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**Report to:** Employment and Skills Panel

**Date:** 29 October 2021

**Subject:** **Adult Education Budget (AEB)**

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## **1. Purpose of this report**

- 1.1 To update the Panel on progress with devolved Adult Education Budget (AEB) now the fund is devolved and under delivery

## **2. Information**

### Adult Education Budget

- 2.1. The Implementation project for the devolved Adult Education budget is now closed. The Combined Authority utilised 95% of the budget for this project, providing a saving of £56,000. The agreed 'Readiness conditions' have now been completed and are being signed off by the Department for Education. West Yorkshire has implemented and begun delivery of AEB in a shorter timescale than any other MCA.
- 2.2. The procurement of Contracted Training Providers is complete with 18 organisations contracted to deliver training provision in addition to the 20 Grant Providers. This is a considerable reduction from the 268 providers previously operating in West Yorkshire in 2018/19, with a much more focussed delivery partnership. **Appendix A** outlines all providers who have a grant or contract to deliver training in West Yorkshire.
- 2.3. All contracts are now signed and in place and delivery has commenced across West Yorkshire. Every provider, whether funded by a grant or contract for services, has a detailed delivery plan in place which outlines anticipated learner numbers, courses and geographical areas of delivery. Subcontractors are declared within the delivery agreements. Through the commissioning approach we have reduced the value of Subcontracted provision from

£9million to £1.5million, making considerable reduction of funding 'lost' in the system for management fees.

- 2.4. Recruitment has been undertaken and the majority of the AEB team are now in post. Key Account Managers are undertaking inception meetings with all providers and setting regular performance review meetings to ensure that delivery continues to meet the agreed delivery plans.
- 2.5. Management Information Systems are now in place and include:
- An automated payment system which translates the Education and Skills Funding Agencies detailed 'occupancy report' data into provider payments, and support integration to identify funding errors.
  - A 'Power BI' site which provides up to date information on delivery including learner numbers, success rates, geographical delivery and course type.
  - A Client Relationship Management tool which connects these systems and supports performance management.
- 2.6. We have now received two Occupancy Reports<sup>1</sup> from the ESFA (August and September delivery). Payments to Grant providers and Contracted providers have been made on time and in line with contracts, using the processes developed during the implementation project. Performance data has been provided in **Appendix B**.
- 2.7. It should be noted that a number of Grant providers are yet to supply data returns for their work in 2021/22. This is in line with their annual business cycle, and typical of sector trends. It does not pose an immediate concern regarding delivery, but should be noted that it affects the balance of the performance data. We anticipate that these data returns will be made by the November cut-off point.

### Strategic Input

- 2.8. Now that delivery plans are in place for all providers, we are able to measure performance to date against these forecasts. While completion of delivery plans has been a new function for both Grant and Contracted providers, combined into an area delivery plan they provide significantly more understanding of planned delivery, which will be instrumental in reacting in-year to fill gaps and meet emerging needs.
- 2.9. The AEB management team are meeting with Local Authorities to analyse area delivery plans and further our strategic collaboration on the fund. Local Authorities have a unique line of sight into the needs of their local area, and are helping to examine the provision available, consider performance to date and identify any gaps in provision.

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<sup>1</sup> Occupancy Reports provide the Combined Authority with delivery data attributed to providers, breaking down their learning provided into learners, learning and any support funding. These are used to understand delivery performance and to calculate payments

- 2.10. Following this, Partnership meetings will be scheduled in each local authority area to bring together our Local Authorities and Colleges with contracted providers who work in a common area, alongside other key stakeholders who can advise on demand, such as Jobcentre Plus, Careers Service, etc, in order to improve the link between provision and demand, and to increase the progression linkages within the AEB delivery partnership.

#### Responsive Work

- 2.11. Given the current call to support HGV driver training to ease the sector shortage, we intend to amend the West Yorkshire funding rules in line with the national policy to allow providers to claim the cost of HGV and Medical license.
- 2.12. We are working with our existing provider base to understand where additional training opportunities might be provided.

#### Next Steps

- 2.13. There are approx. £3 million uncommitted AEB funds remaining within the Adult Education Budget for AY2021/22.
- 2.14. In line with 2.7, the Combined Authority will work with Local Authorities to develop a proposal to utilise the remaining funds most effectively across the Region. This will also include any underspend that is identified through performance management. This will consider:
- 2.14.1. A Responsiveness fund, which considers post-covid skills needs alongside the Mayoral Pledges
  - 2.14.2. A clear and transparent process for Growth Awards, where providers are exceeding profiled delivery and can demonstrate demand
  - 2.14.3. Contract Tolerances, where providers fulfil their delivery plan
- 2.15. As we have successfully implemented the first commissioning cycle at considerable pace, and following the election of the Mayor and implementation of a new governance structure, this is a natural time to review and refresh the approach being taken for the devolved funding. The five Local Authorities, working with their local FE Colleges, have commenced work on a proposed approach to the future commissioning and allocation of AEB that aims to recognise the strategic as well as the delivery role of Local Authorities. The proposal may have implications for future devolved budgets. Further meetings have been arranged to discuss the detail of the proposed approach, operationalise the principles and clarify mechanisms, and partners' roles, accountabilities and responsibilities. An update report will be presented to the January meeting of the Committee.

### Lifetime Skills Guarantee – Level 3 (delegated funding)

- 2.16. Given the issues cited in 2.6, we have limited performance data on the level 3, however we have already been notified by two providers that they will not fulfil their Level 3 allocations. Given the initial proposals from providers exceeded the funding available, it is suggested that this funding is initially reallocated amongst the existing provider base, assuming strong performance is demonstrated in the November data return.
- 2.17. If underperformance in this area continues, we will look to procure additional Level 3 provision through a mini-competition with identified underspend. The Lifetime Skills Guarantee budget is delegated, not devolved, and therefore subject to clawback.

### **3. Tackling the Climate Emergency Implications**

- 3.1 There are no climate emergency implications directly arising from this report.

### **4. Inclusive Growth Implications**

- 4.1 The overall aim of AEB funded provision is to support those citizens who have a skills deficit and need to access learning opportunities to progress them towards further learning, employment or a better way of life.

### **5. Equality and Diversity Implications**

- 5.1 There are no equality and diversity implications directly arising from this report. Initial enrolment statistics are reported below, and this will be expanded to include achievements when as delivery progresses.

### **6. Financial Implications**

- 6.1 There are no financial implications directly arising from this report.

### **7. Legal Implications**

- 7.1 There are no legal implications directly arising from this report.

### **8. Staffing Implications**

- 8.1 The majority of the AEB Management team has now been recruited, with ongoing vacancies in audit.

### **9. External Consultees**

- 9.1 No external consultations have been undertaken in the past 6 months.

### **10. Recommendations**

10.1 The Committee is asked to note the progress to date and agree the following next steps:

- A proposal for how the Combined Authority will utilise the remaining funding and any identified underspend for AY2021/22 will be worked up with the Local Authorities and brought to the next Employment and Skills Committee as outlined in 2.7.
- Remedial action should be taken on all providers who underperform against profile in line with the Performance Management Framework, ensuring funds can be reallocated in-year to maximise AEB impact.
- For the Level 3 Allocation, the identified underspend will be distributed amongst existing provider, assuming performance is demonstrated in the November return. Additional procurement will be considered if the existing provider base is unable to utilise the contract values.

**11. Background Documents**

None.

**12. Appendices**

Appendix A and B