivering Scotland's Economic Strategy. Its functions include:

- furthering the development of Scotland's economy and in that connection providing, maintaining and safeguarding employment;
- promoting Scotland's industrial efficiency and international competitiveness;
- furthering improvement of the environment of Scotland.

SE's future priorities can be found in the [2016-17 update to its business plan](#).

#### [Highlands and Islands Enterprise \(HIE\)](#)

HIE is the main economic development agency for Highlands and Islands in Scotland, playing an important role in assisting businesses and communities in Scotland and in delivering Scotland's Economic Strategy. Its functions include:

- preparing, concerting, promoting, assisting and undertaking measures for the economic and social development of the Highlands and Islands;
- maintaining and enhancing skills and capacities relevant to employment in the Highlands;
- furthering improvement of the environment of the Highlands and Islands.

HIE's future priorities can be found in its [2016-19 operating plan](#).

#### [Skills Development Scotland \(SDS\)](#)

SDS is the national skills body supporting the people and businesses of Scotland to develop and apply their skills. Its key functions include:

- Contracting for training programmes including Modern Apprenticeships and support for those seeking employment;
- Provision of labour market intelligence and research to align skills investment with labour market needs through Skills Investment Plans and Regional Skills Assessments;
- Delivery of Scotland's all age Career Information Advice and Guidance service through a range of face to face and digital channels.

These are detailed further in its [corporate plan for 2015-2020](#).

#### [Scottish Funding Council \(SFC\)](#)

The SFC exists to fund the provision of coherent further and higher education and research in colleges and universities, as well as supporting other relevant activity. It:

- allocates public funding to colleges and HEIs for teaching and research, buildings and equipment, and for specific initiatives and strategic developments;
- assesses and enhances the quality of learning programmes;
- develops strategies for improving knowledge and skills, strengthening the Scottish research base and encouraging knowledge exchange with – and innovation in – the public and private sectors.

Its future priorities are set out in its [2015-2018 Strategic Plan](#).

## ANNEX C

### Review Terms of Reference

Scotland's Economic Strategy sets an ambition to be in the top quartile of OECD countries for productivity and wellbeing. Achieving this objective will require a transformational step change in our performance across a range of outcomes. The economy is central to achieving this ambition and this review will bring forward recommendations for how we maximize our key economic interventions to achieve these goals.

The review and recommendations will focus on achieving three main aims:

1. **Achieving the Government's ambition as set out in Scotland's Economic Strategy and National Performance Framework** so that our outcomes in respect of innovation, investment (including human capital) and internationalisation lead to a step change in our economic performance and a more productive and inclusive economy.
2. **Ensuring our economic and skills interventions are shaped by users' needs** and the opportunities users can create as a result of these interventions. The review will address the requirements of an open, modern and advanced economy, including the diverse range of opportunities and challenges in Scotland, and how local and regional approaches that build on national and local assets and relationships can best exploit and tackle them.

3. **Ensuring that delivery continuously reflects best practice** in terms of achieving effective outcomes, driving improvement and optimising public value in the delivery, efficacy and effectiveness of our interventions, and ensuring that it is flexible and fits with the evolving fiscal and regulatory landscape of enhanced devolution.

Which public agencies are involved in this review?

The agencies involved are:

- Scottish Enterprise (including Scottish Development International)
- Highland and Islands Enterprise
- Skills Development Scotland
- Scottish Funding Council

The review will take into account the economic development role of local authorities, VisitScotland and Creative Scotland and the need for complementarity. It will foster an environment in which further and higher education institutions support efforts in relation to raising educational attainment, contribute powerfully to Scotland's Economic Strategy, and support the Government's aspirations in relation to widening access.

Governance and Timing

The review will be led by Cabinet Secretary for Economy, Jobs and Fair Work on behalf of the Scottish Government, be supported by relevant Ministers and key officials, and involve the key agencies, stakeholders and users. The review will report recommendations in late summer 2016.



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### Enterprise & Skills Review – Call for Evidence July 2016

#### **Q1. Have you had direct interaction with enterprise or skills advice or support? Y/N**

Yes – North Ayrshire Council as a local authority work closely at a strategic and operational level with in the main 3 of the national agencies under review, Scottish Enterprise (SE), Highlands and Islands Enterprise (HIE), and Skills Development Scotland (SDS). We are in a particularly unique position in that our area covers both mainland and island territories and have experience of working with 2 national agencies with responsibility for economic development. We are well placed to provide evidence and opinion on these matters. We have less interaction with the Scottish Funding Council (SFC) but have offered some comment where we consider relevant.

