



Agenda Item No: 3.1

Department for Education (DfE) Funding and Accountability Consultation

To:	Skills Committee
Meeting Date:	5 September 2022
Public report:	Yes
Lead Member:	Councillor Lucy Nethsingha, Lead Member for Skills
From:	Parminder Singh Garcha, Senior Responsible Officer – Adult Education
Key decision:	No
Forward Plan ref:	N/A
Recommendations:	The Skills Committee is requested to: a) Note the Department for Education’s second Funding and Accountability Consultation and the implications for the Combined Authority.
Voting arrangements:	No vote required.

1. Purpose

- 1.1 This report aims to update members on the latest funding and accountability consultation being undertaken by the Department for Education (DfE) and the potential risks and opportunities for the Combined Authority's devolved skills programme.
- 1.2 The consultation closes on 21 September 2022 and members are invited to provide input into the Combined Authority's response in writing, to the Skills Team following discussion at today's committee.

2. Background

- 2.1 In July 2021, the DfE consulted on proposals for a reformed adult funding and accountability system to help deliver on this vision. There were 142 responses from a range of organisations and individuals, including Combined Authorities. Cambridgeshire and Peterborough Combined Authority as well the Local Government Association, submitted responses. The Skills and Post 16 Education Act (2022) received Royal Assent and the DfE is tasked with implementation of the reforms that were set out in the Skills for Jobs Whitepaper (2021) of which funding and accountability have implications for the whole skills system.
- 2.2 This second consultation sets out proposals for simplification of funding and strengthening of accountability in the further education (FE) sector, the consultation closes on 21 September 2022. The DfE state that their intention is for the reforms to change the incentives in the FE system by focussing accountability on outcomes and simplifying the funding system, so providers have the flexibility that they need to deliver in the most effective way.
- 2.3 A summary of the reforms are provided below:

1. **Simplifying the funding system** through a single **Skills Fund** starting in 2023/24. The new fund will include Adult Education Budget (AEB) including Community Learning and Free Courses for Jobs (FCFJ) – Level 3
 - simplifying funding for new investments – moving to a single funding stream for all development funding in the next spending review
 - working with Mayoral Combined Authorities (MCAs) and any new authorities with devolved responsibilities for adult skills to develop a new strategic relationship with them, exploring they are **best held to account** for skills outcomes in their area
 - explore how a national funding model can help to ensure an effective longer-term devolved system which learners, employers and providers can effectively navigate and a multi-year funding allocation to give both MCAs and providers more certainty
 - improving data quality by investing in better collection, storing, and sharing systems, reducing the administrative burdens for providers
2. **Developing a fairer funding system that spreads opportunity across England:**
 - A new needs-based funding formula for distributing funding in the new Skills Fund that supports levelling up
 - exploring how our available resources can support those areas most in need to boost the level of adult skills in those parts of England where opportunity is lowest,

and support levelling up

3. A system focussed on delivering good outcomes for learners, employers, and the taxpayer:

- creating a new set of funding rates for adult skills to both simplify funding and boost funding for training in areas of greatest skills need from 2023/24
- in non-devolved areas, refocussing non-qualification provision (such as Community Learning) so it is clearer what outcomes this is intending to achieve
- supporting providers in developing new, innovative provision by giving more flexibility in how they use their Skills Fund allocation
- introducing a statutory duty to regularly review provision and asking providers to set out how they are meeting local skills needs in new Accountability Agreements
- developing a Performance Dashboard to help providers measure their performance and benchmark against peers
- introducing enhanced Ofsted inspections, which will consider how well providers are responding to skills needs
- designing an accountability system that will apply to providers both in devolved and ESFA-funded areas, covering all post-16 provision, with Ofsted and with the FE Commissioner continuing to play a national role
- resetting our relationship with colleges by providing more strategic support so that they can thrive in this new system
- giving the FE Commissioner a leading role in supporting colleges in intervention to improve, through a Single Improvement Plan.

