



**CAMBRIDGESHIRE  
& PETERBOROUGH**  
COMBINED AUTHORITY

Agenda Item No: 2.2

## Working Together with the Third Sector

To:	Skills Committee
Meeting Date:	7 November 2022
Public report:	Yes
Lead Member:	Councillor Lucy Nethsingha, Lead Member for Skills and Chair of the Skills Committee
From:	Parminder Singh Garcha, Senior Responsible Officer – Adult Education
Key decision:	No
Forward Plan ref:	n/a
Recommendations:	<p>The Skills Committee is recommended to:</p> <ul style="list-style-type: none"><li>a) Approve the allocation of £300,000 from the devolved Adult Education Budget (AEB) Local Innovation Fund and £100,000 from the Multiply budget for the 2022/23 academic year, to pilot a new approach to commissioning local third sector organisations to deliver learning in the community.</li><li>b) Delegate authority to the Interim Associate Director of Skills in conjunction with the Chief Finance Officer and the Monitoring Officer, to enter into and sign grant funding agreements for AEB Local Innovation Fund and Multiply with the nominated providers, once selected.</li><li>c) To note the different models for commissioning the Third Sector and proposal to consider Model two or Model four subject to further scoping with providers and the sector.</li></ul>
Voting arrangements:	A simple majority of all Members present and voting

# 1. Purpose

- 1.1 In furtherance of the Combined Authority's Business Plan 2022/23 and the Employment and Skills Strategy 2022 - 2025, this report seeks to strengthen partnership and co-production with local third sector organisations to deliver adult education and skills courses.
- 1.2 This report seeks approval for an allocation of £300,000 from AEB Innovation Fund and £100,000 from Multiply for the 2022/23 academic year to pilot a different approach to commissioning of local third sector organisations who have a base within the Cambridgeshire and Peterborough Combined Authority area.
- 1.3 To note the four potential models for piloting a different approach to Third Sector commissioning for learning and skills provision and proposal to pursue models two and four.

# 2. Background

2.1 At the Skills Committee of 5 September 2022, contract awards were approved for 15 Independent Training Providers (ITPs) for a five-year commissioning cycle from 5 September 2022 until 31 July 2027, following a two-stage procurement process. Funding of up to c£4.5m was approved for the 2022/23 academic year. The absence of local third sector organisations, both as applicants in the procurement process and as successful contractors were noted. Although three of the providers could loosely be defined as 'not-for-profit' organisations, they are:

- Futures Group Ltd
- Ixion Holdings Ltd (part of the Shaw Trust)
- Seetec Business Technology Centre Ltd

2.2 There are three existing Third Sector providers that were commissioned by the Combined Authority. Nacro have taken a decision to withdraw from AEB nationally, New Meaning Foundation – based in Cambridge did not bid and The College of Animal Welfare were unsuccessful. All three providers struggled to meet the expected performance levels in 2021/22 academic year.

2.3 It should be noted, through sub-contracting, various third sector organisations receive funding through our main AEB providers, in particular Cambridgeshire Skills and the FE Colleges sub-contract their AEB to other local providers. A summary of third sector providers who were sub-contractors in 2021/22 is included in Table A below. To note that Academy Trusts (including Village Colleges) have been excluded from the list below:

**Table A: Third Sector Subcontracted Organisations – Q3 2021/22 as at R10**

<b>Subcontracted Organisation</b>	<b>Lead Provider</b>	<b>Learners</b>	<b>Enrolments</b>	<b>Subcontracted Contract Value*</b>
Cambridge Community Arts	Cambridge Regional College	162	272	£210,000
Gladstone District Community Association	Inspire Education Group	291	435	£207,000

Groundwork East	Cambridgeshire County Council	35	35	£32,707.96
Romsey Mill Trust	Cambridgeshire County Council	33	37	£28,945.77
Social Echo North Huntingdonshire CiC	Cambridgeshire County Council	16	17	£5,867
Switch Now Community Interest Company	Cambridgeshire County Council	20	50	£33,228.72
Worker's Educational Association	Cambridgeshire County Council	101	130	£71,962.01
Total:				<b>£589,711</b>
Source – Individualised Learner Record 2021/22 (R10). * Enrolments data is from R10, but contract values are from different sources and the actual paid amounts for this view at R10 will differ. Data from Cambridgeshire County Council is from actual paid amounts at R13. The others are taken from subcontractor declarations prior to R01.				

