

2.3 CPA/220296 - Panel Contract - Group Training Organisation (GTO)

TRIM REFERENCE: CPA/220296 - D12171351

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SUMMARY

This report recommends that:

- Council extend the current contract CPA/220296, Panel Contract- Group Training Organisation (GTO) with Central Coast Group Training Ltd (Ranked Panel Member 1) and Novaskill (Ranked Panel Member 2) for a further period of six months for the provision of apprentices and trainees to Wyong Shire Council.
- Council endorse a review of the approach to employing apprentices be undertaken by the new organisation (expected to be formed as a result of the voluntary amalgamation between WSC and GCC) prior to the conclusion of the six month extension. If determined to continue to utilise a GTO for the provision of apprentices an open tender for a new panel contract for the provision of GTO services be undertaken to align with the conclusion of the six month extension period.

RECOMMENDATION

- 1 That Council elect to extend for six months the current contract with Central Coast Group Training Ltd (Ranked Panel Member 1) and Novaskill (Ranked Panel Member 2) under contract CPA/220296 for provision of Group Training Services at an estimated cost of \$510, 000. Actual expenditure will vary dependent on the number of apprentices and hours worked over the duration.**
- 2 Council endorse a review of the approach to employing apprentices be undertaken by the new organisation (expected to be formed as a result of the voluntary amalgamation between WSC and GCC) prior to the conclusion of the six month extension. If determined to continue to utilise a GTO for the provision of apprentices an open tender for a new panel contract for the provision of GTO services be undertaken to align with the conclusion of the six month extension period.**

BACKGROUND

At the Ordinary Meeting of Council on the 24 October 2012, Council received a report on the cost benefits and merits of WSC directly employing apprentices and trainees as part of its Youth Employment Strategy 2012-2016, and as a result:

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“RESOLVED unanimously on the motion of Councillor NAYNA and seconded by Councillor WEBSTER:

- 1 *That Council adopt the 2012-2016 Youth Employment Strategy*
- 2 *That Council endorse management’s contracting approach to the provision of apprentices for training opportunities within Council.”*

At the Ordinary Meeting of Council held on 22 May 2013 Council considered a report for the provision of a panel contract for GTO Services.

“Council RESOLVED unanimously on the motion of Councillor NAYNA and seconded by Councillor TROY:

- 654/13 *That Council accepts the tender from Central Coast Group Training nominated as Tenderer ‘A’ in the attached Tender Evaluation Report, for the estimated total amount of \$1,378,642.08 (excl GST) for Contract CPA/220296 – Panel Contract for GTO as Ranked Panel Member 1.*
- 655/13 *That Council accepts the tender from Novaskill nominated as Tenderer ‘B’ in the attached Tender Evaluation Report, for the estimated total amount of \$1,354, 826.62 (excl GST) for Contract CPA/220296 – Panel Contract for GTO as Ranked Panel Member 2.*
- 656/13 *That Council determines the Tender Evaluation Report in Attachment A remains confidential in accordance with Section 10 A (2) (d) of the Local Government Act 1993 as the report contains commercial information of a confidential nature.”*

The successful tenderers were awarded contract CPA/220296 on 29 May 2013 and commenced services under the contract on 1 June 2013.

The scope of services delivered under the contract is:

- Recruit suitable trade like apprentices and trainees for Council as host employer
- Carry out all responsibilities as employer of the apprentices/trainees
- Reporting and monitoring
- Rotate apprentices/trainees to other host employers to ensure vocational requirements are met
- Regular monitoring and reporting to Council
- Provide recognition and reward opportunities

At the Ordinary Meeting of Council held on 11 March 2015 Council considered a further report on the provision of a panel contract for GTO Services.

At this meeting it was resolved unanimously on the motion of Councillor NAYNA and seconded by Councillor TROY:

“220/15 That Council exercise its option to extend for one year the current contract with Central Coast Group Training Ltd (Ranked Panel Member 1) and Novaskill (Ranked Panel Member 2) under contract CPA/220296 for provision of Group Training Services at an estimated annual cost of \$810,000.00. Actual expenditure will vary dependent on the number of apprentices and hours worked over the duration.

221/15 That Council approve to go to open tender for the provision of Group Training Organisation services at the conclusion of the extension period.”

This report requests a further six month extension of the existing contract to Central Coast Group Training Ltd (Ranked Panel member 1) and Novaskill (Ranked Panel Member 2) which will result in a new contract cessation date of 1 December 2016. The current cessation date is 1 June 2016.

The report also recommends action be taken to review the ongoing approach for employment of apprentices in consultation with Gosford City Council given the likely amalgamation of the two organisations prior to the end of the six month extension. If at this time council determines to continue with the use of a GTO for engagement of apprentice services, a new open tender process for the services is to be undertaken.

CURRENT STATUS

WSC currently (as at 27 November 2015) hosts 15 apprentices and trainees under the contract.

Since commencement of the contract on 1 June 2013, there has been no requirement to engage the services of the 2nd Ranked Panel Member (Novaskill). There has been no occasion where the 1st Ranked Panel Member (Central Coast Group Training Ltd) has been unable to provide the requested service, or level of service required.

Central Coast Group Training Ltd has provided a high level of service to Council during the period of the contract. They have responded quickly to requests for service, acted professionally and demonstrated flexibility towards improving services to the benefit of both parties. An example of this is the development of customised timesheets which provide supervisors key information regarding Award entitlements for each apprentice or trainee, and the updating of these when legislative changes occur.

