



Agenda Item No: 2.1

Adult Education Budget: Contract Awards to Independent Training Providers and proposals for further commissioning

To: Skills Committee

Meeting Date: 5 September 2022

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 recommended to:

- a) Recommend that the Combined Authority Board approve the contract awards to Independent Training Providers for the 2022/23 academic year, from the devolved Adult Education Budget (AEB) and National Skills Fund as set out in TABLE B to the report and increase the commission from £3.8m, to up to £4.5m
- b) Recommend the Combined Authority Board delegates authority to the Interim Associate Director of Skills in consultation with the Chief Finance Officer and Monitoring Officer, to enter into and sign contracts for services with the Independent Training Providers set out in the paper
- c) Note the significant progress made through this procurement process to broaden the training provider market and widen choice and learning opportunities for our citizens and businesses

- d) Note the approach for further commissioning of the Adult Education Budget, including piloting a new approach for local voluntary and community sector providers.

Voting arrangements: A simple majority of all Members present and voting.

1. Purpose

1.1 This report provides an update to the Skills Committee following the conclusion of a successful open and competitive, procurement exercise for new Independent Training Providers (ITPs) and to:

- seek authority and delegations to the Interim Associate Director of Skills to enter and sign contracts for services with the ITPs set out in TABLE B.
- allocate c£4.5m from the Adult Education Budget and National Skills Fund, to contracted provision with ITPs for the academic year 2022-23. Funding future years are subject to performance.
- note the positive outcome of the procurement process for Lots 1 – 3, in building additional delivery capacity to meet local skills needs and enabling and developing a mixed and diverse provider marketplace in our sub-region.
- note the approach to commission for Lots 4 and 5, where the market did not respond sufficiently
- note the different approach for commissioning smaller Third Sector (charities and voluntary and community sector providers) within the mayoralty
- note the implications for staffing capacity in the Combined Authority's Skills Service, as we grow the provider-base as a positive result of this procurement. This is being addressed as part of recruitment.

2. Background

2.1 Under orders made from the Local Democracy, Economic Development and Construction Act 2009, adult education functions from the Apprenticeships, Skills, Children and Learning Act 2009 were transferred from the Secretary of State for Education to Cambridgeshire and Peterborough Combined Authority from August 2019.

2.2 A recurrent ring-fenced budget of c£12m per academic year has been allocated to the Combined Authority to discharge the transferred duties. This equates to 0.9% of the national AEB. In addition, c£0.9m has been delegated as part of the Free Skills for Jobs offer (previously known as the Level 3 Adult Offer, under the Lifetime Skills Guarantee) from the National Skills Fund. As AEB is a devolved and ring-fenced budget, underspends from previous years are 'recycled' back to providers for delivery of learning. There is c£2m of 'recycled' AEB being held in reserve that will now be contracted in 2022/23.

2.2 The Combined Authority commissions its devolved AEB through a combination of:

- **grant funding agreements** for Colleges, Local Authority Institutes of Adult Learning and Specialist Designated Institutes (SDIs).
- **procured contracts for services** for private and third sector training providers (ITPs). For the 2022/23 academic year a budget of £3.5m has been 'tendered'.

2.3 Grants

As recommended at the Skills Committee of 16 March 2022, the Combined Authority Board on 30 March 2022, approved for the 2022/23 academic year allocations to grant funded providers of £10,825,000.00. Following further discussions with grant funded providers at the third performance review meetings, the updated funding allocations are included for

reference in Appendix 1 - including AEB and the National Skills Fund. Grant funding agreements have been signed.

2.4 **Contracts to ITPs**

Contracts awarded from this procurement to ITPs will start on 5 September 2022 until 31 July 2027, running on an annual basis (with a break-clause) for a five year-period. The previous procurement ran for a three-year period from 1 August 2019 - 31 July 2022. The intention to provide a longer commissioning cycle, is to ensure stability for ITPs and unlock investment from them in our local skills system. The expectation is that a five-year commission will enable greater partnership working across our sub-region and within Districts, from a place-based perspective. Future allocations of funding will be amended based on policy changes, availability of funding, and performance against the contract deliverables, introduction of Local Skills Improvement Plans (LSIPs), any changes from Treasury Spending Reviews or adjustments to the way in which devolved allocations are made by central government.