#### **Q2. Tell us briefly about your experience?**

NAC have led an approach to help develop support for business locally through a Team North Ayrshire approach. This was a collaboration of public and private sector support providers and has looked to significantly alter the impact of support to business locally. This involved significant collaboration with SE and HIE as well as SDS.

Our experience is that there is a strong desire from SE in particular to help support initiatives and make it easier for business to access support. We can evidence this as follows:-

- Innovation Pilot: new way of working saw 80 referrals to SE for innovation products.
- International: Strong engagement saw input from SDI to NAC International Strategy and increased support for business.
- SE Account Management saw increase of 27% on account managed businesses in North Ayrshire.
- Development of Leadership pilot currently ongoing.

In our experience SE brings good national products and services that support company growth and development. We welcome this and think that this is an appropriate role for a national agency to bring expertise that can't be accessed locally.

HIE examples are as follows:-

- The redevelopment of Millport Field Centre 2012-2015
- The redevelopment of Brodick Harbour 2013-2016

In the case of the Millport Field Centre this saw support through capital funding and business planning. In the case of Brodick Harbour HIE were unable to provide the

financial support that was sought but were very active in setting up the Arran Economic Group. Some observations on working with HIE.

- Disappointment that no funding for port development at Brodick when they had provided this in other ports
- Changing staff representation impacting on relationships locally and delaying progress.
- Unclear what the national agency bring that could not be provided locally if resourced.

In each of these examples the Council have also been involved and played a leading role in bringing funding and staff resources to delivering on these projects. Whilst the combined efforts were good and are achieving results, there is a view that resources could be better used by a single resourced local service and could avoid multiple agency involvement and the impression that this creates when working in communities and with business.

Other evidence and examples of joint work with Scottish Enterprise include:

Experience on the whole is good however the SE move away from local economic development has resulted in a lack of priority given to what are major local physical regeneration issues and which SE should play a major role given land ownership. Two major SE landholdings within North Ayrshire are the Irvine Enterprise Area (IEA) and Lochshore. Recent progress has been made on developing the Enterprise Area but it has taken some time to get to that stage, and very little has happened at Lochshore despite this being a significant and important site locally. On the enterprise area the Council and SE negotiated successfully the purchase of the land and the reinvestment by SE of the proceeds in the development of the site. This was a successful model which could be applied on other sites and is a good example of local and national agency pooling resources. However SE have stated that we should not assume that the policy applied at IEA can be applied elsewhere.

We have strong engagement from senior SE officials and that is in some way due to the progressive approach that the Council has taken to engaging with organisations. However whilst strategically there are shared ambitions translating those into effective joined up delivery locally can be more challenging on the ground. Evidence of this:

- There are approximately 50 SE Account Managed Businesses in North Ayrshire which are account managed by at least 25 different SE Account Managers who will be based in SE offices across Scotland. This is a reflection of the sector v locality approach and proves difficult for developing collaborative relations on the ground.
- Half of local account managed companies report minimal contact with SE
- Potential duplication: SE Account Managers due to their sector focus can't capture all local business support offers, causing confusion with business.
- For business support on the islands we work closely with HIE who have differing criteria and reporting than SE which makes it confusing and complex.



SDS provide an important service in partnership with Education & Youth Employment supporting young people into positive and sustained destinations. We have seen a decrease in that resource in schools and it operates to varying quality dependent on individuals providing the service.

**Q3.If you have not used such services can you outline why this is the case?**

We have limited interaction with SFC but we would welcome the review bringing a refreshed approach on how colleges and higher education are funded to ensure that there is transparency on outcomes achieved and how this relates to skills funding that is provided through SDS. We consider that in the interests of de-cluttering the system and providing greater clarity on responsibilities that the number of national agencies should reduce. Within Ayrshire we believe the national agencies should be fully integrated to be one national skills and enterprise agency for Scotland.

It is also not clear on the rationale for SFC to be the lead agency for the Innovation Centre Programme and why this would not sit better strategically with Scottish Enterprise/HIE.

**Q4. What do you see as the strengths and weaknesses of the current approach?**

**Strengths**

SDS have a strong brand, effective marketing, good web presence.

The SE product range is extremely valuable to business both financial and non-financial. The resource available offers a significant level of sector expertise that is extremely beneficial to the business base. The international expertise of SDI is also a valuable resource.

There is a strong desire for organisations (SE in particular) to engage locally and widen their support for business however as noted above this can be a challenge on the ground.

