

Report to: West Yorkshire Combined Authority

Date: 23 June 2022

Subject: **AEB Update and Flexibilities**

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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 checked="" type="checkbox"/> Yes <input 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 Combined Authority on progress with devolved Adult Education Budget (AEB) and on plans to further improve the responsiveness of AEB delivery in Year 2;
- 1.2 To seek the Combined Authority approval for two planned flexibilities which are a departure from the published West Yorkshire AEB Strategy.

2. Information

Adult Education Budget

- 2.1 The Adult Education Budget is targeted towards individuals who have low level skills and/or are unemployed or on a low wage. Through £65 million per annum, it is targeted to support 55,000 learners annually through a range of programmes and access points – community centres, colleges, via Jobcentre Plus referral and linked to employer recruitment programmes.
- 2.2 While it is an underpinning fund in upskilling adults, it is a component part of the wider skills infrastructure, and one that has seen disinvestment over the past decade. Total spending on adult education and apprenticeships fell by 38% between 2010–11 and 2020–21, with a 50% fall in spending on classroom-based adult education. The introduction of the Free Courses for

jobs fund has partially reversed these cuts, with an additional £900 million in extra spending in 2024–25. However, total spending on adult education and apprenticeships will still be 25% lower in 2024–25 compared with 2010–11.

- 2.3 The wider adult skills infrastructure includes (but is not limited to): apprenticeship funding and levy, Higher Education loans, careers funding, adult learner loans employer investment, individual investment, ESIF/UKSPF interventions, National Skills Fund interventions (e.g. Free Courses for Jobs), and, for devolved areas, Gainshare funded interventions.

West Yorkshire Delivery

- 2.4 The implementation and delivery of devolved AEB in West Yorkshire is now in its final quarter. There has been an upturn in delivery, supported by growth applications and supportive provider management, to which the delivery partnership has responded well.
- 2.5 Over 40,000 West Yorkshire residents have already been supported in upskilling across a range of sectors and in preparation for life and work. Delivery is targeted to those with low skills, out of work, on a low wage and living in disadvantaged areas. Case studies are being developed to show the impact of the fund on individuals and their prospects, and will be shared through digital media. Exempt Appendix A provides a summary of current delivery and the demographics of participants.
- 2.6 Since devolution of the fund and powers on 1st August 2021, the Combined Authority has made considerable progress toward the WY AEB strategy:
- The provider base has been reduced from 200+ to 38, allowing for closer management of a 'partnership' to understand delivery
 - Demographic uptake data indicates our core messaging is shifting delivery to focus on those who are most disadvantaged
 - Partnership meetings have been established in each local authority to support a place-based approach
 - Subcontracting has been reduced from £9m to £1.5m, stripping out 20% management fees that take money away from learners
 - Responsiveness funds have been targeted to support the recruitment of WY Bus Drivers
 - The increased threshold of low wage has opened up access so that more residents on low incomes can undertake training for free
 - A new 'growth' mechanism is in place to support successful providers to increase provision, mobilising the funds in year to support more residents
 - We have joined together funding from the 'Free Courses for Jobs' (Level 3 delegated to fund) with AEB in a procurement round to create a better package for individuals

- 2.7 A full report on Year 1's performance will be provided to the Employment and Skills Committee to consider the impact that has been made through funding devolution.

Plans for Academic Year 2022/23

- 2.8 The new academic year, and therefore funding year, begins 1 August 2022. West Yorkshire Combined Authority has received growth in both the AEB devolved fund and the Free Courses for Jobs (Level 3) delegated fund, outlined in the table below.

	2021/22	2022/23	Variance
AEB	£65,100,832	£66,421,247	£1,344,800
Free courses for Jobs	£4,622,770	£5,517,499	£894,729

- 2.9 The following has been approved in preparing for Year 2:
- 2.9.1 All providers' allocations have been baselined at their 21/22 allocation
- 2.9.2 WY Grant providers will receive a 3% increase to their allocation. This recognises their strategic place-shaping role, is in line with ESFA metrics for growth and acknowledges the increase that the Combined Authority has received from DfE.
- 2.9.3 Contract for Services providers who have applied and been awarded growth in 2021/22 (based on successful performance and sound business cases) will have this recognised and included in their 22/23 allocation.
- 2.10 The allocations outlined in 2.8 are all subject to performance and are currently being reviewed against each providers' outturn. Final allocations will be issued in early July.
- 2.11 WY Grant holders will plan their delivery first and this will be reviewed by MCA and LA colleagues prior to agreeing delivery plans for contract for services to help shape what we 'buy' from the contracted provider base on a local level, and better match provision to need.
- 2.12 The summer Partnership Group meetings will be joined into one 'in-person' AEB conference to bring together the whole delivery partnership. Break-out sessions will provide focussed mapping of provision in LA areas, along with sessions to share best practice and develop pathways between provision.
- 2.13 The Community Learning review will shortly commence, with an external consultant undertaking research (including interviews and data analysis) with all providers who hold a Community Learning allocation. The report will be

shared with the Employment and Skills Committee for discussion and recommendations once complete. It is proposed that a similar review of subcontracting should take place in year 2, when a full year of data and behaviour can be seen.