2.4 On balance, the reforms do not seek to roll-back any of the devolved functions of MCAs and in some respects, seek to strengthen our role, particularly with regards to:

- the accountability system - working closer with the FE Commissioner to support colleges in intervention through a Single Improvement Plan
- informing College governors on their Governance Review and Ofsted on the new judgement around meeting skills needs
- Local Skills Improvement Plans - the duty placed on Employer Representative Bodies to engage with MCAs and take their views into account, providing a statement to confirm this.

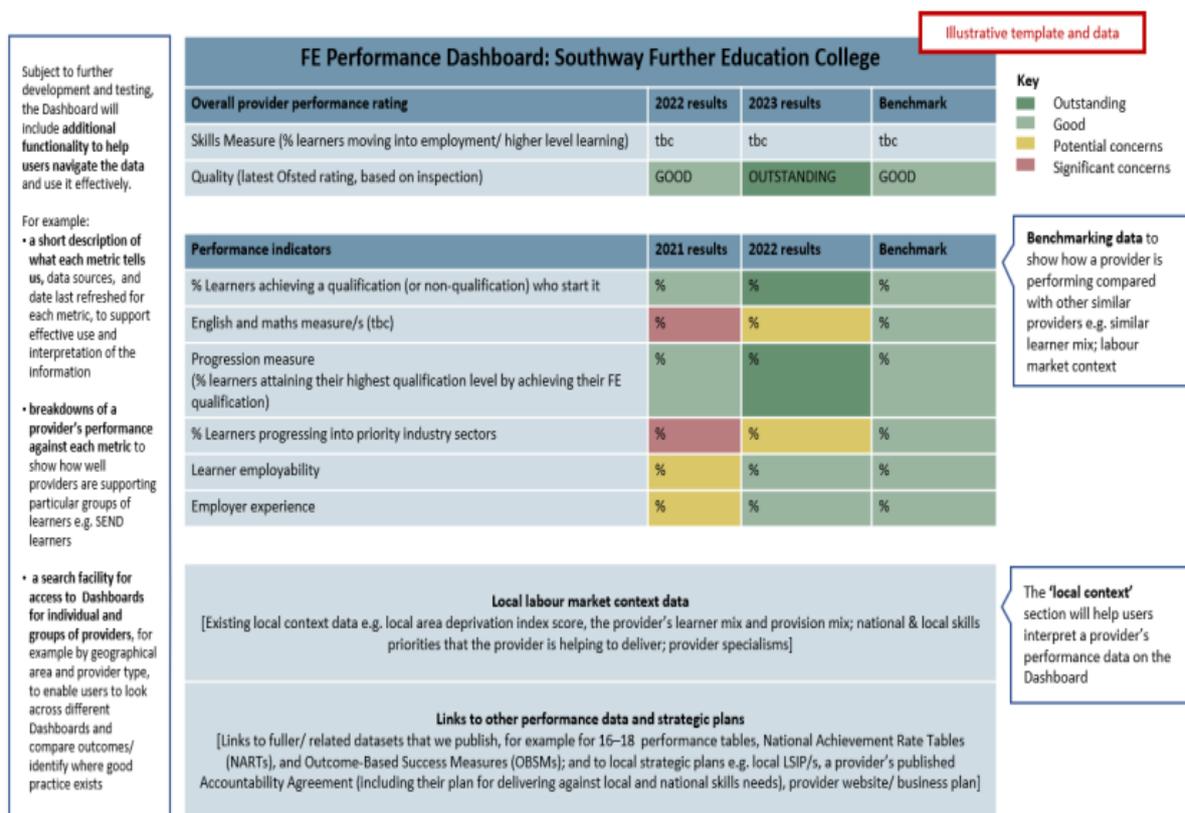
Officers welcome many of the proposals such as:

- Publication of the new Performance Dashboard which will allow benchmarking and provide visibility across all programmes delivered by colleges
- Multi-year funding settlements for MCAs will allow better planning, commissioning and delivery of the local strategy with greater confidence. Multi-year budgets will be aligned to the government's Spending Review cycle. MCAs will receive their budgets for 2023/24 and 2024/25 at the same time. Funding for 2024/25 will be an indicative figure.
- Simplification of funding and creating a new Skills Fund, however DfE should go further and consolidate 19-24 Traineeships and Skills Bootcamps into the Skills Fund. This will allow greater local flexibility to maximise the funding.
- Excluding devolved areas from the changes to Community Learning and potential loss of local flexibility and excluding MCAs from the introduction of 'lagged' funding for providers