We are supportive of the development of Foundation Apprenticeships and with time and support we believe that it will prove to be an effective and worthwhile choice for students and employers and as a Council we will participate fully in the evaluation of this programme.

**Weakness**

Skills Development Scotland is a hybrid model of delivering services – i.e. strategy and operations, procured and in-house. The weakness is the complexity of that approach.

Key weakness is the large amount of providers SDS contract with and the annual contracting – leads to short termism, lack of stability, lack of competitiveness between providers, poor performance by some. Performance is not comparable,

which leaves room for providers to perform poorly and maintain funding. There is a need to have a true level playing field to assess good and bad performers.

Interactions with SDS is often tokenistic. They are willing to engage but the experience is that national products are developed and then implemented locally with very little discretion or consideration of local issues.

There is a confusion about SDS priorities and whether they are truly an all age service or focused on youth. This creates difficulties for other agencies then to avoid duplication or overlap as has been experienced in recent years with introduction of employer recruitment incentives on a local and national level.

SE have a challenge delivering or referring into local business support e.g. number of Account managers makes it difficult to convey local approaches. Council Business Growth Managers are reporting that 50% of SE Account Managed businesses are only lightly engaged with local companies, leaving on the ground support to the Council. Accessing appropriate information systems to know that detail is currently not possible. This results in a poorer service and user experience than it needs to be for important local business.

Information sharing: there is a lack of business information sharing at a local level from SE/ HIE.

Foundation Apprenticeships have been introduced to North Ayrshire's schools' curriculum. This introduction is at a very early stage, and it is too early to comment on the impact. Initial reflections indicate that it may not benefit as many young people as it could as there is no flexibility on the SCQF level. We would welcome a more flexible approach to the development of the Foundation Apprenticeship programme.

#### **Q5. What needs to change in the current system of support to make it simple and clear, and help us deliver Scotland's vision?**

There is a need to have greater clarity on roles and responsibilities of national agencies to make it easier for people to navigate.

A single national skills and enterprise agency with clear remit and responsibilities appropriate for a national agency.

A greater recognition of the role and resources that LA's deploy in economic development and their contribution to delivering the economic strategy for Scotland.

No duplication in national and local agencies responsibilities with duties aligned appropriately.

A greater collaboration between local and national with information sharing protocols agreed and a focus on improving outcomes

A greater recognition by national agencies of geographic and regional variations and the need to adapt delivery mechanisms in response.

A stronger alignment with the 4 'I's in the economic strategy focus particularly inclusive growth.

Too many SDS providers, no economies of scale, market is saturated and limited evidence of competition improving performance, SDS yearly contracting impacts on quality of service, too much short termism and local partnerships suffer as a result.

Partnership arrangements between schools and SDS need to be built on as part of considerations on the future delivery of careers.

SE to take greater responsibility for the local regeneration of their sites

The segmentation categories from SE of Scaling, Global, Development, Growth, Opportunity and Watching brief is confusing to those outwith SE.

50% of account managed companies locally advise us that they have limited interaction with SE. These companies may benefit from a more locally based service.

**Q6.What are the right roles, services, skills and behaviours needed from our agencies to support this transformation?**

National agencies should have a clear focus on national policy, national products and services, national projects, sectoral development, future skills, international development.

There should be a clear position that local services and resources should be delivered locally in a strategic and joined up manner. Local decisions need to move away from the centre of these organisations.

National agencies should have a greater focus on inclusive growth and Scotland's economic geography to ensure policy and operations are fit for purpose. We would expect that dedicated resources for our Highlands and Islands to protect their unique requirements.

SDS need to overhaul their procurement strategies with a view to driving out poor performance, inefficiencies, and establishing effective contractual relationships with providers. It should be clear that the funding does not exist to support organisations.

SE have a very strong global service. More concentration of resource on this would play to the organisation's strength.

Further discussions on local SDS operations and how these can be more effectively aligned with local services. PACE is a good example of how national and local agencies can respond to respond to an urgent local job loss announcement.

**Q7. How might we ensure this step-change reaches and benefits all of Scotland, building on regional and local strengths?**

A step change is required to meet the economic challenges that we face. There is a need for all involved in economic regeneration to operate as effectively and efficiently as possible to maximise economic impact. Our evidence supports a reduction in agencies and a realignment of roles and responsibilities on a national level and more effective and increased devolvement of appropriate resources to a local level.

There is requirement to realign services and plans at a regional and local level given the emergence of city and regional deals across Scotland and consideration how these best sit with existing local services and the role of national agencies. The introduction of different layers of governance and power can create tensions that could be addressed through a more coherent approach at national and local/regional level, clarification of remits, realignment of outputs at all levels to reflect the government's economic strategy.

