



Agenda Item No: 2.1

## Adult Education Budget Reserve Fund and Innovation Fund 2021/22

- To: Skills Committee
- Meeting Date: 13 September 2021
- Public report: Yes
- Lead Member: Councillor Lucy Nethsingha, Lead Member for Skills
- From: Parminder Singh Garcha, Senior Responsible Officer – Adult Education
- Key decision: Yes
- Forward Plan ref: 2021/042
- Recommendations: The Skills Committee is invited to recommend the Combined Authority Board:
- a) Approve funding to be allocated from the Adult Education Budget (AEB) Reserve Fund for the 2021/22 academic year to the thematic programmes as set out in Item 2.3, Table A;
  - b) Delegate authority to the Director of Business and Skills in consultation with the Chief Finance Officer and Monitoring Officer, to enter into grant funding agreements with providers on behalf of the Combined Authority, for projects under the themes;
  - c) Delegate authority to the Director of Business and Skills, in consultation with the Chief Finance Officer and Monitoring Officer to enter into grant funding agreements for the Innovation Fund, with existing AEB providers, as required;
  - d) To note the approach to the Innovation Fund for 2021/22.
- Voting arrangements: A simple majority of all Members

## 1. Purpose

- 1.1 The purpose of this report is to seek approval from the Skills Committee, for the strategic approach to utilising the identified AEB Reserve Fund, which has been accumulated from underspends from 2019/20 and 2020/21 academic years. In addition, for the Skills Committee to recommend to the Combined Authority Board that funding from the reserve is allocated to the themes of the Reserve Fund and delegations provided to the Director of Business and Skills to contract with providers.
- 1.2 For the Skills Committee to note the funding themes for the second iteration of Innovation Fund of £500,00 from the main 2021/22 Devolved AEB Grant.
- 1.3 To seek the necessary delegations from the Combined Authority Board to enable the Director of Business and Skills to enter into additional grant funding agreements with existing AEB providers for any successful Innovation Fund bid for 2021/22.

## 2. Background

### 2.1 AEB RESERVE FUND

At the Combined Authority Board on 30 June 2021, a separate funding line for the AEB Reserve Fund was created to manage programme under-spends, which are 'ring-fenced' for adult education.

- 2.2 As of August 2021, there is £1.58m in the AEB Reserve Fund. This consists of  
£370,800 from the 2019/20 academic year allocation of £11,513,052  
£1,210,000 from the 2020/21 academic year allocation of £11,968,971

These figures include underspend from the CPCA's 'top-slice', unallocated funds and funds returned to the Combined Authority due to provider under delivery and audit conclusions. It should be noted that the 2020/21 academic year allocation is provisional, as final claims end and the reconciliation process begins with providers. Any changes to this figure will be reported to future Skills Committee meetings.

- 2.3 For the 2021/22 academic year, it is proposed to allocate funding from the Reserve Fund into the following thematic programmes:

<b>TABLE A: Reserve Fund Thematic Programme</b>	<b>Allocation</b>
1. Commissioning carry-forward for 2022/23	£ 500,000
2. Provider Capacity Building	£ 250,000
3. Strategic Partnership Development	£ 250,000
4. Reserve for over-delivery of Level 3 Adult Offer	£ 250,000
5. Unlock with Level 3 Marketing Campaign and Publications	£ 30,000
6. Contingency (for unforeseen programme expenditure)	£ 220,000
<b>TOTAL</b>	<b>£1,500,000</b>

- 2.4 It is proposed to allocate the funding under each of the themes as follows:

- **Theme 1 - Carry Over for 2022/23 Commissioning - £500,000**

On the 15 March 2021, the Skills Committee approved a 'Light Touch' approach to in-year commissioning of new providers. The policy intent was to provide an entry-point for quality local providers and/or niche provision to meet gaps in provision and utilise some underspend, two providers have been commissioned to date, with another two expected to be commissioned by September. Therefore, there is already provision within the main AEB budget-line for any in-year commissioning and funding from the Reserve would be better invested into our next open procurement round.

The £0.5m from the Reserve Fund will therefore be carried forward to next year to enable us to increase the total budget amount for 2022/23 as current independent training provider (ITP) contracts will end as of 31 July 2022. This will enable a £2.5m fund for commissioning for 2022/23 to be created. A report is planned for November 2021 Skills Committee which will seek approval of the approach for future commissioning of ITPs.

- **Theme 2 - Provider Capacity Building - £250,000**

Funding in this theme will be allocated to providers and/or projects for initiatives that build capacity within existing adult education providers and the Combined Authority's Skills Brokerage that links them to learners and employers. This will be focused on expanding provision and connectivity within growth and priority sectors. Funding will be allocated to projects following submission of a proposal and/or to pump-prime projects which have received capital funding with additional investment to kick-start adult provision. It is proposed to allocate:

- £100,000 for new training provision in Fenland, aligned to the Market Towns Masterplan for Chatteris, to provide additional start-up funding for the Training Centre with Metalcraft. The Masterplan identified a gap in adult skills provision in Chatteris and provided a strategic case for attracting further investment.
- It is proposed to invite the CPCA Principal's Group and the Combined Authority's Skills Brokerage to submit a joint proposal for capacity building for the remaining £150,000. This could include investment in small-scale equipment or to develop specialist curricula.

