

<b>REPORT TO:</b>	Employment Learning and Skills and Community Policy Performance Board
<b>DATE:</b>	19 <sup>th</sup> November 2018
<b>REPORTING OFFICER:</b>	Strategic Director Enterprise, Community and Resources
<b>PORTFOLIO:</b>	Economic Development
<b>SUBJECT:</b>	Adult Education Budget Devolution
<b>WARDS:</b>	Borough wide

## 1.0 PURPOSE OF THE REPORT

1.1 The purpose of this report is to provide an update on the plans for the devolution of the Adult Education Budget (AEB). This currently funds the majority of the Adult Learning Team Service in Halton Borough Council.

## 2.0 RECOMMENDATION: That

- 1) Members note progress to ensure that Halton receives a fair and proportionate share of the funding.

## 3.0 SUPPORTING INFORMATION

### 3.1 Background information

#### What is the Adult Education Budget used for and by who?

3.1.1 AEB is funding provided for Liverpool City Region residents outside of Apprenticeships, Traineeships, Advanced Learner Loans and Higher Education. Currently, AEB is administered through a combination of grant funding agreements and procurement contracts. This will continue although the balance between grants and procurement contracts may change.

The funding supports a set of four statutory legal entitlements:

- English and maths for aged 19+
- First full level 2 aged 19-23
- First full level 3 aged 19-23
- New digital entitlement

The funding also supports learners in the following categories:

- 19-23 year olds fully funded maths & English, learning to progress up to and including first full level 2 and/or level 3

- 24+ year olds and claiming Employment Seekers Allowance, Universal Credit, Job Seekers Allowance including those who receive NI credit only
- English for Speakers of Other Languages, ESOL fully funded if unemployed otherwise co-financed
- Learning aims up to and including level 2 if individual has already achieved first level 2 or above. Fully funded if unemployed otherwise co-financed.

3.1.2 The latest full year information based on 2016/17 ILR data suggests:

- 16 Grant funded providers based in Liverpool City Region receive £34.5m
- 22 Independent Training Providers based in the City Region receive £22.1m of which £6.5m is spent on City Region residents
- 131 Grant funded providers based outside of the City Region delivered circa £4m of training for City Region residents
- 52 Independent Training Providers based outside of the City Region delivered circa £6.7m with City Region residents
- Overall, over one quarter of AEB spend (excluding Community Learning) funds entitlement provision
- There are 49000 learners with around 16% learners are aged 19-24 (HBC 10%)
- 17% are BAME (HBC 6.1%)
- 23% self-identified as having a learning difficulty, disability and/or health problem (HBC 58% disability; 16% learning difficulty)
- 53% female (HBC 74%), 47% male (HBC 26%)
- 38 LCR based providers deliver 78% of overall spend on City Region residents (HBC spend is 98.5%)

3.1.3 The Liverpool City Region Devolution Deal in 2015 set out how the Adult Education Budget (AEB) would be fully devolved to local areas. This will commence from 2019/20 and will be for Liverpool City Region residents only.

3.1.4 A Memorandum of Understanding has also been agreed with the Department for Education to ensure that the devolved budget of approximately £52m per annum will follow. Once the Combined Authority takes on this role, it will be responsible for commissioning AEB funded provision in the Liverpool City Region, and, therefore, will have the freedom to set local priorities and funding rates, while still being subject to the statutory duties of the Secretary of State. This will allow it to focus on meeting local area need, delivering local economic objectives and developing a sustainable local provider base.

### **3.2 Progress to date**

3.2.1 As part of devolution preparations, the Combined Authority has engaged with Further Education Colleges, Local Authorities and Independent Training Providers. This has also informed the open

procurement of £10-£15m of the AEB budget. The engagement process has served as a forerunner for further negotiations with Colleges and Local Authorities for grant funding agreements later this year.

- 3.2.2 An initial market engagement event took place in August to garner stakeholder views and comments. The event outlined the strategic context for skills devolution, local skills needs and emerging commissioning principles. The presentation was followed by round table discussions facilitated by Combined Authority staff and local partners. The presentation from the event is contained below.

[Presentation Slides](#)

[Soft Market Testing Questionnaire](#)

[AEB FAQ's](#)

- 2.3.3 A further workshop took place at the beginning of October 2018; this was for small providers to come together alongside local authorities and colleges with a view to exploring collaboration concerning the Adult Education Budget procurement process. The draft principles for commissioning local services are described as follows:

- Evolutionary change over time to the funding system
- Opportunity to 'test and learn' using local flexibilities and innovations e.g. for priority cohorts and/or sectors
- Sub-contracting will be agreed where this adds value to the mix and balance of provision locally e.g. small-scale niche or specialist provision – with fair and robust policies for fees
- Allocations and details of commissioned provision will be openly published to ensure transparency of process

Delegates were advised that the AEB will deliver social, economic and environmental benefits to the Liverpool City Region, and examples include:

- Employer volunteering / placements for learners
- Opportunities for disadvantaged residents such as long-term unemployed, and those with disabilities
- Reducing energy consumption
- Fair subcontracting policies
- Measuring and rewarding success

**The Combined Authority is keen to involve SMEs, third sector and small providers:**

- SMEs can play an important role in delivering Best Value for the Adult Education Budget
- Much stronger position to tender for contracts
- The Public Sector is a good customer
- Various options exist including:
  - Developing partnership/consortia bid

- Becoming a sub-contractor to a ‘lead’ provider
- There are benefits and considerations to the approaches –it is your choice.