Within Ayrshire, the 3 Local Authorities are working together to establish the potential for an Ayrshire agency which would increase shared service arrangements and allow for a strengthening of local economic development services. Detailed considerations are on-going but the 3 Councils welcome this timely review. All Councils are agreed that a single national agency with clear remits and responsibilities, focused on policy and national services, with local services devolved to a new strengthened regional structure could serve Ayrshire well and align it with its ambitions linked to the Ayrshire Growth Deal.

Finally establishing regional economic forums with representation from national as well as local agencies, and which work together on a regional economic plan, and where respective roles and responsibilities are clear.

#### **Q8. How would we know if the system is working better?**

If the SDS system is working better, the market of providers would work efficiently – some would prosper, some would disappear. Local areas would get targeted support to address their issues.

Companies would access support through a local point of contact and have access to a full range of services.

A realignment of Enterprise Agencies performance measures to reflect the Government's Economic Strategy expected outputs. This should also be linked to Council delivered support. Current measures GDP, industry engagement, etc. should still remain. (This is also reflected in recent Audit Scotland report).

SDS procurement plans would work more efficiently.

The focus would be on service delivery and ensuring resources on the frontline were used to greatest effect.

#### **Q9. How might public resources be deployed most effectively to match priorities, deliver value for money, and flow through the minimum number of levels and organisations to the user?**

SDS procurement needs rationalised significantly. Scotland needs a far smaller number of providers and until the market is established to drive that, then the issues of complexity and poor value for money will remain.

Reduce the number of national agencies and align responsibilities more appropriately at national and local level.

Engage more effectively with local authorities as partners in delivering on the national economic strategy.

Local authorities are working together effectively on national and regional levels more than ever. Good examples of shared service and regional partnerships are in operation across Scotland. This national review provides an opportunity for a changed approach in delivery economic development and skills development in Scotland and North Ayrshire is ready to play its part.

North Ayrshire welcomes the review and new approaches and wants the role of local authorities in delivering on that agenda to be factored in to the outcome of this review so that we can all benefit from a more coherent approach to delivering what is essential for Scotland – prosperity for all.

We would site practice in place for the delivery of other public services that have national and local responsibilities that work well. Food Standards Scotland and the Building Standards Division provide effective control, development and oversight of the local and national delivery of local authority Environmental Health Food Safety and Building Standards Teams. In these examples, there is a clear understanding of regulations and where responsibilities lie at local and national level. There is a focus on the delivery of effective services and their continuous improvement.

**Q10. Is there any other published evidence, or good practice, which you would particularly highlight that you wish us to take into account during the review?**

SLAED national indicators.



### CONSULTATION QUESTIONS

**Q1. Should the Government's commitment to 30,000 Modern Apprenticeships starts a year by 2020 a) be maintained or b) be increased?**

30,000 still seems like an ambitious but achievable target to 2020.

Ideally the target should be increased but ultimately the demand needs to be there from employers and if demand is weak then there is a risk of low quality opportunities emerging merely to meet targets. Conclusion – given the signs that economic growth has stalled in Scotland and that the outlook will remain challenging to 2020 – on balance we believe the 30,000 target should be maintained, with additional resources used to reach the target with a greater mix and quality of apprenticeships.

We believe there needs to be some rebalancing between classroom learning and work based learning. Significant proportions of our young people are choosing further education and then dropping out of courses early or completing and not securing employment. We believe apprenticeships would be a better option for many of these young people. To encourage more young people into apprenticeships, wages need to improve. £3.30 an hour is not enough incentive for many to choose an apprenticeship over a college course. It is unrealistic to expect employers to voluntarily increase wages across the board, so we believe incentives need to be put in place, tied to wage levels. Wage subsidies have been available widely in recent years but the offer needs to be made permanent, standardised across the country and linked to the wage levels on offer. We also believe wage levels should be linked to progression not just age, in order to increase sustainability.

**Q2. Should Apprenticeship Levy funding support growth in the number of Graduate Level Apprenticeships in Scotland?**

Yes, if we are clear that there is a latent demand from employers which is being held back because of lack of funding or knowledge. We believe this may be linked to the issue of age and if we continue to focus the majority of apprenticeship resources on 16-19 year olds, then uptake from employers of the Graduate Level Apprenticeships may remain low. We believe there are vocational areas that would benefit from graduate apprenticeships – nursing, engineers, hospitality, middle management across a variety of sectors – however feedback from employers would suggest that 16-19 year olds often don't have the maturity employers are looking for, when making this investment.