- **Theme 3 - Strategic Partnerships - £250,000**

Funding for this theme will be allocated to providers and/or projects that facilitate and underpin partnership and collaboration across providers in the CPCA area.

Proposals will be accepted from partnerships for investment that builds capacity, drives innovation, and raises participation in adult skills. Partnerships across providers, third sector and with employers will be supported. For example, shared provision or to support specialisation, consolidation, teacher training, CPD or development of new curricula, particularly in Green Skills, and/or match-funding to unlock larger grants. All proposals will be formally assessed in a fair and transparent manner, against standard criteria including value for money, capacity to deliver and outcomes.

- **Theme 4 - Reserve for over delivery of the Level 3 Adult Offer - £250,000**

As reported at the March 2021 Skills Committee, additional funding from the National Skills Fund (NSF) has been delegated to the Combined Authority for Level 3 courses for adults. Given the low take-up of Level 3, with only 1% of all enrolments and only 5% of all funding being used for Level 3, the Combined Authority will be building capacity in providers to grow Level 3 courses for adults over the next three years, to

increase the proportion of Level 3 to 10% of our overall adult skills enrolments, across AEB and the National Skills Fund. To incentivise the marketplace of providers, the Combined Authority have pledged to pay for over-delivery of Level 3 courses. Therefore, if the DfE do not increase the Combined Authority's NSF grant to pay providers for Level 3 courses, then this reserve will be used to pay for over-delivery.

- **Theme 5 - Unlock with Level 3 Marketing campaign and publications - £30,000**  
The DfE have now confirmed that Combined Authorities cannot 'top-slice' the National Skills Fund. £30,000 had been budgeted for marketing and communications to promote the new Level 3 courses. Therefore, provision now needs to be made from the AEB Reserve for this purpose which will increase the Marketing and Promotion budget within the existing Business and Skills budgets.
- **Theme 6 - Contingency (for unforeseen programme expenditure) - £220,000**  
It is proposed to retain a modest balance in the Reserve Fund for any unforeseen expenditure and/or to release pressure on Combined Authority resources responding to the dynamics of economic recovery during the year.

### 3. Innovation Fund 2020/21

3.1 The Innovation Fund was introduced last year in the 2020/21 academic year to encourage our existing provider base to test and explore new ways of delivering education and training that addresses the AEB Commissioning Strategy priorities. Projects which reduced skills and employment gaps of CPCA residents, disproportionately underrepresented in the labour market. These groups include the unemployed and those with special educational needs and disabilities. For 2020/21 the priorities of the fund were to support innovation proposals that support and maximise participation, the main themes were:

- Improving participation in digital skills training
- English for Speakers of Other Languages
- Support for those affected by jobs displacement and redundancy

3.2 The initial budget of £660,400 included £336,700 AEB and £323,700 Local Growth Fund (LGF). Of this £579,460 was allocated to five AEB providers across twelve projects, details are set out at Appendix 2.

3.3 Due to the third national lockdown in January 2021, many of the projects were either unable to go ahead or unable to start until much later. This has resulted in a current total spend of £289,492, with an expected additional £100,00 being claimed by the end of August. We have been able to agree a carry-over of the grant funding arrangements for some of the projects where delivery is still expected to take place.

### 3.4 Innovation Fund 2021/22

At the Skills Committee of 29 April 2020, approval was given for a recurrent Innovation Fund of £500,000 to be allocated from the main devolved AEB Grant every year. Funding

allocations for 2021/22 academic year have been completed and funding agreements issued to all providers, as set out in Appendix 1.

3.5 As reported at the June Skills Committee, the DfE confirmed £11,959,794 of devolved AEB for the 2021/22 academic year. This is summarised below:

TABLE B: Budget Line	Allocation	% of budget
AEB Programme Allocations	£10,590,716	88.6%
AEB Innovation Fund	£500,000	4.2%
AEB retained for in-year growth	£462,445	3.8%
AEB Programme Management ('Top-slice')	£406,663	3.4%
<b>TOTAL</b>	<b>£11,959,794</b>	<b>100%</b>

3.6 For the 2021/22 Innovation Fund, a budget of £500,000 has been allocated. The themes to fund will be:

- Innovative engagement of atypical learners
- Piloting employer responsive approaches
- Continuation funding for a small number of successful projects from 2020/21, that require an additional year of funding

3.7 The fund will continue to support CPCA grant funded and contracted services. Providers will apply for additional funding to deliver innovative provision that meets the CPCA priorities for skills and training. To consider the continuation of successful first round projects that require an additional year for proof-of-concept. Proposals will be capped at £100,000 per project.

