

6.1 Appendix C – Local Funding Changes for 2023/24

The following changes to funding policy are proposed for the 2023/24 academic year:

1. Proposed increase to the AEB Top Slice from 3.4% to 5%
2. Implementing a 10% funding uplift for Essential Skills and First Level 2 qualifications
3. Doubling local disadvantage uplift for deprived areas from 4% to 8%
4. Increasing the threshold of the Low Wage Scheme to £22,000
5. Increasing the Care Leavers Bursary to £1,500 from £1,200.

AEB PROGRAMME MANAGEMENT – 'TOP-SLICE'

Currently, 3.4% of the Adult Education Budget (AEB) is utilised for programme delivery of devolved functions within the Combined Authority. This is used to fund four full time equivalent posts and recharges for corporate functions to manage the programme. In addition, data analysis, provider audit and quality assurance, marketing, and communications.

Given the Combined Authority's corporate Improvement Plan and increased regulatory expectations of funders and stakeholders and internal quality processes, additional staffing resourcing is required to discharge these duties effectively to the standard required. Members are requested to approve the increase to the top slice for 2023/24 academic year onwards as shown below:

Academic year	AEB Allocation	Top-slice	Programme Management
2022/23	£11,977,722	3.4%	£407,242
2023/24	£12,054,361	5%	£602,718

Cambridgeshire and Peterborough receive the smallest AEB allocation of all Mayoral Combined Authorities at c£12m. West of England Combined Authority is the closest at c£15m, with a top-slice of 4% and with less learning organisations to manage.

Implement a 10% increase to Essential Skills qualifications and First Full Level 2

For 2023/24 academic year, it is proposed to introduce an additional 10% uplift to Adult Skills funding under at least one of the following categories:

- All first full level 2s under the legal entitlement
- All English and maths learning which is fully funded under the legal entitlement plus Basic Skills English and maths qualifications

FIRST FULL LEVEL 2

The following table shows the number of enrolments and amount of additional funding generated by applying a 10% uplift to all those learning under the First Full Level 2 Legal Entitlement.

<i>Proposed Change applied to 2021/22 Funding – 10% Uplift to funding generated by learning under the First Full Level 2 Entitlement</i>			
Number of Applicable Enrolments	Additional Adult Skills Funding Generated	Total Adult Skills Funding spent on First Full Level 2	% Increase due to policy change
40	£9,987.13	£123,141.00	+9%

The additional 10% uplift would have generated £9,987.13 additional funding. However, it is expected that this policy will provide additional funding for full level 2, encouraging learning organisations to increase provision for first full level 2.

ENGLISH AND MATHS – ALL BASIC SKILLS

The following table shows the number of aims and amount of additional funding generated by applying a 10% uplift to all those taking an English or Maths basic skills qualification, including those which fall under the legal entitlement

<i>Proposed Change applied to 2021/22 Funding Values – 10% uplift to funding generated by all English and Maths Basic Skills Qualifications</i>				
Basic Skills Category	Number of Enrolments	Additional Adult Skills Funding Generated	Total Adult Skills Funding spent on English and Maths Basic Skills – With Change	% Increase due to policy change
English	1,172	£78,123.88	£898,077.85	+10%
Maths	988	£60,819.97	£719,502.97	+9%
Total	2,160	£138,943.85	£1,617,580.82	+9%

Overall, the change would have generated £138,943.85 additional Adult Skills spend. 56% of this spend would have been on English basic skills.

For planning purposes, given the strategic focus to increase the number of residents with first full level 2, English and maths, it is estimated the funding uplifts could generate c£250,000 extra funding for learning organisations in 2023/24.

- **Doubling local disadvantage uplift for deprived areas from 4% to 8%**

A disadvantage uplift for those living in the more relatively deprived areas of the country is based on the Indices of Multiple Deprivation 2019 and is applied to the Lower Layer Super Output areas defined by the 2011 Census.

- For 2021/22, within Cambridgeshire and Peterborough 165 Lower Layer Super Output Areas (LSOAs) have some form of disadvantage uplift (34% of all Cambridgeshire and Peterborough LSOAs). Out of these 52 are in Fenland (95% of all Fenland LSOAs), 70 are in Peterborough (63% of all Peterborough postcodes)
- An area cost uplift for those areas which have a higher-than-normal cost of delivery - All of the postcodes within the Cambridgeshire and Peterborough Area have an Area Cost Uplift of 1.02.

From the 2021/22 academic year Cambridgeshire and Peterborough increased the disadvantage uplift to those who live in the 30% most relatively deprived areas overall and 40% most relatively deprived areas for Adult Skills by four percentage points above the Education and Skills Funding Agency set values.

This affects all Adult Skills Funded learning aims starting in that academic year and later. It does not include those aims which are part of the Free Courses for Jobs offer where the original Education and Skills funding agency value for the uplift is used.