2.4 **Contract Extensions to existing ITPS**

There were significant and unforeseen delays to the published procurement timeline for ITPs that was previously shared with Skills Committee at the November 2021 meeting. Officers have mitigated any risks to provision by extending existing contracts for six ITPs, to 31 December 2022, while the procurement concludes, and new providers are on-boarded. To note, NACRO have taken a commercial decision to withdraw from AEB delivery. Each provider had sufficient headroom in their contracts to continue delivery and so an extension of time has been granted, but no additional funding has been given to the following providers:

- Back 2 Work Training
- New Meaning Foundation
- Steadfast Training Ltd
- System Group Ltd
- The College of Animal Welfare
- The Skills Network

2.5 **Managing and 'recycling' 'AEB Underspends**

The Skills Committee and Combined Authority Board members have been updated on the financial performance of AEB and are familiar with the ongoing underspends in AEB, that have been reported at every meeting. The national lockdowns as a result of Covid-19, under-contracting by the Combined Authority and de-commissioning of providers have all contributed to the underspends. One of the benefits of devolution is the ability to 'recycle' unused AEB funding within our area.

2.6 **Market Stewardship**

One key lesson learnt from previous AEB procurement is provider capacity within Cambridgeshire and Peterborough. In the previous procurement, circa 190 providers were dramatically reduced to 17, including five ITPs. While, a consolidation of providers was necessary, the contraction of the training provider marketplace has hindered delivery of programmes. For successful implementation of the Employment and Skills Strategy, our role

in market stewardship is key - in proactively managing and developing a mixed and diverse ITP marketplace. This procurement therefore seeks to **double** the funding procured via the ITP sector from c£2.8m to c£4.3m and increase the number of ITPs to twenty.

2.7 Results of Procurement

There were 31 bids received from 38 providers invited to tender. Encouragingly, bids for c£9.5m from a £3.8m commission were received. A rigorous process of assessment, involving three scorers for each question was implemented, followed by independent moderation. One provider was disqualified for an incomplete submission and a further five scored less than the threshold of 60%. Due to the high quality and competitive applications received for Lots 1 and 2, the threshold score for these lots increased to 71% and 81% respectively. An overview can be seen in TABLE A below:

TABLE A - LOTS	Funding originally allocated to Lots	Proposed Awards	Tenders Received	Proposed Awards
Lot 1 - The Youth Offer (19-24)	£ 800,000.00	£ 911,927.00	20	8
Lot 2 - Skills for Employment	£ 800,000.00	£ 2,108,833.00	25	9
Lot 3 - Unlock with Level 3	£ 1,000,000.00	£ 1,230,767.00	14	8
Lot 4 - Growth Sectors	£ 700,000.00	£ 192,801.00	1	1
Lot 5 – Net-Zero Academy	£ 500,000.00	£ 98,397.50	1	1
TOTAL AEB/ NSF (L3)	£ 3,800,000.00	£ 4,542,730.50		
ADDITIONAL REQUESTED	-£ 742,730.50			

2.8 As shown in TABLE A above, the original commission was for £3.8m. Due to the quality of the bids, subject to Board approval, an additional **£742,730.50** is requested to increase contract awards to c£4.54m. This will be accommodated from 'recycled' funds in the AEB Reserve.

2.9 Proposed **initial** Contract Awards are listed in TABLE B below for the academic year 2022/23. Given that two months of the academic year have lapsed, it is likely that some providers' awards may be revised accordingly. Further commissioning for Lots 4 and 5 will be undertaken, once the new providers have been on-boarded. The tender specifications will be reviewed and refined. This may be through direct awards to specialist providers and/or inviting existing providers to submit proposals.

TABLE B: Proposed Contract Awards to ITPs		LOT 1	LOT 2	LOT 3	LOT 4	LOT 5	Proposed Allocation Total
		The Youth Offer (19-24)	Skills for Employment (24+)	Unlock with Level 3	Growth Sector Response	Retrofit Skills for Net Zero	
1	Back 2 Work Complete Training	£ 195,000	£ 203,000				£ 398,000.00
2	Capita			£ 207,020	£192,801		£ 399,821.00
3	eVolve your future Limited	£ 33,028	£ 86,326	£ 14,480			£ 133,834.00
4	Futures Group Ltd	£ 70,249					£ 70,249.00
5	GNR Training Ltd			£ 224,054			£ 224,054.00
6	Ixion Holdings (Contracts) Limited	£ 75,000	£ 75,000	£ 200,000			£ 350,000.00

