



**CAMBRIDGESHIRE  
& PETERBOROUGH**  
COMBINED AUTHORITY

Agenda Item No: 2.1

## Adult Education Budget - Commissioning Statement and Approach for 2022/23

To: Skills Committee

Meeting Date: 10 November 2021

Public report: Yes

Lead Member: Councillor Lucy Nethsingha

From: Parminder Singh Garcha, Senior Responsible Officer – Adult Education

Key decision: Yes (Combined Authority Board 24 November 2021)

Forward Plan ref: KD 2021/053

Recommendations: The Skills Committee is invited to recommend to the Combined Authority Board:

- a) Approval of the proposed commissioning approach for the devolved Adult Education Budget from 2022-23 academic year onwards, to procure Independent Training Providers under contracts for services for up to £3m per year, subject to Department for Education (DfE) awarding the funding.
- b) Approval of the implementation of three-year Plan-Led Funding, for the commissioning of Further Education Colleges and Local Authorities, operating under grant funding, from 2022-23 academic year onwards, subject to DfE funding awards.
- c) Delegation to the Director of Business and Skills in consultation with the Chief Finance Officer and Monitoring Officer, to enter into multi-year grant funding agreements with providers on behalf of the Combined Authority, following approval of three-year Plans

- d) Delegation to the Director of Business and Skills in consultation with the Chief Finance Officer and Monitoring Officer, to enter into contracts for services with Independent Training Providers on behalf of the Combined Authority, following conclusion of the commissioning process outlined in this report.

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

## 1. Purpose

- 1.1 To seek approval for the proposed commissioning approach, to undertake an open and competitive tendering process to procure Independent Training Providers (ITPs) for delivery of training courses. Funding of up to £3m of devolved Adult Education Budget (AEB) and National Skills Fund (NSF) will be awarded under Contracts for Services with providers, for a five-year period from 1 August 2022 to 31 July 2027.
- 1.2 To seek approval to implement a three-year, Plan-Led Funding process for grant funded providers. This includes Further Education Colleges, Sixth-Form Colleges and local authority providers of adult education.
- 1.3 To obtain the necessary delegations to the Director of Business and Skills to enter into grant agreements and contracts for the Adult Education Budget and/or National Skills Fund for a five year period from 1 August 2022 to 31 July 2027.

## 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. A recurrent ring-fenced budget of approx. £12m per academic year has been transferred to the Combined Authority to discharge the transferred duties.
- 2.2 The Combined Authority has adopted a dual approach for commissioning the devolved AEB, this involves a combination of grant funding agreements for Colleges and Local Authorities and procured contracts for services for private and third sector training providers. Appendix 1 sets out the latest position with AEB Funding allocations for 2021/22 academic year. This is regularly updated on the Combined Authority website as contract values can increase or decrease based on in-year performance management.
- 2.3 The original procurement of Independent Training Providers from 2019 was awarded on a three-year basis, with a break-clause after each academic year. Therefore, the Combined Authority will need to re-commission for the 2022/23 academic year.
- 2.4 In the 2019 procurement round, five successful providers were commissioned following 35 bids being received. They are Steadfast Training Ltd, Back2Work Complete Training Ltd, The Skills Network, NACRO and TCHC, with total contract values of £2m. In 2020, following inadequate performance the contract for TCHC was ended and some of the funding was recovered.
- 2.5 For 2021/22, as reported at Skills Committee on 13 September 2021, an additional four

ITPs were procured utilising the 'Light Touch' commissioning approach: The College of Animal Welfare, GNR Training Ltd, System Group Ltd and New Meaning CIC.

- 2.6 In preparation for the new tendering round, a virtual Market Engagement event was held during September 2021, to gather feedback from potential providers to inform the upcoming commission. The event was well attended, with over 60 attendees representing 45 organisations.