- 2.14 MCA and LA colleagues have formed a 'Multiply working group' in order to help shape West Yorkshire's Multiply Investment Plan. There is considerable overlap of the Multiply target market to AEB, and the team is working to ensure activity does not duplicate provision already commissioned, but wraps around and adds value.
- 2.15 Open conversations continue to be held with providers and stakeholders on ways to improve the impact and responsiveness of AEB in West Yorkshire. Alongside the proposed flexibilities the following areas are being explored, in terms of whether new provision needs to be commissioned, or how we take a strategic approach through our existing providers;
- Targeting 'cold spots' where participation is low in deprived areas
 - Respond to the needs of the Green Jobs Task Force
 - Respond to the needs of the digital skills plan
 - Skilled sector ('good jobs') with vacancies
 - Supporting ex-offenders
 - Supporting care leavers
 - Emerging economic needs

Proposed Flexibilities

- 2.16 It is planned to include the following flexibilities within the WY AEB Funding Rules for 2022/23. The first four proposals are in line with the WY AEB Strategy, and will therefore be shared with the Employment and Skills Committee for discussion and with final approval by the Managing Director, as per AEB Delegations. All proposals aim to channel the funding available through AEB to WY residents who need it most.
- 2.16.1 Expanding the age of entitlement for a 'first full level 2' from 19-23 to 19+
- More than a quarter of the adult population is qualified below level 2 in West Yorkshire, almost 400,000 people. Currently people aged 24+ have to contribute towards their first 'full' level 2, while 19-23 year olds have free access. This is not the case with 'Free Courses for Jobs' where the entitlement for a first full Level 3 (A Level equivalent) is now available at all ages.
- 2.16.2 With this change, any WY adult who does not have a 'full' level 2 qualification (equivalent to 5 GCSEs A* to C or 9 to 4), can undertake these qualifications for free.
- 2.16.3 It is suggested that the entitlement to a GCSE equivalent should be available for any adult, irrespective of age, and that the current national position of not funding all-age entitlement at level 2 cuts off the lowest skilled from progressing.

- 2.16.4 This recommendation contributes to our ambition to prioritise funding to those who are more in need, and to simplify eligibility to funds at point of access for the individuals.
- 2.16.5 Expanding the 'Digital Entitlement' to ensure digital skills for all
- 2.16.6 Just under a quarter of adult residents of Yorkshire and Humber don't have Essential Digital Skills for Life. 7% of these are digitally excluded, meaning they cannot complete a single 'foundation' digital task such as turning on a device, using a mouse/keyboard, interacting with the home screen on a device, connecting to Wi-Fi, or browsing the internet.
- 2.16.7 To date, take up of the digital entitlement is low. Explorations with the sector would indicate that limited range and scope of the approved qualifications for this entitlement are a key factor in this. Working with the sector, we have identified and will approve funding in WY for more digital qualifications that give people the skills they need.
- 2.16.8 This work contributes to the Social Digital Inclusion objective within West Yorkshire's Digital Skills Plan, supporting WY adults to have digital skills needed for life and work.
- 2.16.9 Test Pilot: Bridging programmes that support progression to Level 3
- 2.16.10 The 'Free Courses for Jobs' (FCFJ, previously Level 3 National Skills Fund) programmes is undersubscribed nationally. In West Yorkshire we estimate that only around 25% of the funding available to our residents will be utilised in 2021/22. As a delegated fund, we have little ability to shape and design the offer itself, but we can use AEB flexibly to support adults in progressing and taking up this opportunity. This proposal aims to bridge the 'jump' between level 2 and level 3, particularly when an adult has been out of education for some time
- 2.16.11 We are working with providers who have a FCFJ allocation to determine short 'bridging programmes' that provide a stepping-stone to the longer level 3 programmes. This may involve modules at level 2 or level 3 that serve as a taster, or a refresher, or potentially as a package which focusses on e.g. self study, research skills, etc
- 2.16.12 This proposal is to use test pilots to assess uptake, impact (specifically progression to Level 3) and affordability of this approach.
- 2.16.13 Test Pilot: Increasing the number of courses 19-23s are entitled to