- 2.4 The role of the local third sector is recognised in reducing inequalities and reaching citizens in the relatively most deprived communities across Cambridgeshire and Peterborough Mayoralty. However, given the capacity of many volunteer-led organisations, many struggle with the expected processes and compliance requirements of the Education and Skills Funding Agency, which the Combined Authority has adopted.
- 2.5 The Skills Committee at its meeting on 5 September 2022, approved our proposition to revisit and develop a different and proportionate approach for further commissioning of local third sector providers. The Combined Authority is working in co-production with Peterborough and Cambridge Councils for Voluntary Services and Hunts Forum (CVSs), who are ‘umbrella’ organisations for the local Third Sector, to develop a bespoke local model.
- 2.6 Conversations with the CVSs, have highlighted that local voluntary groups would like to see:
- Small grants up to £25K for local organisations rooted in communities to bid for
  - Grants that recognise core costs are as important as project costs, especially from those organisations whose activities most align with the Combined Authority priorities around skills
  - Groups want multi-year grants so they can plan, and so that they develop more sustainable learning (three year minimum)
  - Grants need to reflect both provision of existing successful delivery and the development of new and innovative learning opportunities. This means that some projects might not work and there should not be punitive clawback of grants for innovative projects that do not deliver ‘hard’ outputs
  - Simple and proportionate application and reporting, particularly for smaller more specialised groups to apply.

## 2.7 Local Best Practice

There is a long history of local, community focused Third Sector organisations delivering learning and skills opportunities across the sub-region. This includes access to funding from the Adult Skills Budget under a fund called the Community Adult Learning Fund (CALF). This allowed groups to apply directly to the County Council to fund community learning opportunities. The ending of this fund left many organisations unable to deliver learning opportunities, thus reducing learners’ choices. The best elements of this fund could inform a new model that enables small local providers to offer innovative opportunities to learners in need of the most support.

2.8 Local Third Sector organisations that provide skills and employability services across Cambridgeshire have been coming together to share best practice and build relationships for many years, under the GET Group. This enabled Third Sector to collaborate with statutory partners, business, and learning providers. This network has led to numerous partnership projects and ensures that learner progression works as providers are informed of local opportunities.

## 2.9 **National Best Practice**

Over the years there have been many attempts to build sector consortia to enable them to access larger funding streams. While some have proved successful such as the London Learning Consortium, most have closed as the core costs were too high to make them competitive, such as Right People – Right Skills and the BEST Network in the West Midlands. What works is where organisations have come together to co-produce work or form less formal and more flexible partnerships.

2.10 The following options have been considered:

- **Model 1 – Establish a new Local Third Sector Consortium**

To facilitate the creation of a new Incorporated Company Ltd By Guarantee wholly owned and managed by its members (local Third Sector organisations). The Company would manage the AEB grant, and other contracts/grants awarded to the Consortium who would in-turn contract or grant-fund its members. A management fee (up to 15% as per current Combined Authority funding rules) may be taken to administer the AEB grant. Some of the funding may be used for capacity building – upskilling of volunteers and Third Sector staff and quality assurance. This model has failed in other regions (e.g. BEST Network) and is arguably not sustainable in the longer term.

- **Model 2 – Appoint a Lead organisation to administer small grants**

Identify and appoint an existing local organisation with the capacity and expertise to manage the AEB grant and administer small grants to local Third Sector. A 15% management fee may be taken, providing capacity building and quality assurance. For example, Cambridgeshire ACRE is taking a similar role for the Wisbech Community-Led Local Development Programme Learning and Skills project, funded by the European Social Fund (ESF). To note that the Combined Authority are providing public 'match' to enable the extension of this project in Wisbech.