7	Learning Curve Group Limited	£ 46,378	£ 271,405	£ 65,149			£ 382,932.00
8	Pathway First Limited t/a Pathway Group					£ 98,397	£ 98,397.50
9	PeoplePlus Group Ltd		£ 399,096				£ 399,096.00
10	The Portland Training Company Limited		£ 399,985				£ 399,985.00
11	Seetec Business Technology Centre Limited		£ 299,976				£ 299,976.00
12	Steadfast Training Ltd	£ 71,342	£ 183,152	£ 75,506			£ 330,000.00
13	TCHC	£ 190,834	£190,898				£ 381,732.00
14	The Construction Skills People Ltd			£ 299,640			£ 299,640.00
15	The Skills Network	£ 230,096		£ 144,918			£ 375,014.00
	TOTALS	£ 911,927	£2,108,833	£1,230,767	£ 192,801	£ 98,397	£ 4,542,730

2.10 Local Voluntary and Community organisations (Third Sector) commissioning

The absence of engagement of the local Third Sector in the AEB procurement process is noted. Further discussions with the Councils for Voluntary Services (CVS) is underway to co-produce and pilot an alternative commissioning process. There are several Third Sector organisations who successfully sub-contract with AEB providers, particularly Cambridgeshire Skills. The Combined Authority is particularly interested in reaching 'disadvantaged' learners across specific wards. It is proposed to ring-fence some of the forecast AEB 'recycled' funds from 2021-22 to test and pilot a different approach, that builds on national best-practice. A report will be tabled at the November meeting for members consideration.

Significant Implications

3. Financial Implications

3.1 The Combined Authority received its Section 31 Grant Determination Letter for Devolution of the Adult Education Budget for the Financial Year 2022-23: No. 31/6040 (DfE Grant Reference: AEBDEVO-22-23) on 24 March 2022, which confirmed the 2022/23 financial year budget for 2022/23 of £11,973,20 and academic year budget of £11,977,722. Funding for Free Skills for Jobs (National Skills Fund) was confirmed at £954,632 for the 2022/23 financial year and academic year budget of £994,969.

3.2 As reported at previous Skills Committees, there is c£2m of 'recycled' AEB in reserve from the 2019/20 and 2020/21 academic year, which this procurement aims to utilise through the commissioning of additional adult education.

4. Legal Implications

4.1 The recommendations and activities outlined in this paper are to discharge the Combined Authorities' statutory duties under the Apprenticeships, Skills, Children and Learning Act 2009. Under the devolution agreement of 2016, specified adult education functions from the Secretary of State were transferred to the Combined Authority.

- 4.2 The Combined Authority discharges its devolved adult education functions with due regard the DfE Statutory Guidance for Devolved AEB for Combined Authorities (July 2018) ensuring that all 'recycled' AEB is utilised for the purposes of adult education.

5. Public Health implications

- 5.1 The report recommendations have positive implications for public health. Participation in adult learning improves the health and wellbeing of participants and wider society. In addition, the AEB funds skills training for professionals in the health care sector as well as short courses for adults on managing physical, mental health and wellbeing.

6. Environmental and Climate Change Implications

- 6.1 The report recommendations have positive implications for the environment. Environmental Conservation courses and Carbon literacy is one of the new courses that will be funded by AEB. In addition, training for retrofit occupations (in construction trades) and electric vehicle maintenance and charging are also funded by AEB.

7. Other Significant Implications

- 7.1 The recommendations in this report have due regard to the Combined Authority's Equalities duties under the Equality Act 2010 in implementing funding policies which seek to widen participation and make learning opportunities more accessible for all citizens including all protected characteristics.
- 7.2 Within their funding allocation, all Adult Education providers have Learner Support Funds to enable them to discharge their duties under the Equalities Act 2010. Funding is provided to enable reasonable adjustments and additional support to be provided for learners with learning difficulties and disabilities, to access and progress in learning.

8. Appendices

- 8.1 Appendix 1 – AEB and NSF Grant funding allocations previously approved by the Combined Authority Board for 2022/23 academic year

9. Background Papers

- 9.1 None