- 2.16.14 Due to some of the technicalities surrounding eligibility for a 'first full level 2', adults aged 19-23 have a more limited offer of courses available to them to study than 24+. This is a result of the ambition to provide adults with a substantial, GCSE equivalent qualification - but can disadvantage those who would benefit from shorter interventions.
- 2.16.15 This proposal is to use test pilots to understand where wider flexibility can support 19-23 year olds in accessing learning and working towards their first level 2. We are working with providers to expand the range of qualifications available through AEB, and will assess uptake, impact and affordability of this approach.
- 2.17 Two planned flexibilities sit outside the scope of the published WY AEB Strategy, and therefore require approval. These proposals seek to address recent changes to national policy that are prohibitive to engaging some of our more disadvantaged groups. Through these proposals we continue to simplify eligibility for individuals at the point of access, and promote an open and inclusive West Yorkshire.
- 2.17.1 Waiving the '3 Year UK Residency' status for full funding
- 2.17.2 Family members of EEA and UK nationals were previously eligible to access Adult Education Budget provision without the need to hold three years' ordinary residency. This was removed by the ESFA in early 2021/22, requiring family members of EEA and UK nationals to have been ordinarily resident in the UK or EEA for at least the previous three years on the first day of learning to be eligible for AEB funded provision.
- 2.17.3 This now means dependants, including the partner, parent or adult child of an EEA or UK national would be unable to access AEB funded training that could support them in life or work. AEB providers have had to turn away hundreds of potential learners as they are now unable to enrol them onto courses for which they were previously eligible. These learners included many progressing English for Speakers of Other Languages (ESOL) learners who are now locked out of provision that supports English language development and social integration outcomes.
- 2.17.4 This proposal addresses ESFA's 2021/22 rule change, and will allow family members of eligible UK and EEA nationals to have 'day 1' access AEB funded provision.
- 2.17.5 Providing full funding for eligible asylum seekers
- 2.17.6 Asylum seekers are eligible for AEB funding after 6 months of residency in the UK. However, eligible asylum seekers still face significant barriers to accessing courses. Due to the fact that they are unable to work and are not

in receipt of benefits, they do not fit the AEB 'unemployed' definition as set out in the Funding Rules and are, therefore, only eligible for co-funding. Many providers have waived the fees where they are able to, but many do not, which represents a considerable financial barrier for learners.

2.17.7 This financial barrier significantly limits the accessibility of adult skills provision for asylum seekers, many of whom require English for Speakers of Other Languages (ESOL) support to help their integration into society.

2.17.8 It is therefore proposed that the AEB Grant Funding Rules from the 2022-23 academic year onwards are updated to include full funding for eligible asylum seekers.

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 section 4 – this funding seeks to address inequality in skills acquisition. Initial enrolment statistics are reported in Appendix A, and this will be expanded to include achievements as delivery progresses.

6. Financial Implications

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

7. Legal Implications

7.1 The Combined Authority's legal team have considered recommendations at **2.17** and reviewed the terms of our Memorandum of Understanding, as they address the eligibility for the programme, as opposed to the flexibility in how funds are used.

7.2 The letter of delegation from the Secretary of State to the Mayor sets out the powers and functions that are delegated to the Mayor under the Apprenticeship, Skills, Children and Learning Act 2009, and sets out the conditions attached to the delegation. There are no specific restrictions either in this letter or the Memorandum of Understanding between the Mayor and

the Secretary of State, on West Yorkshire setting its own residency eligibility funding rules for family members. The letter of delegation provides that the Mayor must adopt rules of eligibility for awards by an institution to which the Mayor makes grants, loans or other payments in accordance with any direction given by the Secretary of State.

7.3 In exercising the delegated functions, the Mayor must have regard to guidance issued by the Secretary of State for this purpose (as amended from time to time or as replaced by a subsequent document). Guidance was issued in July 2019, and the Mayor must have regard to this Guidance when making a decision as a condition attached to the delegation. The Guidance does not contain any provision which is inconsistent with the proposal to waive the residency requirement.

7.4 It is therefore proposed that, subject to any applicable exemptions, the AEB Rules for West Yorkshire be amended to reinstate the waiver for family members of an EEA or UK national.

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 notes progress made so far in Year 1 with AEB delivery and plans to improve the efficacy of the funds in year 2.

10.2 That the Combined Authority approves the two Funding rule amendments proposed at **2.17**.

11. Background Documents

There are no background documents referenced in this report.

12. Appendices

EXEMPT Appendix A – AEB Delivery Report