

Report to: Employment and Skills Committee

Date: 24 January 2022

Subject: **AEB Programme**

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Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" 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:	
Are there implications for equality and diversity?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

1. Purpose of this report

- 1.1 To update the Committee on progress with devolved Adult Education Budget (AEB) now the fund is devolved and under delivery.
- 1.2 To seek the Committee's approval for actions which will further improve the responsiveness of AEB delivery and improve the utilisation of the Lifetime Skills Guarantee (Level 3) delegated funds.
- 1.3 To seek the Committee's comments on proposed high-level principles for collaboration on the Employment and Skills agenda.

2. Information

Adult Education Budget

- 2.1. The Combined Authority has now received five Occupancy Reports¹ from the ESFA (August to December 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. Detailed performance data has been provided in **Appendix A**. The attached appendix has also been produced for each Local Authority area and shared with key stakeholders to better understand delivery on a more local level.
- 2.2. The volume and value of data returned has increased substantially since the last report at R02, providing much more visibility of training delivery and the support being made available to West Yorkshire residents. The data platforms developed allow us to analyse performance on provider by provider basis, as well as within specific geographies, and also consider the demographics of learners supported with AEB funding. Dashboards have been developed that are shared with providers and stakeholders to inform delivery and strategic input.
- 2.3. Broadly, provision is behind provider profiles, although some strong performance is evident through both grant and contract for service providers. Significant underperformance is already being addressed through recovery planning, and this paper proposes mechanisms which will allow the Combined Authority to manage funds more responsively.
- 2.4. The pandemic continues to affect the context in which providers are operating: hard to reach learners continue to be more hesitant to engage, blended learning approaches are utilised to support more learning from home. While the MCA seeks to manage funds effectively and responsively, it is mindful of calls from the provider base and stakeholders to be sensitive to the difficulties learners and providers are facing, particularly in light of new variants and a possible increase to restrictions. It should also be noted that remote learning is not the preferred, nor the most effective method of engagement for many of the more disadvantaged WY residents.
- 2.5. Key Account Managers in the Combined Authority's AEB team are developing strong relationships with their provider base, implementing performance management, providing advice and guidance on funding usage and creating links across the AEB partnership. A number of variation requests have been considered and those with clear strategic rationale have been approved to support provider responsiveness.
- 2.6. Partnership meetings have been held in 4 of the 5 Local Authority areas, with the final meeting due in February. These meetings brought together Local Authorities, providers and key stakeholders to share information on provision and learner needs. Future meetings are planned quarterly, with the next round

¹ 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

focusing on a variety of topics as designated by the group, including digital access, links to local strategy and ESOL.

Partnership and Strategic input

- 2.7. With the fundamental logistics of AEB management in place, significant work has been undertaken since the last committee meeting to reflect on the WY AEB strategy's intent and strengthen the partnership work intended to improve the effectiveness of AEB management, recognising and further defining the strategic role of Local Authorities.
- 2.8. A Strategic Skills Workshop was also held with Directors of Development/equivalents from each Local Authority. All parties at the workshop recognised the progress made to build a spirit of collaboration on this agenda and identified other ways to strengthen partnership-working, including open two-way communication, transparency and the sharing of intelligence. Attendees agreed that through collaboration, there is an opportunity to have much greater influence over government departments and national policy-making that impacts West Yorkshire residents.
- 2.9. **Appendix B** outlines a series of asks developed by local authorities and colleges, and documents proposals that have been agreed as suitable across the partnership, following highly detailed discussions regarding AEB operation and the governance structures needed to provide local strategic oversight of provision.
- 2.10. Building on the work that has been done to develop a governance structure for AEB which reflects the unique place-making role of LAs while mitigating against conflicts of interest, there is now an appetite to develop high level operating principles to be determined between the MCA and LAs. From these principles, more detailed roles and responsibilities can be defined specifically to future devolved streams, taking into account any conditions of devolution, and creating a solution-oriented delivery structure. AEB continues to be a 'working example' of partnership activity which can be used to inform future devolution models.
- 2.11. In addition to the above-mentioned development and strengthening of the partnership work and local strategic input to WY AEB, consultations have been held with stakeholders, grant providers and contract for service providers regarding a number of proposals referred to in the previous committee paper. These proposals group into 'performance management' functions and opportunities for responsiveness. The proposals are outlined below for information and approval. Rationale and the context of consultation have been included.