### 3. Previous AEB Commissioning Strategy 2019-2025

- 3.1 The previous AEB Commissioning Strategy 2019-2025 is published on the Combined Authority website. The strategy was focussed on a smooth transition of AEB from the ESFA to the Combined Authority. It set-out a broader vision aligned to the Local Industrial Strategy and building confidence in our ability to deliver and develop relationships with providers. The commissioning approach aimed to consolidate activity into a reduced, place-based group of providers that would be more responsive to local need. However, the strategy did not direct providers to shift the curriculum offer to meet local skills gaps and growth sectors.
- 3.2 The Independent Evaluation of devolved AEB 2019-20 was approved by Skills Committee at the January 2021 meeting. It was undertaken by Cambridgeshire Insights and found that the Combined Authority achieved its objectives as commissioner, to rebalance and refocus AEB to:
- **Consolidate delivery** - significantly reduced the total number of providers from 190 in 2018/19 to 17 in 2019/20, with a notable reduction in subcontracting.
  - **Successful implementation and partnership** - Providers reported being satisfied with the processes associated with AEB devolution and highlighted the beneficial impacts of a closer working relationship with the Combined Authority.
  - **Better alignment to skills needs** - The more localised network has helped providers tailor provision successfully to existing employment and skills-based demand.
  - **Rebalancing mix of provision** - rebalanced with a lower proportion of Community Learning and a higher proportion of Adult Skills learning in 2019/20.
  - **Targeting areas of deprivation** - The proportion of learning delivered to citizens from areas of high deprivation increased from under a quarter (22%) in 2018/19 to over a third (34%) in 2019/20, driven by an increase in Fenland and Peterborough, which are the CPCA districts with the highest number of areas falling in the top 20% most deprived nationally.

### 4. Broad principles for the refreshed Commissioning Statement

- 4.1 Building on the lessons learnt from the previous AEB Commissioning Strategy and being cognisant of the changing labour market, post-pandemic, and post-Brexit, the following seven broad principles have been developed, in recognition for the need for a new AEB Commissioning Statement:

- **Not another strategy!** - the previous strategy was over 30 pages. The new Commissioning Statement will be concise and focus on the courses, sectors, and provision we expect our commissioned providers to deliver.
- **Strategic Alignment** – it's focus is to guide our AEB Commissioned providers to better align to our evidence-base of strategies, particularly the Combined Authority's new Employment and Skills Strategy, which have been developed in co-production with all stakeholders, employers, civic-society, and providers, taking a 'system-wide' approach to improve progression in-work and/or to higher levels of study.
- **More Granular** - articulate the activity and qualifications more specifically through publishing fundable qualification 'Green Lists', within a basket of funding flexibilities, aiming to widen participation in adult learning and creating a 'skills escalator'.
- **Maximise Investment** – reaching deeply into areas of skills deprivation across the whole of the region and over-delivering to make a compelling case of increased funding for the region. Using devolved AEB as leverage to attract more funding.
- **Partnership and Ambition** - strengthening collaboration and opportunities to co-operate to improve outcomes and raise our game.
- **Flexible and adaptable** - refine and enhance the Commissioning Statement so that it evolves to meet local needs and changing economic conditions.
- **Encourage Quality Improvement and Innovation** – enabling continuous quality improvement across the system. Creating the right conditions to test new and different approaches which improve the system and boost outcomes for learners and the economy.

## 5. Wider Commissioning themes

- 5.1 The vision within the Commissioning Statement is of a 'Skills Escalator' – providing opportunities through the life-course, to progress in work or learning.

The specific commissioning themes for all providers are:

1. **The Youth Offer** (sometimes called a "Youth Opportunities Guarantee") – for 19–24-year-olds, who have not achieved their first Level 3 qualification with English, maths and digital, to 'package' a more substantial programme of study from the existing suite of vocational qualifications from entry to Level 3, plus 'add-ons' such as sustainability, employability, enrichment, careers, and work-experience to support progression and personal development.
2. **First Full Level 2** (and second Level 2 for career changers) for all ages from a qualification 'Green list' for employed or unemployed.
3. **First Level 3** (and second Level 3 for career changers) for all ages from a qualification 'Green list' for employed or unemployed.

4. **Targeted Level 4** – HNC and HND vocational qualifications in FE where there are skills shortages\* (subject to DfE approval) for specific cohorts who do to financial means may not take-out loans or from SMEs.
5. **Skills for Life:** English, maths, essential digital skills, and English for Speakers of Other Languages – increasing the enhancing the offer. Looking at vocational and intensive ESOL to help learners progress into employment quicker.
6. **Growth and Priority Sectors** – publication of Qualification Green Lists to identify the qualifications for each growth and priority sector we would prioritise, plus flexibility to respond to employer or sectoral needs (eg HGV Driver training, Retrofit Skills and other skills required for Green/net-zero transition)
7. **Place-Based Focus** – on areas of relative and skills deprivation, based on IMD 2019 and identifying provision ‘Cold-Spots’. Community Learning under-pinning wider outcomes such as health and wellbeing, self-esteem, and efficacy, connected and cohesive communities and enabling volunteering.