For the 2022/23 Academic Year Cambridgeshire and Peterborough will propose to double this uplift for these same areas to 8 percentage points higher than the Education and Skills Funding Agency values.

APPLICABLE AREA OF CAMBRIDGESHIRE AND PETERBOROUGH

The following table shows what proportion of 2011 Census Lower Layer Super Output Areas (LSOAs) across the CPCA area are applicable for the Disadvantage Uplift in 2021/22

Lower Layer Super Output Areas (2011) where the CPCA Disadvantage Uplift Applies					
District	All LSOAs (2011)		LSOAs (2011) for CPCA Disadvantage Uplift		
	Number of LSOAs (2011)	% of Total LSOAs (2011) in CPCA Area	Number of LSOAs (2011)	% of Total LSOAs (2011) in District	% of Total LSOAs Applicable for Uplift
Cambridge	69	14%	9	13%	5%
East Cambridgeshire	50	10%	9	18%	5%
Fenland	55	11%	52	95%	32%
Huntingdonshire	105	22%	24	23%	15%
Peterborough	112	23%	70	63%	42%
South Cambridgeshire	96	20%	1	1%	1%
Total	487	100%	165	34%	100%

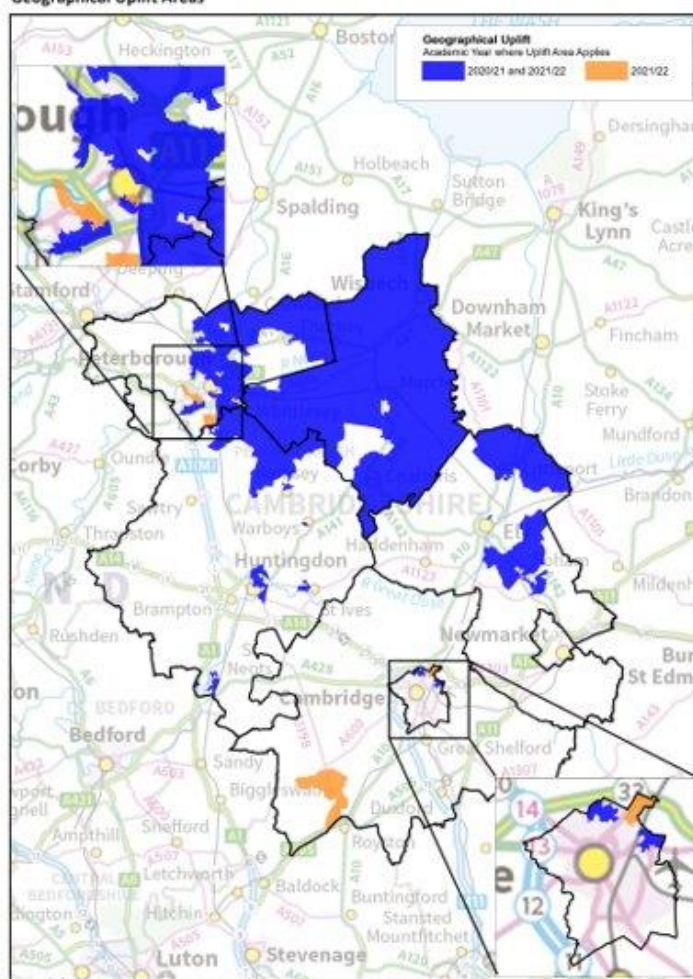
Source - Education and Skills Funding Agency

Fenland and Peterborough are the areas where a majority of LSOAs (95% and 63% respectively) are eligible for the uplift

There are pockets within all other districts in wider Cambridgeshire and Cambridge city.

The map to the right shows the areas of Cambridgeshire and Peterborough where the disadvantage uplift applies

Cambridgeshire and Peterborough Combined Authority
Geographical Uplift Areas



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2021/22 – FUNDING IN DISADVANTAGE UPLIFT AREAS

The table below shows how many adult skills enrolments for the 2021/22 year were eligible for the disadvantage funding uplift based on the learner's postcode of residence and the amount of Adult Skills Funding spent on these enrolments.