**Q3. Should Apprenticeship Levy funding be used to establish a flexible skills fund to support wider workforce development?**

We would urge caution as these types of funds have existed in the past and swallow vast amounts of resources with questionable additionality. We also believe the credibility of any levy system will be dependent on an employer being clear on what the levy contribution is being used to fund. Perhaps a compromise would be to create a scheme to support wider skills development but limit this to levy paying employers.

We believe the Apprenticeship Levy funding should be used to widen the age range accessing the apprenticeship system and provide more incentives to employers to create new apprenticeships.

**Q4. Should Apprenticeship Levy funding be used to support the expansion of Foundation Apprenticeships?**

While we are supportive of Foundation Apprenticeships, we believe expansion needs to happen at a sensible pace to ensure quality and to prove the efficacy of the model. Therefore we would suggest that while levy funding could be appropriate, we don't believe this would be a significant investment at this stage but would grow incrementally over a number of years.

**Q5. Should Apprenticeship Levy funding be used to help unemployed people move into employment, and to help meet the workforce needs of employers?**

See response to question 3 – we think there are dangers in the apprenticeship levy funding being subsumed into wider employability resources and think it would then be difficult to see where the resources have went and what the return on investment is.

**Q6. Are there any additional suggestions on how Apprenticeship Levy funding might be used?**

We believe the Apprenticeship Levy should be targeted to **protect** local authority schemes which will come under great pressure and are at risk due to budget austerity. It should also address **market failure** in sectors where apprenticeships have not yet been established. We would wish to see the funding being used to support the following -

- Levy paying employers should have a ring fenced allocation of resources to bid into to support the maintenance and growth of apprenticeships schemes.
- Within the above, public sector levy paying employers should be able to claim a proportion of apprentices wages (as public sector are not eligible for wage subs in the way that private sector can)
- It should be recognised that local authority budgets are under tremendous pressure and modern apprenticeship schemes are likely to reduce in size unless additional support for wages is provided.
- In addition we believe the apprenticeship levy should be used to diversify the range of opportunities and to achieve this, there should be ring fenced resources to work with key sectors where there is evidence of market failure and to provide incentives in these sectors. For instance, an increase in STEM Apprenticeships will not just happen – more resources need to be available to employers to create them and they need to be high quality opportunities.

Local Authorities in Scotland will be paying circa £25M into the levy next year. Given financial pressures in the sector, it is vital that this money is returned to the sector.



However it is recognised that MA schemes need to make transition from employability solely to being as much about workforce development. Resources put back into the sector should be used to address shortages in professions such as regulatory services, social work, roads engineers, early years etc. Funding should support the development of apprenticeship schemes and include wage subsidies to allow for transition and sufficient resources within wage bills.



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## NORTH AYRSHIRE COUNCIL

### Agenda Item 4

16 August 2016

#### Cabinet

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**Title:** Award of Contract - Framework Agreement for the supply and delivery of quality fresh fruit and vegetables

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**Purpose:** To advise the Cabinet of the result of the tender exercise for the Framework Agreement for the supply and delivery of quality fresh fruit and vegetables, salad ingredients and prepared fruit and vegetables, to Council locations across North Ayrshire (including the Island of Arran), East Ayrshire and Inverclyde.

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**Recommendation:** Agree to approve the award of the Framework Agreement to George Carruthers and Sons for an initial period of three years with an option to extend for up to one year.

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#### 1. Executive Summary

- 1.1 North Ayrshire Council has programmed to procure on behalf of a number of collaborative partners a Framework Agreement for the supply and delivery of quality fresh fruit and vegetables, salad ingredients and prepared fruit and vegetables, to each participating Council's locations across North Ayrshire (including the Island of Arran), East Ayrshire and Inverclyde.
- 1.2 In order to comply with the Council's Standing Orders Relating to Contracts and Contract Procedure Rules and Public Contracts (Scotland) Regulations 2015 (SSI 2015/446) (as amended) a formal open procedure tendering exercise was undertaken.
- 1.3 The Contract will include delivering 1-2 times per week to multiple sites within each geographical area for an initial term of 3 years from the implementation date plus the option to extend for up to one additional year.
- 1.4 Following the evaluation process, the recommendation of the Tender Evaluation Panel is that a Framework Agreement should be awarded to George Carruthers and Sons.