- 5.2 A cross-cutting theme is promoting inclusion for all and targeting support for vulnerable groups in the region such as Care Leavers, people with learning difficulties and disabilities, refugees and asylum seekers and those furthest from the labour-market into opportunities.

## 6. Commissioning Approach

- 6.1 The proposed commissioning approach in this paper, assumes that a ‘core offer’ across the region will be delivered by our grant-funded providers. Therefore, our tendering seeks to procure Independent Training Providers to address specific gaps or provide additional capacity to meet our strategy. These could include the delivery of niche or specialist courses, engagement of atypical learners and sector specialisms in partnership with employers.
- 6.2 It is therefore proposed to launch a competitive tendering process in January 2022 that will invite Independent Training Providers to bid against the following four themes of activity:

Lot	Activity	Indicative Value, up to:
Theme 1	Youth Offer: programmes for 19–24-year-olds	£700,000
Theme 2	Pathways into employment 24+ (for unemployed)	£600,000
Theme 3	Employer Responsive Priority Sector Pathways	£700,000
Theme 4	First Full Level 2 and Level 3 for 24+_	£1,000,000
	<b>Indicative Total</b>	<b>£3,000,000</b>

*Note: The figures above are indicative, subject to the Combined Authority receiving its Section 31 Grant Determination Letter from the DfE in January 2022.*

Under themes 3 and 4, it is proposed to focus on the following sectors:

- Construction
- Retrofit
- Engineering and Manufacturing
- Logistics

- Life Sciences
- Health Care

However, to maintain an element of flexibility with priority sectors, through the maintenance of our qualification 'Green List' if there are labour-market shortages in other sectors, to be able to quickly respond and commission the appropriate provision.

### 6.3 Procurement Approach

Contracts awarded from this procurement will start on 1 August 2022 until 31 July 2027. The intention behind this approach is to provide stability and investment in a place-based approach. The allocation of funding will be amended based on changes, availability of funding, and performance against the contract deliverables and skills policy (including any changes from Treasury Spending Reviews or adjustments to the way in which devolved allocation is calculated by central government).

- 6.4 The Combined Authority has decided to design this procedure to meet the needs of this project in accordance with Regulations 74 to 76, Public Contract Rules 2015. The process will be a multi-stage process which includes an initial shortlisting stage (Standard Selection Questionnaire (SSQ) and then a tender stage which will be evaluated and then, based on score, the shortlisted suppliers will be invited to participate in negotiation(s) regarding which of the courses proposed will optimise the use of funds against the learning objectives for the region. The process will be managed on the Due North/Pro-Contract Portal. The portal will be used to advertise the opportunity, issue all procurement documents, and receive the tender returns.

### 6.5 Procurement Timeline

The following is an indicative timetable of key dates for this procurement:

Activity	Date
Issue Standard Selection Questionnaire (SSQ)	17 January 2022
Evaluate SSQ submissions	16 February 2022
Issue Invitation to Tender (ITT)	09 March 2022
Evaluate ITT submissions	08 April 2022
Negotiations with preferred suppliers	22 April 2022
Issue Standstill	09 May 2022
Contract Signature	23 May 2022
Contract mobilisation	01 June 2022
Contracts commence delivery	01 August 2022

## 7. Plan-led Funding for Grant Providers

- 7.1 For grant-funded colleges and local authorities, it is proposed to implement a multi-year plan-based delivery and funding model. The advantage of this approach, rather than annual funding allocations being calculated and issued, is that it pivots towards a transformational rather than transactional approach to provision planning and funding. Plan-Led Funding provides stability, an element of certainty and builds trust. This should therefore enable grant providers to plan over the medium term, better aligning to our Employment and Skills Strategy.

