

**Report to:** Combined Authority

**Date:** 17 March 2022

**Subject:** **AEB: Strategy and Delegations Amendments**

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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 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No

## 1. Purpose of this report

1.1 To seek the Combined Authority's approval:

1.1.1 To make two amendments to the AEB Strategy in light of economic circumstances and sector consultation; and

1.1.2 To amend the of AEB Delegations Table, aligning the decision making against strategic and operational matters, and recognising the changed Terms of Reference for the Employment and Skills Committee.

## 2. Information

### 2.1 AEB: Strategy and Delegations Amendments

The implementation and delivery of devolved AEB in West Yorkshire is now well underway. 30,000 learners have already engaged in learning through the funds in programmes delivered by 38 providers, including Local Authorities, Colleges, Charities and independent Training Providers.

2.2 Training programmes range from community programmes that support residents speaking English as a second language, through vocational career

focused Certificate and Diplomas delivered as annual college courses (e.g. construction, health and social care, accounting), to highly specific short occupational programmes that link to live job vacancies, such a telecoms training and railway technicians.

- 2.3 Partnership meetings have been held in each Local Authority to focus on local area delivery and develop progression pathways across the delivery partnership. Participation and performance data is monitored closely and shared with stakeholders and providers to inform and shape delivery.
- 2.4 The WY AEB Strategy prioritised funding towards supporting the unemployed, and making learning more inclusive to support disadvantaged residents. At the mid-point of the year:
- 58% of learners are from the Asian, Black, Mixed and Other ethnic groups
  - 72% of participants are from a disadvantaged area
  - 25% of those now studying a qualification have no previous qualifications
  - 48% are unemployed and seeking work

#### Amendment to the AEB Strategy

- 2.5 Open conversations have been held with providers and stakeholders on ways to improve the impact and responsiveness of AEB in West Yorkshire. Actions that are in line with the WY AEB Strategy have been taken up at an operational level: developing the performance management metrics to support successful providers with growth allocations, unlocking responsiveness funds to meet emerging economic needs. Two amendments outlined below require Combined Authority consideration and approval.
- 2.6 3% Tolerance  
This proposal was received by the Employment and Skills Committee on 24 January 2024 and recommended for approval.
- 2.7 It is proposed that a 3% tolerance is applied to underspend for Grant providers.
- 2.8 This proposal has been consulted with the sector and key stakeholders, and responds to calls from the sector to reduce the bureaucracy, administration and uncertainty associated with reconciliation
- 2.9 The proposed change continues our commitment to provide sustainability within the system as we transition into West Yorkshire management of funds, and furthermore recognises that providers should be supported to deliver based on area and learner needs, rather than focus purely on financial metrics. The 3% tolerance mirrors the national tolerance, and that adopted by some other MCAs.

2.10 A financial value cap will not be applied to this percentage tolerance in 2021/22. This reflects the context in which providers are operating this year, with the pandemic continuing to affect learner participation through hesitancy to engage. Provider behaviour and the variance to tolerance will be monitored with recommendations made for 2022/23 regarding a future cap.

2.11 Low Wage Threshold

'Low wage' earners are eligible for free training through the AEB, with all fees waived. A 'low wage' is currently defined in the AEB rules as aligned to the national minimum wage.

2.12 It is proposed that this rate is increased to align with the Real Living Wage. This will widen the eligibility for free training to residents who are most at need of support, and is therefore in line with two of West Yorkshire's published AEB Priorities:

"Unlock progression opportunities and career adaptability through skills, particularly for those on low wages and with insecure work"; and

"Make learning more inclusive to support disadvantaged residents" <sup>1</sup>

2.13 This proposal is in line with the WY AEB Strategy and follows request and consultation with stakeholders, Local Authority colleagues and sector representatives.

Amendment to the AEB Delegations Table

2.14 The AEB delegations table was initially approved by the Combined Authority on 27 November 2020. It was agreed within that paper that the table should be reviewed once MCA decision -making and committee arrangements had been finalised.

2.15 In line with the above, the AEB delegations Table has been reviewed, considering operational practice and taking account of the changed Terms of Reference for the Employment and Skills Committee.

2.16 It is appropriate that all strategic decision making remains with the Combined Authority, as determined in the Constitution of the West Yorkshire Combined Authority, 'Section 2.2 - Non-Mayoral Functions Reserved to the Combined Authority'.