## **2. Background**

- 2.1 North Ayrshire Council published a formal contract notice on 6 May 2016 under the Open Procedure in the Official Journal of the European Union (2016/S 090-159774) and Public Contracts Scotland Procurement Portal and this was linked to an electronic tender on the Bravo E-Tendering System. The return date was 12:00 on 6 June 2016.
- 2.2 The contract notice attracted 5 expressions of interest from a wide range of potential suppliers of which 3 submitted a response to the Invitation to Tender by the deadline and these were evaluated.

## **3. Proposals**

- 3.1 The recommendation of the Tender Evaluation Panel is that a Framework Agreement for the combined Lot (Lot 5) be awarded to: George Carruthers and Sons. The anticipated annual spend for North Ayrshire Council on the new framework is £187,000, for Inverclyde Council this is £65,500 and for East Ayrshire Council this is £54,000. The total annual contract value would be £306,500 which, over the maximum duration of the framework across all participating authorities, gives a total Framework value of £1,226,000.

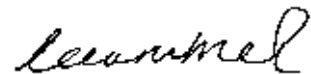
#### 4. Implications

<b>Financial:</b>	<p>Prior to tender the total historic value of the Framework Agreement including any possible extensions and all collaborative partners based on known usage was £1,524,000 of which North Ayrshire Council had paid £916,384. North Ayrshire Council's annual expenditure was £229,096 and a budget is available based on this requirement.</p> <p>The total value of the new framework (including all participating authorities and any possible extensions) is £1,226,000 of which North Ayrshire Council's annual expenditure is £187,000. The new framework represents a saving to each of the participating authorities and in respect of North Ayrshire Council the estimated annual saving is £42,096.</p>
<b>Human Resources:</b>	None
<b>Legal:</b>	<p>The tender exercise was conducted in accordance with the Council's Standing Orders Relating to Contracts, EU procurement legislation and the wider Scottish Procurement Legislation.</p> <p>There is a requirement that the procurement of fresh fruit and vegetables will be included within the authority's general policy on how it intends its approach to regulated procurements involving the provision of food to (i) improve the health, wellbeing and education of communities in the authority's area and (ii) promote the highest standards of animal welfare.</p> <p>All produce and labelling shall comply fully with current Food Standards Scotland, Food Safety regulations and the Contractor(s) premises must also meet all current requirements as detailed in The Food Hygiene (Scotland) Regulations 2006 and Amendment Regulations 2012 and 2014 and appropriate food safety standards.</p>
<b>Equality:</b>	None

<b>Environmental &amp; Sustainability:</b>	<p>Environmental and Sustainability considerations are core to this framework include provision of seasonal and local produce as much as possible. North Ayrshire Council recently regained the Gold Food for Life catering mark for North Ayrshire School meals and East Ayrshire are also holders of the Gold Food for Life award. (only 2 in Scotland). The framework supports these objectives and wider Scottish Government policy and guidance in this area including:</p> <ul style="list-style-type: none"> <li>●Recipe for Success: Scotland's National Food and Drink Policy – Becoming a Good Food Nation</li> <li>●Catering for Change – Buying food Sustainably in the Public Sector, January 2011</li> </ul>
<b>Key Priorities:</b>	<p>The new Framework specifically supports the strategic priorities of supporting all of our people to stay safe healthy and active and protecting and enhancing the environment for future generations which underpins delivery of the Council Plan priorities.</p>
<b>Community Benefits:</b>	<p>The successful tenderer will deliver the following community benefits across all three Councils during the contract period:</p> <ul style="list-style-type: none"> <li>●support a school educational program by sponsoring an educational outing to a local Farmers' market, organise a farm visit to a local grower or alternatively sponsor vegetable and potato seed for a school garden projects;</li> <li>●provide occasional promotional materials;</li> <li>●provide educational posters for school canteens;</li> <li>●facilitate a competition for secondary school pupils to design a main dish made with local, seasonal and healthy produce with winners visiting their warehouse, collecting the produce needed to prepare their meal and attend a cooking afternoon with professional chefs;</li> <li>●visit schools, colleges, local youth clubs and other community run clubs to discuss the business world; and,</li> <li>●provide training days for school cooks involving presentations from professional chefs.</li> </ul>

## **5. Consultation**

- 5.1 North Ayrshire Council consulted with the other participating authorities on their requirements and encouraged pre-tender consultation with potential suppliers to allow early engagement with the marketplace. North Ayrshire Council also consulted with a number of external sources of market information and used Keynote reports relating to the wholesale and retail fruit and vegetable market in the UK and DEFRA statistics to develop and agree an appropriate procurement strategy with the participating authorities.



