
Report to: West Yorkshire Combined Authority

Date: 25 June 2020

Subject: **Adult Education Budget Devolution**

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	

1. Purpose of this report

- 1.1 To update the Combined Authority on work underway to prepare for the devolution of Adult Education Budget (AEB) funding across West Yorkshire from the academic year 2021 as part of the devolution deal agreed with Government in March 2020.

2. Information

Context

- 2.1 The Adult Education Budget is one of the core government funds that provides funding for training for individuals aged 19+. It is focussed predominantly on training courses which provide basic skills (Entry level, level 1 and level 2) and is mostly delivered by Colleges and Local Authorities, with some delivery undertaken by Independent Training Providers.
- 2.2. The principle purpose of the AEB is to provide adults with the skills needed for entering and sustaining work, an apprenticeship, or other further learning. Within the skills system, it sits alongside a range of other funding streams, including:

- Apprenticeship funding (Levy and SMEs)
- Student Loans for Higher Education
- Adult Learner Loans (for level 3 and level 4 courses)
- European Social Fund (and the forthcoming UK Shared prosperity Fund)

- 2.3 AEB is currently funded by the Department for Education (DfE) and administered by the Education and Skills Funding Agency (ESFA) in non-devolved areas. Devolution of AEB will enable the Combined Authority to ensure that AEB addresses the needs of employers and individuals in West Yorkshire.
- 2.4 Taking on these devolved powers is 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 prepare for and properly administer the significant amounts of new funding and powers.
- 2.5 The ESFA estimates that circa £63 million of AEB funding is spent in West Yorkshire annually which will be devolved to the Combined Authority from August 2021. Based on the most recent published data (18/19), approximately 80% of the AEB budget is utilised by colleges and local authorities through grant funding, with the remaining 20% contracted to independent training providers.

Implementation

- 2.6 A funding bid and business case has been made to the DfE for implementation costs in order to secure match funding for delivery, and a positive decision on this is expected imminently.
- 2.7 The Department for Education required that various Readiness Conditions relating to corporate control measures need to be met, and evidence regarding these was submitted on 18 May. As part of these conditions the Combined Authority Managing Director was required to provide assurances that the organisation will be ready to take on responsibility for AEB functions from the academic year 2021/22. A copy of this letter is included as appendix 1.
- 2.8 Combined Authority officers are working closely with Government officials and other Mayoral Combined Authorities to ensure that appropriate steps are taken to prepare for taking on the devolved grant. The Combined Authority is also represented on the AEB Policy Implementation and Operations Group held between Mayoral Combined Authorities, ESFA and DfE, meeting regularly to share best practise and establish valuable officer links.

AEB Strategy

- 2.9 A draft AEB Strategy for consultation has been shaped by the Employment and Skills Panel, with strategic input from Local Authorities through a series of workshops, roundtable discussions and individual meetings to ensure they are engaged and sighted on planned approaches, welcoming their critical input to policy development. This strategy sets out the proposed priorities for, and approach to commissioning and managing the devolved Adult Education Budget.
- 2.10 Extensive data analysis of wider labour market information has also informed the approach, and this has allowed an initial impact assessment of the wider sector and learners. This will be supplemented by the ongoing consultation.
- 2.11 The depths of economic shock that will follow as we emerge from the Covid-19 pandemic are currently unknown, this uncertainty underpins our thinking and the desire to retain flexibility and responsiveness in our approach to commissioning.

Consultation and Endorsement

- 2.12 A public consultation on the AEB Strategy was launched on 25 May alongside the consultation currently ongoing on the West Yorkshire devolution deal. The Combined Authority received a full report on this consultation at their meeting in May.
- 2.13 Given the current Coronavirus situation, a communications plan has been developed to promote the consultation to the widest possible audiences using a range of digital and non-digital channels. These will include a combination of:
- Social media
 - Press releases targeting local and regional media
 - Direct engagement with skills providers
 - Direct e-shots to an extensive stakeholder list
- 2.14 The COVID-19 outbreak and resulting restrictions on gathering sizes will pose limitations on the consultation progress. To counter this, a comprehensive consultation plan has been developed which details an approach which will allow maximum engagement with learners, employers and skills providers, including webinars and virtual focus groups.
- 2.15 Due to the current social distancing guidelines, face-to-face consultation channels are not possible. In order to ensure a full range of engagement, virtual workshops have been coordinated to support the digital consultation.
- 2.16 The consultation will close on 12 July. Following this, an evaluation of responses will be undertaken, allowing sufficient time for this report to inform changes to the planned approach within the AEB Strategy. To ensure independence of process, specialist consultants have been commissioned to support the consultation and analyse the results.

Endorsement and Commissioning

- 2.17 The Combined Authority will receive an update on the progress of AEB at its meeting in September and a final draft of the AEB Strategy for endorsement. This endorsement will allow for commissioning to commence on 1 October.
- 2.18 Commissioning must begin on 1 October in order to allow sufficient time to prepare for the academic year commencing 1 August 2021.
- 2.19 Achieving readiness by 1 August 2021 is heavily contingent upon the projected timescales agreed with DfE being met, and therefore allowing for the subsequent procurement process to be carried out within the planned timescales. Key workstreams to deliver this include legal and procurement preparation (drafting a procurement strategy, funding rules, and contracts and agreements), consultation and policy work (to ensure that the approach is fully consulted on and that this consultation is accessible); and systems development (ensuring that the ICT, Finance and Data arrangements are in place to support contracting and payments).

3. Clean Growth Implications

- 3.1 There are no direct clean growth implications arising from this report

4. Inclusive Growth Implications

- 4.1 The skills agenda has clear links to driving the Combined Authority's inclusive growth ambitions through enabling enhanced access to skills, education and career prospects, thus affording increased social mobility.

5. Financial Implications

- 5.1 Additional funding of c.£63 million per annum is to be provided to the Combined Authority, subject to meeting readiness conditions. The outcome of an application to DfE for implementation funding is awaited.

6. Legal Implications

- 6.1 The delivery of AEB is contingent on contracts agreed with learning providers, and specialist legal resource is in place to deliver this.

7. Staffing Implications

- 7.1 Additional capability and capacity is required to prepare for taking on AEB, and the costs of this have been included within a bid for funding to DfE. Once AEB has been devolved, the management costs associated can be accommodated within the devolved allocation.

8. External Consultees

- 8.1 Detailed consultation is now being carried out on the proposed funding structure with various stakeholders, including learners and potential training providers.

9. Recommendations

- 9.1 That the Combined Authority notes the update provided here.

10. Background Documents

There are no background documents referenced in this report.

11. Appendices

Appendix 1 – Letter to Department for Education
Appendix 2 – Draft AEB Strategy