2.17 It is proposed that while strategic direction should remain within the Combined Authority, it is also important that the MCA is able to harness the expertise of the Employment and Skills Committee members and non-voting members, utilising their understanding of the technical aspects of AEB and the implications that may arise through proposed changes to make and inform decisions.

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<sup>1</sup> West Yorkshire Adult Education Budget Strategy 2020, p7

- 2.18 The Employment and Skills Committee has an increased function through the revised Terms of Reference, to deliver, monitor and review the outcome and impact of the WY AEB strategy, as set by the Combined Authority. The Employment and Skills Committee receives regular updates and will receive an annual review of AEB performance and impact. As such, it should have suitable influencing powers enabling it to act upon the information received, as long as the action is in line with WY AEB Strategy, approved by the Combined Authority.
- 2.19 It remains critical that Conflict of Interest continues to be managed appropriately, in line with Conflict of Interest policy approved specifically for Adult Education Budget. It is also important for balanced and informative discussion to take place to inform decision making. Retaining the decision maker as the Managing Director (rather than the Committee) in cases that involve financial decisions, is helpful in managing Conflict of Interest alongside thorough discussion.
- 2.20 A revised governance table has been provided at Appendix 1, with changes highlighted. The proposed changes are listed below with a rationale:
- 2.21 Approval of the Funding Rules and Performance Management Framework (De-escalate to the Managing Director)  
The Funding Rules and Performance Management Framework form part of the contract. They are operational documents which provide clear parameters that enact the WY AEB Strategy that the Combined Authority has approved, and are therefore appropriate to be enacted through officers.
- 2.22 The Managing Director may refer this approval to the Employment and Skills Committee for recommendations, where wider sector expertise and consultation is desired.
- 2.23 Any change to the rules that would be a departure from the WY AEB Strategy would be escalated to the Combined Authority.
- 2.24 Reallocate budget in response to underperformance / over performance outside performance management framework (De-escalate to the Managing Director)  
This de-escalation supports agile decision making on operational matters that are in line with the WY AEB Strategy, approved by the Combined Authority.
- 2.25 The Managing Director may refer this approval to the Employment and Skills Committee for recommendations, where wider sector expertise and consultation is desired. Committee members will be well informed to support decision making regarding changes to the in-year allocation (e.g. Commissioning pilot projects responding to economic needs).

- 2.26 The final decision should be retained by the Managing Director to help balance Conflict of Interest against facilitating a full and informed discussion at Committee Level.
- 2.27 Any departure from the WY AEB Strategy would be escalated to the Combined Authority.
- 2.28 To make interim changes to the policy and / or WY AEB Strategy in response to emerging economic needs, crisis responsiveness or similar (De-escalate to Employment and Skills Committee)  
This de-escalation supports the Committee in its decision-making function as part of the monitoring and reviewing of delivery. The Committee members will be well placed to understand the implication of interim changes and their alignment to emerging economic needs, which will support swift and responsive decision.

### **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 AEB supports the inclusive growth agenda by increasing the skills and employability of low skilled residents, connecting them to employment opportunities. The statistics listed at 2.4 indicate the reach of the AEB funds to disadvantaged groups. The planned actions under the 'Low wage threshold' will prioritise funding to be spent on disadvantaged and low paid residents.

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

- 5.1 AEB is targeted towards individuals with low skills and who are unemployed. The funds frequently support underrepresented groups through training provision. Our systems are able to monitor the uptake of provision in some underrepresented groups and disadvantaged communities – we are currently exceeding demographic proportions in representation of ethnic minorities and women.

### **6. Financial Implications**

- 6.1 Financial implications arising from this report are limited to the values already budgeted and approved for expenditure on the Adult Education Budget.

### **7. Legal Implications**

- 7.1 The recommendations at 10.1 and 10.2 will require a revision of the WYCA AEB Funding Rules and associated documents.

## **8. Staffing Implications**

8.1 There are no staffing implications directly arising from this report.

## **9. External Consultees**

9.1 No external consultations have been undertaken.

## **10. Recommendations**

10.1 That the Combined Authority approves a revision to the WY AEB Strategy to include a 3% tolerance to be applied to underspend for Grant providers.

10.2 That the Combined Authority approves a revision to the WY AEB Strategy and Funding Rules, defining 'low wage' to be 'earning below the Real Living Wage'.

10.3 That the Combined Authority approves the revised table of delegations at Appendix 1.

## **11. Background Documents**

There are no background documents referenced in this report.

## **12. Appendices**

Appendix 1 – AEB Delegations Table