Other key highlights throughout the contract period include:

- the successful placement of each apprentice due for rotation to an external provider to ensure that the apprentice benefits from experience in the full scope of their trade

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- endorsement of WSC's winning application for NSW Training Awards- Large Employer of the Year
- two apprentices hosted by WSC named as finalists in the Central Coast region NSW Training Awards, for their respective categories
- one apprentice hosted by WSC receiving Apprentice of the Year at the annual CCGT awards night.
- One apprentice hosted by WSC being awarded third year apprentice of the year at the annual CCGT awards night

In addition, the reform of the NSW Vocational Education and Training system (commencing 1 January 2015), Smart and Skilled, has resulted in changes to the funding structure for apprentices and trainees. Consequently, apprentice and trainee course fees are now charged as a fee per qualification rather than an annual fee. This has resulted in some GTO's reviewing and increasing their fees to accommodate the new requirement. Clause 1.3 of the current contract has protected WSC against any increase imposed as a result of the changes.

Clause 1.3 of CPA/220296, Fee Structure and Payments states:

"The rates may be reviewed from time to time, but only to the extent necessary to incorporate any increase in the relevant award for an apprentice/trainee. The variation in the rate must directly correlate with the amount of the increase in the award; no profit, overhead, commission, expense or other amount incorporated in the tendered hourly rate may be varied. The GTO must give Council one month's notice before increasing its rates, together with justification for the increase".

Savings to WSC as a result of clause 1.3, from commencement of fee structure changes (January 1 2015) to the conclusion of the additional six month proposed extension period, is approximately \$4500.00. The savings may vary slightly due to the number of apprentices hosted and hours worked.

A further six month extension of the contract will result in cost savings beyond those from the change in fee structure. Given clause 1.3 of the contract, the tenderer has not been able to raise their fees to allow for increased overheads over the three year duration of the contract. Going to open tender will provide the opportunity for each provider to adjust their fees accordingly (to accommodate any increased overheads) and increase the rates charged to Council.

In addition our existing provider, Central Coast Group Training has informed WSC that they are preparing to roll out electronic timesheets for their apprentices in the first quarter of 2016. This will result in further reductions in cost to WSC as data entry for reconciling timesheets will be reduced.

It is also noted that since the tender selection process in 2013, there has been no significant changes in the existing market for the provision of GTO services and therefore a six month extension is believed to be the best commercial outcome for Council at this time

Central Coast Group Training Ltd and Novaskill were contacted in November 2015 to explore their interest in extending the current contract. Both contractors indicated they would be prepared to continue the present contract and would be agreeable to Council extending the contract.

PROPOSAL

That Council elect to extend for six months the current contract with Central Coast Group Training Ltd (Ranked Panel Member 1) and Novaskill (Ranked Panel Member 2) under contract CPA/220296 for provision of Group Training Services at an estimated cost of \$510,000. Actual expenditure will vary dependent on the number of apprentices and hours worked over the duration.

Council endorse a review of the approach to employing apprentices be undertaken by the new organisation (expected to be formed as a result of the voluntary amalgamation between WSC and GCC) prior to the conclusion of the six month extension. If determined to continue to utilise a GTO for the provision of apprentices an open tender for a new panel contract for the provision of GTO services be undertaken to align with the conclusion of the six month extension period.

BUDGET

Expenditure from 1 June 2013 to 5 November 2015 is \$2,050,538.50 (\$777,774.66 in 13/14 financial year, \$1,055,551.74 in 14/15 financial year, and \$217,213.27 in 15/16 [to 5 November 2015] financial year).

Sufficient funds are allocated within the salary and wages budget (including FTE allocation) for the services of a Group Training Organisation to provide apprentices over the six month extension period.

OPTIONS

- 1 Proceed with exercising a further six month extension of the current contract. This option is recommended based on the previous merit based selection process undertaken, the high standard of service provided by the current provider, the benefits and practicalities associated with reviewing the approach to employing apprentices with counterparts at GCC given the likely amalgamation, and the safeguard of any cost increases outside of the relevant Awards.
- 2 Not proceeding with the extension by resolving not to extend the contract.

Not providing an extension would present three scenarios:

Scenario one – no contract process undertaken to engage a suitable GTO. This option is not recommended as failure to appoint a GTO is not possible in order to be compliant with Section 55 of the Local Government Act.

Scenario two – WSC does not continue to engage the services of a GTO for apprentices and trainees and moves to direct employment. This option is not recommended based on the cost benefits and merits report provided to Council on 22 May 2013 and the subsequent unanimous resolution to adopt a contracting approach for the engagement of apprentices and trainees.

Scenario three - WSC calls for a new open tender for the provision of GTO services. Not recommended at this time given the previous merit based appointment of the current providers, the high level of service provided throughout the contract to date, and the benefits and practicalities that would be lost by not reviewing the approach to employing apprentices with counterparts at GCC once the outcome of the likely amalgamation is known. It is recommended that this option be initiated following a review of the approach to employing apprentices for the new organisation if it is determined that the use of a GTO for the provision of the services is the most beneficial.

CONCLUSION

Based on the performance of Central Coast Group Training Ltd (Ranked Panel Member1) to date, the likely amalgamation between WSC and GCC and the commercial benefits of remaining with the current tender to allow a review of the approach for the engagement of apprentice services for the new organisation, it is recommended that option one, a six month extension of the contract period for CPA/220296 for the provision of GTO services be exercised.

It is also recommended an open tender for the provision of GTO services be initiated following a review of the approach to employing apprentices for the new organisation if it is determined as is the most beneficial method for engaging apprentices and trainees.

ATTACHMENTS

Nil.