LAURA FRIEL  
Executive Director (Finance and Corporate Support)

Reference : NAC-1061

For further information please contact Anne Lyndon on 01204 324097

### **Background Papers**

Appendix 1 - Tender Outcome Report





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## **NORTH AYRSHIRE COUNCIL**

### **Agenda Item 5**

**16 August 2016**

#### **Cabinet**

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**Title:** **Award of Contract - Framework Agreement for the provision of Day Education Services for Children with Additional Support Needs**

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**Purpose:** To advise the Cabinet of the result of the tender exercise for the Framework Agreement for the provision of Day Education Services for Children with Additional Support Needs and seek approval to award.

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**Recommendation:** Agree to approve the award of the contract to the companies listed for an initial period of two years with an option to extend for up to two further periods of one year.

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#### **1. Executive Summary**

- 1.1 North Ayrshire Council has programmed to procure a Framework Agreement for the provision of Day Education Services for Children with Additional Support Needs.
- 1.2 In order to comply with the Council's Standing Orders Relating to Contracts and Contract Procedure Rules and Public Contracts (Scotland) Regulations 2015 (SSI 2015/446) (as amended) a formal open procedure tendering exercise was undertaken.
- 1.3 Following the evaluation process, the recommendation of the Tender Evaluation Panel is that a Framework Agreement should be awarded to Ardfern, Aspire, Common Thread, CrossReach, Mirren Park Ltd, Spark of Genius and the National Autistic Society.

#### **2. Background**

- 2.1 North Ayrshire Council published a formal contract notice on 29 April 2016 under the Open Procedure in the Official Journal of the European Union (2016/S 087-153277) and Public Contracts Scotland Procurement Portal and this was linked to an electronic tender on the Bravo E-Tendering System. The return date was 12:00 on 10 June 2016.

- 2.2 The contract notice attracted 18 expressions of interest from a wide range of potential suppliers of which 7 submitted a response to the Invitation to Tender by the deadline and these were evaluated.

### 3. Proposals

- 3.1 The recommendation of the Tender Evaluation Panel is that a Framework Agreement be awarded to: Ardfarn, Aspire, Common Thread, CrossReach, Mirren Park Ltd, Spark of Genius and the National Autistic Society at a total cost of £4,428,000 over the maximum duration of the framework

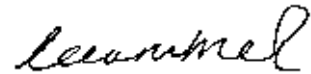
### 4. Implications

<b>Financial:</b>	The estimated value of the overall Framework Agreement (including any possible extensions) is £4,428,000. A total budget of £4,428,000 (£1,107,00 per year) is available for this requirement. As this framework is demand based an exact figure cannot be provided
<b>Human Resources:</b>	None
<b>Legal:</b>	The tender exercise was conducted in accordance with the Council's Standing Orders Relating to Contracts, EU procurement legislation and the wider Scottish Procurement Legislation. The Education (Additional Support for Learning) (Scotland) Act 2004 as amended by the 2009 Act
<b>Equality:</b>	The Framework takes into account Education and Equality legislation relating to statutory provision of this service
<b>Environmental &amp; Sustainability:</b>	The framework contains a provision for transport services where service providers are capable of providing an efficient and cost effective service improving efficiency and sustainability by a combination of these services.
<b>Key Priorities:</b>	The new Framework specifically supports the strategic priorities of ensuring people have the right skills for learning, life and work and supporting all of our people to stay safe healthy and active which underpins delivery of the Council Plan priorities. In addition the Framework supports Getting It Right for You (North Ayrshire Children's Services Plan 2016-2020) and wider Scottish Government Policy: Supporting Children's Learning Code of Practice (2010).

	<p>The Education and Youth Employment Directorate plan 2015 – 2018 includes high level actions for the continual support of young people with additional support needs (ASN) to secure a sustainable destination that meets their needs. This procurement is in line with this requirement.</p>
<b>Community Benefits:</b>	<p>In total the successful tenderers have offered to deliver the following community benefits in aggregate during the contract period. The timing and mix of these benefits will depend on the value of contracts awarded to each service provider during the term of the framework:</p> <ul style="list-style-type: none"> <li>● 4 x project agreed in conjunction with NAC Education &amp; Skills involving local school pupils or community groups</li> <li>● 6 x work placement for a minimum of 5 days for a school pupil from a North Ayrshire school</li> <li>● 4 x work placement for a minimum of 5 days for a teacher from a North Ayrshire school</li> <li>● 5 x extended work placement for a total period of 15 days for a school pupil from a North Ayrshire School</li> <li>● 3 x support a programme of mock interviews for pupils</li> <li>● 2 x a programme of 5 career talks in North Ayrshire schools</li> <li>● 4 x one to one mentoring for a young person.</li> <li>● 2 x STEM workshop</li> <li>● 2 x Community workshop</li> <li>● 4 x work experience of a minimum of 5 days for unemployed person (not necessarily young person)</li> <li>● 2 x offer business assistance/mentoring to one North Ayrshire company per annum for the duration of the contract.</li> <li>● 3 x offer business assistance/mentoring to one SME and a TSO company per annum for the duration of the contract.</li> </ul>