- 7.2 Under Plan-Led funding, checks and balances on performance through the Combined Authority's published provider performance management arrangements continue. Multi-year funding will always be subject to the DfE funding being devolved to the Combined Authority. This will be made explicit in our funding agreements, to mitigate against national funding changes to MCA allocations. The main opportunity is to enable grant providers to improve financial management and better plan changes and improvements to their courses. For example, investing into curriculum development, staff recruitment, training, and capital equipment and buildings.
- 7.3 The DfE are also consulting on Multi-Year Funding for colleges as part of the wider reforms to FE Funding and Accountability. It is not clear whether they will implement for 2022/23 or the following year. Given the agility that the Combined Authority has, to implement at pace, and the commitment for a more ambitious relationship with local providers, it is proposed to prepare for Plan-Led Funding during Spring 2022, for launch in Autumn 2022. Grant providers will be able to 'opt-in' to Plan-Led Funding as for some out-of-area colleges, devolved AEB forms a small part of their overall income.
- 7.4 The proposed timeline and milestones for implementing Plan-Led Funding for devolved AEB in the region is set out below:

<b>Objective</b>	<b>Milestone</b>	<b>Timeline</b>
Combined Authority signals intent to providers	Preparing grant providers for the proposed pivot to Plan-Led Funding. Providers briefed at AEB Provider Forum.	September 2021
Two-way discussion with Colleges and ACL providers	AEB Think Tanks are being held during October 2021 with colleges and ACL providers to gather views and co-design options and planning for 2022/23.	October 2021
Skills Committee and Combined Authority approval	Approval sought from Skills Committee and Combined Authority Board to implement Plan-Led Funding.	November 2021
Indicative funding allocations for 2022/23	Final returns (R14) used to calculate indicative allocations for 2022/23.	December 2021
Governance approval	Grant providers wishing to enter Multi-Year Plan-Led Funding, obtain consent from Governing Bodies and complete initial planning documentation.	January - February 2022
Planning discussions with grant providers who opt-in	Meetings between Combined Authority and grant providers to agree Plans (V.1)	February - March 2022
Final allocations	Confirmation of final allocations for 2022/23	April 2022
Multi-Year Allocations and 3-year plans finalised	Co-design Plans with providers during April – June 2022 for three-year period.	June 2022
Allocations for Three Years agreed with plans	Final plans approved at July Skills Committee	July 2022
Delivery	2022/23 academic year kicks off delivery against three-year delivery plans	September 2022

## 8. Sub-contracting Arrangements

- 8.1 Sub-contracting is permitted within both tendered and Plan-led commissioning approaches. It has an important role to play to widening participation among hard-to-reach communities, deliver niche or specialist provision. Subcontracting also provides an entry point for smaller voluntary and community sector providers, who may not meet the minimum contract value of £100,000. Under our current funding rules providers may only sub-contract up to 25% of their contract value and must disclose all sub-contractors on the Sub-Contractor Declaration. Local Authorities are permitted to sub-contract up to 35% of their grant. Combined Authority officers monitor sub-contracting and undertake regular checks.
- 8.2 Management fees charged by lead providers to sub-contractors should be transparent, proportionate and recognising there may be a sliding scale for varying levels of support for managing the relationship and associated risks, data processing, access to internal audit support, quality assurance and improvement, classroom observations and accreditation support. For 2021/22 academic year onwards, the Combined Authority capped management fees at 15%.
- 8.3 Any sub-contracting proposals will be reviewed as part of Plan-Led funding discussions or provider responses and contract clarification with ITPs. We will also monitor the value for money and quality of such provision as part of our approach to performance management.

## Significant Implications

## 9. Financial Implications

- 9.1 There are no significant financial implications to the Combined Authority's budget as all funding proposals relate to the ring-fenced Adult Education Budget. The Combined Authority can expect to receive its Section 21 funding letter from the DfE in January 2022. The expectation is that it will remain at c£12m per annum. Final funding allocations to grant providers will not be confirmed until April 2022 and approval will be requested at Skills Committee in March 2022. Independent Training Providers are paid on actual delivery with contract performance and 'break' clauses to mitigate against under-delivery.

## 10. Legal Implications

- 10.1 There are no significant legal implications. The Tendering process will be compliant with the Combined Authority Standing Orders and Public Contract Regulations Act 2015.
- 10.2 The approaches to commissioning set out in this paper are congruent with the Combined Authority's Devolution Agreement and Memorandum of Understanding with the DfE.

## 11. Other Significant Implications

### 11.1 Environmental Sustainability

To promote environmentally sustainable practice in all contracts and grants from the Combined Authority, additional clauses will be inserted into funding agreements. These



additional clauses are currently being drafted by legal services but will help to promote the conservation of energy, water and natural resources to reduce emissions and preserve nature.

## 12. Appendices

12.1 Appendix 1 – Adult Education Budget 2021/22 Funding Allocations (12 October 2021)

## 13. Background Papers

13.1 [AEB Commissioning Strategy 2020-2025](#)