#### **Procurement timeline\***

- Standard Selection Questionnaire (SQ) Issue Date: **November 2018**
- SQ Submission Date: **December 2018**
- Invitation to Tender: **January 2019**
- Deadline for Tender Submission: **February 2019**
- Evaluation of Tender Submissions: **February –Late March 2019**
- Contract Award Target Date: **April 2019**

\* **All Dates are Indicative at this stage**

### **3.3 Key issues/challenges**

- 3.3.1 AEB devolution will not fix all the problems with the skills system. It is a small but crucial cog in meeting local skills needs and re-engaging adults in learning. The Council has an excellent record of accomplishment in re-engaging adults into learning with 67% of 17/18 learners being unemployed.
- 3.3.2 Devolution will help minimise duplication. Local commissioning will ensure that it is responsive to local needs that national policy can miss. The Council is working collaboratively with Riverside College in AEB delivery planning and a joint planning document is being drawn up to demonstrate a proactive approach to AEB devolution.
- 3.3.3 Devolution can help identify additional desired outcomes from the skills system and reward them appropriately. For example, 98% of Halton learners in 17/18 said they feel prepared to choose their next steps (for example, into employment, or another course); 48% progressed onto another course; and 15% progressed into employment. Being able to evidence these outcomes is something that not all providers of AEB are currently in a position to be able to do; but this is something that community learning providers have been doing for a number of years.
- 3.3.4 It is hoped that devolution will allow for longer term planning that is unaffected by national policy change. Currently the Council is funded on an annual basis, meaning longer term planning is very difficult.
- 3.3.5 The Combined Authority is seeking greater collaboration around joint curriculum planning, cooperative marketing methods targeting underrepresented groups; and joint approaches for CPD for staff. HBC and Riverside College continue to review jointly the curriculum to ensure both offers are complementary and allow for learner progression and cross referrals. Both the Council and Riverside College will include details of the other’s ‘offer’ in their future prospectuses, demonstrating the collaborative approach being taken to supporting Halton residents; and joint CPD planning is already underway, with the Council’s Adult Learning Service holding its

December Continuous Improvement Workshop at Riverside College, including networking with peers and a tour of facilities so that tutors understand, first hand, what the college's AEB and broader offer is.

### **3.4 What will be commissioned in 2019/20?**

3.4.1 At a City Region level, the local statutory entitlement provision accounts for 31% of learners and 25% of funding – this will continue (the Council delivers statutory entitlement provision in maths, English and digital). Outside of entitlements, priorities could include:

- **Social:** ESOL, community learning, engaging residents who are economically inactive (e.g. 56% HBC learners reside in the top 30 most deprived wards in the country; 67% HBC learners are unemployed);
- **Economic:** inward investment/redundancy, re-training for career change, workforce development in sector skills gaps, addressing low skills levels for the 50+, employability of long-term unemployed adults (e.g. 30% of HBC learners are aged 50+; the Council successfully delivers a wide range of sector specific and generic pre-employment training working with local employers);

3.4.2 Leveraging other funding sources to support local priorities will be crucial to the Combined Authority, as will local alignment, rather than displacement, of AEB funded provision (e.g. the Council's Employment, Learning & Skills Division is 100% externally funded and aligning funding sources to maximise the offer is something that the Division has many years of successfully achieving this).

## **4.0 POLICY IMPLICATIONS**

4.1 There are no further policy implications.

## **5.0 FINANCIAL IMPLICATIONS**

5.1 The Council's Adult Learning Service currently receives £633k AEB, which funds all staff, resources, training, accreditation and exam costs, service charges/rent, utilities and marketing costs for the service. Any changes in funding would have a significant impact on these areas of expenditure.

## **6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

### **6.1 Children & Young People in Halton**

6.1.1 Not directly, as the AEB relates to funding post 19.

### **6.2 Employment, Learning & Skills in Halton**

6.2.1 As detailed earlier in the report, AEB funds learning and skills provision for residents in Halton aged 19+. AEB is used alongside other funding streams within the Employment, Learning & Skills Division to maximise the offer to local people. The Adult Learning Team is working closely with Riverside College (who also are recipients of AEB) in mapping out provision and planning future strategies to ensure there is no duplication of provision and that progression pathways are enhanced. Collectively, a planning document is being prepared setting out how the two key Halton providers of AEB will help deliver the strategic skills priorities for the City Region in readiness for any procurement rounds.

### **6.3 A Healthy Halton**

6.3.1 The City Region has confirmed that those individuals with disabilities/learning difficulties/health conditions will be priority beneficiaries of AEB. There is a lot of research to suggest that accessing adult learning and skills provision has a positive impact on people's health and associated conditions.

### **6.4 A Safer Halton**

None

### **6.5 Halton's Urban Renewal**

None

## **7.0 RISK ANALYSIS**

7.1 The current AEB funding is carefully managed by the Adult Learning Team and overseen by the corporate finance team to ensure expenditure does not exceed income and to ensure efficiencies. As recipients of AEB grant funding, the risk to service in this first year is minimal as grant arrangements will continue. The service will need to monitor AEB developments closely to ensure it is in a good position to be able to continue to receive AEB funding in future years.

## **8.0 EQUALITY AND DIVERSITY ISSUES**

8.1 None.

## **9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

9.1 There are no relevant background papers.