Performance Management proposals

- 2.12. **Tolerance:** in line with calls from the sector to reduce the bureaucracy and uncertainty associated with reconciliation – a 3% tolerance will be applied to

underspend only. A financial value cap will not be applied to this percentage tolerance in 2021/22, reflecting the context in which providers are operating this year. Provider behaviour and the variance to tolerance will be monitored with recommendations made for 2022/23 regarding a future cap.

2.13. **In-year contract growth:** We will provide a clear mechanism whereby successful providers can increase their contract value, to help ensure we maximise the utilisation and potential impact of AEB funding in West Yorkshire. At the mid-year point, all providers will be able to present a simple business case for contract growth providing a range of criteria are met, including:

- They are at or above 95% of their financial delivery profile
- Delivery is in line with their delivery profile in terms of learner numbers, sector and geographical areas
- Deliverer has adhered to the AEB key values and behaviours
- Delivery focuses on AEB entitlements and/or key strategic needs

2.14. Growth requests will be prioritised against strategic need, and in the Local Area geographies with low uptake.

2.15. A sliding scale for contract growth will ensure that growth allocations are both viable and proportionate.

2.16. Growth requests will be accepted initially at the mid-year return (R06), and repeated throughout the year where funding permits, based on reallocation of funds.

2.17. Growth requests for Community Learning will not be accepted until after the Community Learning Review has taken place to inform decisions in an evidenced based manner.

2.18. **Managing Underperformance:** underperformance will be addressed and allow reallocation of funding to successfully performing providers. The sliding scale tapers towards year-end, supporting providers who need time to gain momentum. The scale will be applied to provider delivery plans, although significant variance to ESFA national profile will be highlighted.

Return	R04	R06	R08	R10	R12
Tolerance to national profile	85%	90%	95%	95%	97%

2.19. As per the existing Performance Management framework, underperforming providers will be given 2 months of 'recovery planning' in order to support a return to profile before funding values are removed. It should be noted that some providers have already entered the 'recovery planning' stage, in anticipation of this.

- 2.20. For contract reduction, the % of underperformance against provider profile will be applied to contract value – although consideration of performance improvement and a ‘de minimus’ regarding reduction value will be considered in each case.
- 2.21. **Provider stability:** to support provider sustainability and partnership development the following actions are recommended:
- 2.21.1. Grant providers will be offered a 3 year notational allocation for 2022-25 on the condition that they: Continue to provide a diverse range of programmes that meet a wide range of learner needs, develop delivery plans and contribute to forward planning, participate in the upcoming Community Learning Review
- 2.21.2. Contract for Service providers are recommended for continuation in AY2022/23, as opposed to reprocurring the provider base, with reassurance that an extension for AY2023/24 will also be made, performance and funding dependant.

Responsiveness proposals

- 2.22. There are approx. £4 million uncommitted AEB funds remaining within the Adult Education Budget for AY2021/22. As stated in the strategy, this funding will be utilised respond to emerging needs and/or support allocation growth for providers who are successfully meeting existing demand.
- 2.23. The Responsiveness Pot for AY2021/22 will:
- 2.23.1. Support growth for successful providers to target strategic needs
- 2.23.2. Provide multiple opportunities for providers to tender for specific opportunities (as determined by the MCA and LAs)
- 2.24. New opportunities tendered will span multiple academic years to ensure programmes have sufficient longevity to create an impact. Opportunities will be released individually as and when rationale is clear to increase responsiveness and allow development time for more complex issues.
- 2.25. Initially the AEB Team will work with stakeholders to develop specifications which meet the following needs which have already been identified:
- 2.25.1. ESOL provision
- 2.25.2. Digital Access
- 2.25.3. Addressing the Bus Driver Shortage
- 2.25.4. Green Skills