2021/22 – Enrolments and Adult Skills Funding in Disadvantage Uplift Applicable Areas					
Local Authority of Learner Residence	Number of Adult Skills Enrolments	Number of Enrolments in Uplift Areas	% of Total Enrolments	2021/22 Adult Skills Funding in Uplift Areas	% of Total Adult Skills Spend in Area
Cambridge	1,760	304	17%	£250,346.98	22%
East Cambridgeshire	662	134	20%	£72,361.66	18%
Fenland	1,450	1,297	89%	£859,344.88	87%
Huntingdonshire	1,832	538	29%	£336,780.34	29%
Peterborough	6,317	4,813	76%	£3,100,172.14	76%
South Cambridgeshire	1,367	XX	1%	£8,950.66	1%
Unknown	XX	0	0%	£0.00	0%
Total	13,392	7,093	53%	£4,627,956.81	54%
Source – Individualised Learner Record 2021/22 (R14), Education and Skills Funding Agency					

- Overall, 53% of Adult Skills enrolments for 2021/22 were for learners who lived in uplift eligible areas, and they made up a similar proportion (54%) of spend.
- The areas with the highest proportion of aims which would fall into the uplift category are Peterborough and Fenland where a majority of the 2021/22 enrolments were eligible for a disadvantage uplift (76% for Peterborough and 89% for Fenland). Whilst Fenland had a higher proportion of enrolments that would have been eligible Peterborough had the highest number of actual enrolments at 6,317.

INCREASING THE UPLIFT TO 8 PERCENTAGE POINTS HIGHER THAN THE ESFA FUNDING VALUES

The following table estimates the additional funding generated for each area in 2021/22 if the disadvantage uplift was increased to 8 percentage points higher than the Education and Skills funding agency level, rather than 4 percentage points.

As with the original changes to the uplift, the estimation of this funding has only been applied to learning which started in 2021/22 and is not a part of the Free Courses For Jobs offer.

Impacts of Proposed Change on 2021/22 Funding – Disadvantage 8 Percentage Points above ESFA Values					
Local Authority of Learner Residence	Additional Funding Generated by Funding Change	Total Funding in Disadvantage Uplift Areas	% Increase in Disadvantage Uplift Areas due to Funding Change	% Increase in total Adult Skills Funding due to Funding Change	% of Adult Skills Funding Spent in Disadvantage Uplift Areas
Cambridge	£8,325.50	£258,672.48	3.3%	0.7%	23%
East Cambridgeshire	£2,950.96	£75,312.62	4.1%	0.7%	18%
Fenland	£31,454.61	£890,799.49	3.7%	3.2%	88%
Huntingdonshire	£12,528.98	£349,309.32	3.7%	1.1%	30%
Peterborough	£95,824.78	£3,195,996.92	3.1%	2.3%	76%
South Cambridgeshire	£357.14	£9,307.80	4.0%	0.0%	1%
Unknown	£0.00	£0.00	0.0%	0.0%	0%
Total	£151,441.97	£4,779,398.63	3.3%	1.8%	54%

In total the change would generate an additional **£151,441.97** worth of Adult Skills funding, an increase of 3.3% of the funding in disadvantage uplift applicable areas and a 1.8% increase in Adult Skills funding overall.

This policy intends to increase funding and participation of residents living in relatively more deprived areas with the sub-region. For 2023/24, it is estimated that c£170,000 of additional funding will be claimed by learning organisations with the planned increase to 8%.

In summary, it is estimated the local uplifts will generate an additional **£420,000** of funding for learning organisations.

INCREASING THE CARE LEAVERS BURSARY

The Care Leavers Bursary allows Learning Organisations to provide a bursary of up to £1200 for Care Leavers to support them with their studies. Given the cost-of-living challenges and most Care Leavers living independently, it is proposed to increase this to £1500 or £500 per term.

If there are an estimated 60 Bursaries paid in 2023/24, this equates to c£95,000 (including costs for learning organisations for administering the bursary).

INCREASING THE LOW WAGE SCHEME FROM £21,000 TO £22,500

The Low Wage scheme is a national measure which fully funds learners who are employed, or self-employed and have an annual gross salary below a certain threshold and would normally be co-funded for provision, up to and including level 3. The low wage threshold for 2021/22 was higher in Cambridgeshire and Peterborough than nationally at £21,000 annual gross salary (compared to £18,525 nationally). Between 2020/21 and 2021/22 there was a +11% increase in the number of Low Wage Scheme Enrolments with the largest increase being seen in Cambridge (+44%).

For the 2023/24 Academic Year the Combined Authority proposes to increase the low wage threshold to £22,500.

The Annual Survey of Hours and Earnings - Residents analysis for both full and part time workers in 2022 showed that between 30 and 40% of workers who live in Cambridgeshire and Peterborough earned less than £22,500 annually. There is some regional variance: in Peterborough, this figure is between 40% and 50% of workers earn up to £22,500. In Cambridge and South Cambridgeshire this is between 25% and 30%. Both Fenland and Huntingdonshire are similar to Cambridgeshire and Peterborough as a whole (30 to 40% of workers).

This policy aims to support in-work progression, by fully funding upskilling and re-skilling opportunities for more residents. The cost-of-living may discourage individuals from participating in education or training due to the co-funding rules kicking-in, if a learner is not eligible for fee-remission, under any of the other flexibilities or entitlements.