## **5. Consultation**

- 5.1 North Ayrshire Council consulted with potential suppliers to allow early engagement with the marketplace and discussed options to use other frameworks with Scotland Excel



LAURA FRIEL  
Executive Director (Finance and Corporate Support)

Reference : NAC-1049

For further information please contact Anne Lyndon on 01204 324097

### **Background Papers**

Appendix 1 - Tender Outcome Report

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## **NORTH AYRSHIRE COUNCIL**

### **Agenda Item 6**

**16 August 2016**

#### **Cabinet**

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**Title:** **Award of Contract - Nursery Extension to Loudoun Montgomery Primary School, Irvine**

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**Purpose:** To advise the Cabinet of the result of the tender exercise for the contract for a Nursery Extension to Loudoun Montgomery Primary School, Irvine

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**Recommendation:** Agree to approve the award of the Contract to Fleming Buildings Ltd

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#### **1. Executive Summary**

- 1.1 North Ayrshire Council requires to establish a contract for a Nursery Extension to Loudoun Montgomery Primary School, Irvine.
- 1.2 In order to comply with the Council's Standing Orders Relating to Contracts and Contract Procedure Rules and Public Contracts (Scotland) Regulations 2012 a formal tender exercise was advertised via the Public Contracts Scotland advertising portal.
- 1.3 The contract term is for 30 weeks with the proposed award to Fleming Buildings Ltd.

#### **2. Background**

- 2.1 A formal notice was advertised on 29th January 2016 under the restricted procedure in the Official Journal of the European Union and Public Contracts Scotland procurement portal. The return date was 26th February 2016.
- 2.2 The contract notice attracted 21 expressions of interest from a wide range of potential suppliers of which 9 submitted Pre Qualification Questionnaires.
- 2.3 Following evaluation of Pre-Qualification Questionnaires the following 5 suppliers, were short-listed to receive Invitation to Tender documents: AKP Scotland Ltd, Ashleigh (Scotland) Ltd, Bell Contracts & Co Ltd, Fleming Buildings Ltd and McLaughlin Construction.

- 2.4 The return time and date for completed Invitations to Tender was 17th June 2016 at 12 noon at which point 5 submitted responses.
- 2.5 The 5 tenders received were evaluated against the stated evaluation criteria of lowest compliant tender price.

### 3. Proposals

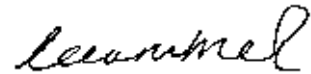
- 3.1 It is proposed that the contract be awarded to Fleming Buildings Ltd.

### 4. Implications

<b>Financial:</b>	The total value of the overall contract is £583,850.93. A total budget of £623,300 is available for the construction phase of this project.
<b>Human Resources:</b>	None
<b>Legal:</b>	The tender exercise was conducted in accordance with the Council's Standing Orders Relating to Contracts.
<b>Equality:</b>	None
<b>Environmental &amp; Sustainability:</b>	All suppliers of timber or timber related products are to be certified under the Department of the Environment and Rural Affairs (DEFRA) approved schemes. The contractor is required to follow industry best practice and guidance developed by the Waste and Resourcing Action Programme (WRAP) with respect to encouraging the use of recycling etc.
<b>Key Priorities:</b>	This contributes to the Council Plan Priority 1: Growing our economy, increasing employment and regenerating towns, Priority 3: Ensuring people have the right skills for learning, life and work and Priority 5: Protecting and enhancing the environment for future generations.
<b>Community Benefits:</b>	The successful tenderer will deliver the following Community Benefits during the contract period: one new entrant building labourer, one workshop for SMEs/TSO's, 5 day work experience for a school pupil, 5 day work experience for an unemployed person, programme of career talks at schools and a programme of mock interviews at schools.

## **5. Consultation**

- 5.1 There was consultation with Property Management and Investment throughout the tender process.



LAURA FRIEL  
Executive Director (Finance and Corporate Support)

Reference :

For further information please contact For further information please contact  
Hazel Templeton, Acting Category Manager on 01294 324547

### **Background Papers**

Tender Outcome Report