- **Model 3 – Directly commission through a bidding process**

Run a bespoke bidding process for local Third Sector organisations to bid for small grants. This could build on best practice from CALF funding. Combined Authority officers currently do not have capacity to administer such a scheme.

- **Model 4 – Provide additional flexibilities to enable Cambridgeshire Skills to re-design sub-contracting with local Third Sector organisations**

As stated in the Combined Authority's AEB Funding Rules, up to 25 per cent of providers funding allocation may be sub-contracted. For local authority providers such as Cambridgeshire Skills this may be increased to up to 35% subject to approval of a Business Case. Further flexibilities could be provided to streamline some of the processes and requirements to make this model more suitable for the

local Third Sector. Cambridgeshire Skills are already set-up to administer such a scheme. This would be piloted through the Local Innovation Fund for 2022/23 academic year and then implemented for future years.

It is recommended that **Model 2** or **Model 4** are explored further with Third Sector partners. Initial discussions with the CVSs indicate a preference for Model 2 and there are several local organisations who may wish to take the lead organisation role.

## Targets

- 2.11 The focus of funding commissioned through this route will be to target:
- disadvantaged residents in the relatively most deprived wards across the sub-region and those who are furthest away from learning or employment
  - individuals who may live in rural areas who have additional barriers e.g. mental health, disability, language, low essential skills, travel, connectivity etc
  - potential learners that have been missed by 'traditional' providers
  - progression to higher level skills to access local job opportunities
- 2.12 The overall outputs and outcomes to be delivered are:
- Improved engagement in learning and building confidence
  - Improved health and wellbeing
  - Improved community connection and civic engagement
  - Building capacity and capability within the Third Sector
  - Achievement of 'first step' qualifications (as appropriate)
  - Achievement of Essential Skills (literacy, numeracy, digital, work readiness) qualifications (as appropriate)
  - Progression to formal learning and/or volunteering
  - Formal qualifications (as appropriate).

## 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.
- 3.2 At the Skills Committee of 14 September 2020, the Innovation Fund was created as a recurrent annual budget of £500,000 and this is reflected in the MTFP of 2022/23 and 2023/24. There is an estimated underspend of £501,000 in the Innovation Funding budget lines. This creates an estimated budget of £1,001,000 for the 2022/23 academic year. It is proposed to allocate £300,000 of this budget for Third Sector commissioning. The figure of £300,000 has been estimated based on past patterns of delivery, capacity and consultation with CVSs.
- 3.3 At the Skills Committee of 5 September 2022, the approach to delivering Multiply was considered. The DfE have approved the Multiply Investment Plan, which includes £372,608

within the c£4m budget up to 2024/25 for delivering numeracy courses in partnership with community organisations.

## 4. Legal Implications

- 4.1 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 as part of the Devolution Agreement. The recommendations within this report support the discharging of these functions.
- 4.2 The Combined Authority discharges its devolved adult education functions with due regard to the DfE Statutory Guidance for Devolved AEB for Combined Authorities (July 2018) ensuring that all underspent AEB is 'recycled' and utilised for adult education.

## 5. Public Health implications

- 5.1 The recommendations outlined in this report have positive implications for public health. Participation in adult learning improves the health and wellbeing of participants and wider society. Additionally, 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 recommendations outlined in this report have positive implications for the environment. Environmental Conservation courses and Carbon literacy are some of the courses that are funded by AEB. In addition, training for retrofit occupations (in construction trades) and electric vehicle maintenance and charging are also funded by AEB. Delivery of learning at local settings, potentially reducing travel may reduce carbon emissions.

## 7. Other Significant Implications

- 7.1 The recommendations outlined 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.

## 8. Background Papers

- 8.1 [Link to The Get Group website](#)
- 8.2 [Skills Committee Report – AEB Innovation Fund 14 Sept 2020](#)
- 8.3 [Skills Committee Report – ITP Contract Awards 5 Sept 2022](#)

## 9. Accessibility

- 9.1 An accessible version of the information contained in this report is available on request from [democratic.services@cambridgeshirepeterborough.ca.gov.uk](mailto:democratic.services@cambridgeshirepeterborough.ca.gov.uk)