- Reforming qualification funding rates according to a new set of funding bands to boost funding for provision which meets labour-market needs. For example, Net Zero, including Construction, Manufacturing, Digital, Agriculture and Environmental Sustainability as well as for Health and Social Care
- Accountability Agreements - will incorporate and replace Funding Agreements and include a delivery 'Plan'. Devolved provision is included in these agreements. Colleges will develop their first Accountability Agreement for the 2023/24 academic year. The opportunity is to look at how this dovetail with greater local accountability as per devolution agreements. Colleges will need to demonstrate how they meet national and local skills needs, aligned to the LSIP.
- The new Skills Measure in the Performance Dashboard will measure the percentage of learners moving into sustained employment or higher-level learning after achieving their FE. The measure will allow each provider to compare an 'expected' progression rate (considering learner characteristics) with their 'actual' progression rate. Where feasible, the measure will consider differences in learner and provider characteristics, for example free school meal status and prior attainment, as well as local economic context.

In the Consultation document, Figure 4 below, shows what the FE Performance Dashboard will look like:

Figure 4: Outline of proposed metrics and key features in the FE Performance Dashboard



2.6 Concern among the wider M10 group of MCAs has been raised as follows:

- Accountability arrangements for MCAs - this is referenced in the consultation, but no details are provided. For the M10, existing assurance arrangements are already in

place via our Local Assurance Framework.

- The new DfE national provider list is not being consulted on but is referenced in the document. The risk is that smaller local providers cannot be commissioned as they are not on the DfE list
- Detail of the new ‘needs-based’ funding formula are vague, and this has not been provided in this consultation. The DfE expects to detail their approach in 2023. Previously, population density, rurality and deprivation had been proposed as factors for the new ‘needs-based’ funding formula. Cambridgeshire and Peterborough may benefit from this approach, given the growing population, relative deprivation in the north and rurality.

2.7 The table below sets out the timeline for each proposal:

Figure 3: Implementation timeline for each proposal

	Academic Year 2021 / 22	Academic Year 2022 / 23	Academic Year 2023 / 24	Academic Year 2024 / 25
Skills Fund	Consulting	Implementing	Live	
Non-qualification funding	Consulting		Live	
New funding rates	Consulting		Live	
Local Skills Improvement Plans	Trailblazers	In development	Live	
Performance Dashboard	Consulting	Building	Live	
Accountability Agreements	Consulting / Piloting	In development	Live	
Ofsted enhanced inspections	Consulting / Piloting	Live		
Single improvement plans	Consulting / Piloting	Live		
Last resort powers	Legislating	Live		
Improved data	Discovery phase	Alpha phase	Public beta phase	Live

Significant Implications

3. Financial Implications

- 3.1 There are no immediate financial implications. The multi-year funding allocation that is proposed for 2023/24 and 2024/25 is welcomed. Further detail on the new ‘needs-based’ funding methodology for MCAs is awaited.

4. Legal Implications

- 4.1 The recommendations in this paper are for noting and so there are no immediate legal implications or proposed changes to the Devolution Agreement.

5. Public Health implications

- 5.1 The report recommendations are for noting and have **neutral** implications for Public Health.

6. Environmental and Climate Change Implications

- 6.1 The report recommendations are for noting and have neutral implications for the environment.

7. Other Significant Implications

- 7.1 The recommendation in this report is for noting and therefore has a neutral impact with regards to the Combined Authority's Equalities duties under the Equality Act 2010 in implementing funding policies and projects which seek to widen participation and make learning opportunities more accessible for all citizens including all protected characteristics.
- 7.2 The DfE consultation provides an opportunity for respondents to input on groups with protected characteristics under the Equalities Act 2010 and comment on the impact of the proposed changes.

8. Background Papers

- 8.1 [DfE Funding and Accountability Consultation July 2022](#)