
Report to: Employment and Skills Panel

Date: 19 June 2020

Subject: **Devolution of the Adult Education Budget**

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1. Purpose of this report

- 1.1 To update the Panel of the plans for the Combined Authority to receive devolved powers and manage the devolved Adult Education Budget (AEB) from 2021.

2. Information

- 2.1 At the last meet of the Panel, members received a paper setting out the purpose and function of AEB. The Department for Education (DfE) funds AEB and it is currently administered by the Education and Skills Funding Agency (ESFA) in non-devolved areas.
- 2.2 In the Budget delivered on 11 March, the Chancellor confirmed devolution of Adult Education powers and the AEB to allow West Yorkshire to shape local skills provision to respond to local needs. The principle purpose of the AEB is to engage adults and provide them with the skills needed for entering and sustaining work, an apprenticeship, or other further learning. This will enable the Combined Authority to be able to procure based against its own assessment of strategic needs and directly influence provision through its performance management structures.
- 2.3 Taking on these devolved powers is clearly a significant opportunity for the region. It is however a new function for the Combined Authority which has previously had no formal influence over AEB planning or delivery. Work is therefore underway to ensure that the required infrastructure is in place to properly administer the significant amounts of new funding and powers. These powers and functions will incorporate responsibility for commissioning, administering and assuring the fund.

- 2.4 The ESFA estimates that circa £63 million of AEB funding is spent in West Yorkshire which will be devolved to the Combined Authority from August 2021. Based on 2018/19 data, approximately 80% of the AEB budget is utilised by colleges and local authorities through grant funding (including out of area providers), with the remaining 20% contracted to independent training providers.
- 2.5 An internal Project Board has been convened in order to prepare for the devolution of AEB from Government to the Combined Authority as part of the West Yorkshire devolution deal, and manage the steps necessary to secure this funding effectively.
- 2.6 To enable successful devolution of AEB, Government requires assurances that the Combined Authority is organisationally and strategically prepared to manage the programme from the academic year 2021/22. To demonstrate this readiness, the following were submitted to the DfE:
- A letter from the Managing Director setting out what measures the Combined Authority will put in place in order to be ready to deliver AEB;
 - A draft AEB Strategy (previously referred to as the 'Strategic Skills Plan'), which has been developed with the input of ESP;
 - A self-assessment of readiness conditions setting out how the organisation will practically support the devolution of AEB alongside evidence, including the governance framework and operating principles; internal Audit Committee awareness; compliance with the Local Audit and Accountability Act 2014; procurement and contracting plans and processes; and draft technical guidance documents; and
 - A list of additional requirements we require from DfE in order to arrive at satisfactory position, such as data requests or information support.
- 2.7 The draft AEB Strategy has been out for public consultation since 26 May and this will close on 12 July. This document sets out how the Combined Authority will exercise the statutory functions of AEB and deliver better skills outcomes for the residents of West Yorkshire. A copy of the draft AEB Strategy is set out at **appendix one**. Consultation questions are attached as **appendix two**.
- 2.8 The Combined Authority will receive a paper setting out on work underway to deliver AEB across West Yorkshire at its meeting on June 25.
- 2.9 The AEB Strategy forms a key part of the Combined Authority's Strategic Economic Framework, alongside the work of the Future Ready Skills Commission, the Employment and Skills Plan and the Local Industrial Strategy. These ambitious strategies that have been developed in collaboration with communities and decision makers across West Yorkshire, and together will help the region unlock and achieve its full potential.
- 2.10 The AEB Strategy will be reviewed following consultation, with a final version shared with ESP (in its function as the Skills Advisory Panel) and the Combined Authority for endorsement and ratification so that delivery can progress. Commissioning is planned to begin on 1 October 2020 in order to meet the readiness timescales.

2.11 Combined Authority officers have consulted with and will continue to work closely with the other Mayoral Combined Authorities, the Department for Education and the Educational and Skills Funding Agency, to ensure there is a consistency with core national strategies while we develop our approach to meet local needs and ambitions.

3. Clean Growth Implications

3.1 There are no clean growth implications directly arising from this report.

4. Financial Implications

4.1 Additional funding of £63 million is to be provided to the Combined Authority. Resource requirements are to be identified once the funding rules and assurance framework to be applied have been determined.

5. Legal Implications

5.1 There are no legal implications directly arising from this report.

6. Staffing Implications

6.1 Resourcing requirements have been identified and a recruitment exercise is underway to appoint a AEB Manager to lead the implementation of AEB from August 2021.

7. External Consultees

7.1 External consultation on the AEB Strategy is ongoing, the results of which will be shared with the Panel ahead of seeking endorsement and ratification from the Combined Authority.

8. Recommendations

8.1 That the Panel notes the contents of this report.

9. Background Documents

None.

10. Appendices

Appendix 1 – Draft AEB Strategy

Appendix 2 – Consultation questionnaire