2.25.5. 'Free courses for Jobs' (see paragraph 2.33)

- 2.26. The team will develop future 'Responsiveness' calls as needs emerge. Calls must demonstrate that they are meeting a specific gap within a local authority area and/or addresses the mayoral pledges.
- 2.27. The Combined Authority and Local Authorities will work closely to identify, agree and develop responsiveness calls, taking into account any conflicts of interest at the initial planning stage.
- 2.28. Where commissioned responsiveness activity involves a flexibility within the Performance Management rules, the Combined Authority will consider whether appropriate to open up this flexibility to the wider provider base. Displacement of wider AEB provision will be the primary concern in this case.

Lifetime Skills Guarantee – National Skills Fund Level 3 (delegated funding)

- 2.29. We have received reassurance from DfE that these funds will continue to be made available and delegated to West Yorkshire for AY2022/23. This has provided comfort to existing providers delivering longer programmes which span multiple years.
- 2.30. Following budget announcements, it is expected that the eligibility of these funds will be expanded in April 2022 to include all adults who are unemployed or earning below the National Living Wage, irrespective of prior qualification levels. The offer will be rebranded 'Free Courses for Jobs'
- 2.31. The uptake of the current offer has been low in West Yorkshire. This reflects the National picture, and the situation reported by other MCAs. In West Yorkshire the funding was made available by Grant agreements to the 7 FE Colleges, whose initial forecast outstripped the value of funding available. Funding eligibility and qualification approvals have reduced these organisations' ability to connect the funding opportunity to learners, and a number have voluntarily lowered their contract value.
- 2.32. In the previous meeting the Committee approved the allocation of these funds to the existing grant providers. This action has been taken, however there remains a surplus of funding which should be made available to our residents where possible.
- 2.33. We propose the following action is taken:
 - 2.33.1. The existing provider base should be permitted to subcontract their current Lifetime Skills Guarantee where there is a strategic rationale. These arrangements should meet all due diligence and contractual conditions, and be approved through existing AEB governance structures.

2.33.2. The surplus funding available will be opened for wider grant providers to submit a business case for an allocation.

2.33.3. A specification will be developed as part of the responsiveness work to commission contracts for services that will address market gaps. This is expected to align with the eligibility expansion when allocation values for AY 2022/23 are known. Contracts will be awarded to span 2021-2023, supporting longer, meaningful programme delivery.

3. Tackling the Climate Emergency Implications

3.1 There are no climate emergency implications directly arising from this report. However, in the proposal to support “green skills” through AEB, there is an opportunity to grow the skills base required in order to tackle the climate emergency.

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, although as per item 4 – this fund seeks to address inequality in skills acquisition. 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 approve the following actions which will improve the responsiveness of AEB delivery and improve the utilisation of the Lifetime Skills Guarantee (Level 3) delegated funds:
- 10.1.1 Apply a 3% tolerance to underperformance at the end of AY2021/22
 - 10.1.2 Update the Performance Management framework and enact the growth and underperformance mechanisms as outlined in 2.13 – 2.20
 - 10.1.3 Provide stability to the AEB delivery partnership for both Grant and Contract for Service providers as per 2.21.
 - 10.1.4 Allocate responsiveness funds through provider growth and new opportunities as outlined in 2.22-2.28.
 - 10.1.5 Increase resident access to Free Courses for Jobs funds (Lifetime Skills guarantee - Level 3) as outlined in 2.33.
- 10.2 The Committee is asked to note the progress and provide comment on partnership work, in particular the strategic input of stakeholders as defined in Appendix B and on the proposed high-level principles for collaboration on the Employment and Skills agenda.

11. Background Documents

None.

12. Appendices

Appendix A – AEB R05 Delivery Data

Appendix B – Partnership asks and proposals