3.8 Applicants will still need to identify the learning, employment and/or social outcomes their proposed activity will deliver for residents, communities and employers within Cambridgeshire and Peterborough.

## Significant Implications

### 4. Financial Implications

4.1 Approval of the recommendation with allocate out £1.1m of the c. £1.5m AEB reserve brought forward from the prior financial year. The remaining £470k, is then available to mitigate against potential risks in-year. Given the underspends seen in the previous two financial years this level of contingency is considered sufficient. The table below summarises the impact on the MTFP of the recommendations.

Financial change summary (£'000)			2021-22	2022-23	2023-24	2024-25
Existing MTFP	Marketing and Promotion of Services	Approved	90	90	90	90
		STA	-	-	-	-
<b>Changes Requested</b>						
Changes Requested	Provider Capacity Building (new)	Approved	250	-	-	-
		STA	-	-	-	-

Change	Strategic Partnership Development (new)	Approved	<b>250</b>	-	-	-
		STA	-	-	-	-
	Marketing and Promotion of Services	Approved	<b>30</b>	-	-	-
		STA	-	-	-	-
Revised MTFP	Provider Capacity Building	Approved	<b>250</b>	-	-	-
		STA	-	-	-	-
	Strategic Partnership Development	Approved	<b>250</b>	-	-	-
		STA	-	-	-	-
	Marketing and Promotion of Services	Approved	<b>120</b>	<b>90</b>	<b>90</b>	<b>90</b>
		STA	-	-	-	-

## 5. Legal Implications

5.1 There are no legal implications.

## 6. Other Significant Implications

6.1 There are no significant implications.

## 7. Appendices

7.1 Appendix 1 – AEB Final Funding Allocations 2021/22

7.2 Appendix 2 – AEB Innovation Fund Projects 2020/21

## Appendix 1 – AEB 2021/22 Funding Allocation Summary

<b>GRANT PROVIDERS</b>	<b>2021/2022 AEB ALLOCATIONS INCLUDING GROWTH CASES</b>
<b>BEDFORD COLLEGE</b>	£170,000
<b>CAMBRIDGE REGIONAL COLLEGE</b>	£2,420,000
<b>CAMBRIDGESHIRE COUNTY COUNCIL</b>	£2,048,485
<b>HILLS ROAD SIXTH FORM COLLEGE</b>	£20,000
<b>INSPIRE EDUCATION GROUP</b>	£2,002,186
<b>NORTH HERTFORDSHIRE COLLEGE</b>	£38,000
<b>PETERBOROUGH CITY COUNCIL</b>	£1,400,000
<b>THE COLLEGE OF WEST ANGLIA</b>	£500,000
<b>WEST SUFFOLK COLLEGE</b>	£325,173
	<b>£8,923,844</b>
<b>INDEPENDENT TRAINING PROVIDERS</b>	
<b>BACK2WORK COMPLETE TRAINING LTD</b>	£462,000
<b>STEADFAST TRAINING LIMITED</b>	£500,000
<b>THE SKILLS NETWORK</b>	£439,872
<b>NACRO</b>	£100,000
<b>THE COLLEGE OF ANIMAL WELFARE</b>	£165,000
<b>*GNR TRAINING LIMITED</b>	£90,000
	<b>£1,666,872</b>
<b>Total</b>	<b>£10,590,716</b>

Note: GNR's total has been allocated from National Skills Fund (NSF) and Sector Based work Academy funding and therefore it's not included in the general AEB total.

## Appendix 2 – AEB 2020/21 Innovation Fund Projects

<b>Provider</b>	<b>Project outline</b>	<b>Revenue (AEB)</b>	<b>Capital (LGF)</b>	<b>Total</b>
Cambridge Regional College	New business start-up programme	£42,500	-	£42,500
Cambridge Regional College	Overcoming disadvantage through digital learning	-	£30,300	£30,300
Cambridge Regional College	Adults Learners Careers Advisor	£35,000	-	£35,000
College of West Anglia	Enhancing digital literacy in areas of high deprivation	£25,160	£15,150	£40,310
College of West Anglia	Community ESOL, pop up classroom	-	£32,652	£32,652

City College Peterborough	Peterborough City Skills Hub	£38,400	£9,850	£48,250
City College Peterborough	Health and Social Care Skills Lab – phase 1	£9,810	£39,994	£49,804
City College Peterborough	Health and Social Care Skills Lab – phase 2	£12,536	£34,684	£47,220
City College Peterborough	Health and Social Care Skills Lab – phase 3	£24,280	£25,659	£49,939
West Suffolk College	Construction Training Hub	-	£50,000	£50,000
West Suffolk College	Construction hub equipment	-	£50,000	£50,000
Inspire Education Group	Peterborough City Skills Hub	£43,250	£4,800	£48,050
Inspire Education Group	Response to redundancy Hub	£23,000	£26,935	£49,935
Inspire Education Group	Intensive English and Maths	£39,000	£9,000	£48,000
<b>Totals</b>		<b>£250,436</b>	<b>£329,024</b>	<b>£579,460</b>