



Agenda Item No: 3.3

## Adult Education Budget – Delivery Outcomes and Impact

To:	Business Board
Meeting Date:	10 January 2022
Public report:	Yes
Lead Member:	Chair of the Business Board, Austen Adams
From:	SRO – Adult Education, Parminder Singh Garcha
Key decision:	No
Recommendations:	<p>The Business Board is recommended to:</p> <ul style="list-style-type: none"><li>a) Note the performance data and outcomes for the Adult Education Budget (AEB) for the first two years of devolution with respect to employed status learners; and</li><li>b) Note the future plans for devolved AEB, as approved by the Combined Authority Board and proposals under development to support employer-responsive skills provision.</li></ul>

# 1. Purpose

- 1.1 To provide greater visibility of the Adult Education Budget (AEB) to the Business Board, providing an overview of performance and the delivery of outcomes from the first two years of devolution.
- 1.2 To respond to requests from the Business Board to provide a spotlight on how the AEB is evolving to better serve the local labour market and highlight areas that require improvement.
- 1.3 To consider and be cognisant of the views of the Business Board (and employers more widely), in driving improvements to the wider skills system and courses funded through devolved AEB, to ensure they are a catalyst for productivity in the sub-region.

# 2. Background

- 2.1 Our vision for Skills in Cambridgeshire and Peterborough (“the sub-region”) is to ensure that learners and employers are at the heart of the skills system. Given the status of the Business Board as the coterminous Local Enterprise Partnership for the sub-region, the substantial opportunity is to ensure there is strategic alignment between regional growth and the delivery of adult skills.
- 2.2 Control of the £12m annual Adult Education Budget (AEB) through devolution is arguably the main lever that the Combined Authority has to directly impact change and improvement in the local skills system. Through commissioning decisions, implementing local funding rules, accountable decision-making and funding flexibilities, the potential to ‘do things differently’ for business and residents is considerable.
- 2.3 Prior to devolution, the balance of funding and provision was out of step with regional skills needs and employer demand for suitably qualified and trained workforce. Some 43% of learning aims in the region were Community Learning, mainly for leisure/pleasure rather than opportunities for workforce development, given the regional skills challenges. There is certainly value in Community Learning, particularly in supporting health, wellbeing and community connection and a role for public funding for Community Learning in the overall mix of provision. This should not be at the detriment of skills for work. In 2020/21 the mix and balance were managed to 23% Community Learning and 77% Adult Skills. The planning assumption for the future is to retain an 80/20 balance of provision of Adult Skills to Community Learning.
- 2.4 The Combined Authority commissions courses from 17 education and training providers, including colleges, adult learning institutes and training providers, with £11m contracted from a £12m budget. Funding allocations to providers are published on the Combined Authority’s website.
- 2.5 Over the first two years of devolution, a considerable package of funding flexibilities and enhancements have been implemented, deviating from the national funding system and providing greater access to fully funded adult skills programmes, including:
  - Fully funding first level 2 courses for all ages

- Fully funding English for Speakers of Other Languages (and flexibility to deliver ESOL in the workplace)
- Fully funding first level 3 courses for all ages and second Level 3 in priority sectors (and for the unemployed looking to reskill)
- Piloting a level 4 and 5 course offer for the low-waged
- Lifting the threshold for low-waged to £20,000 (nationally it is £17,374)
- Providing a bursary for Care Leavers aged 19-22 to continue in education
- Providing a 4% funding uplift for learners from the 20% most deprived localities across the sub-region
- Providing a 10% funding uplift for 19–24-year-olds, to provide greater support for young people to progress to employment or Higher Education
- Allowing funding to be used for purchasing digital devices during the pandemic to tackle digital exclusion.

2.6 Access to AEB funded courses by employers are through the Growth Works for Skills brokerage service or directly through college and provider employer engagement teams. The full range of available courses is regularly updated on the Growth Works website.

2.7 An Independent Evaluation of the first year of devolved AEB in 2019/20 was undertaken by Cambridgeshire Insights and is published on the Combined Authority website. An Independent Evaluation of the second year of devolved AEB, will be published in February 2022.

## 2.8 National Context – Local Skills Improvement Plans

The Skills and Post-16 Education Bill is at report stage, progressing through parliament. It makes provision to implement policies set out in the Government's Skills for Jobs white paper, published in January 2021. Key aims include improving employers' involvement in planning for local training provision and enabling flexible access to further education and training for adults irrespective of age. Mayoral Combined Authorities (MCAs) will continue their role in commissioning of AEB and setting the wider strategy for skills in their area.

2.9 Employer Representative Bodies (ERBs) such as Chambers of Commerce will lead the production of Local Skills Improvement Plans (LSIPs) for a given geography, working with appropriate stakeholders including MCAs. In the new system, LSIPs will articulate employer demand for skills and areas for investment. Colleges will be required to deliver the priorities set out in the LSIP and be judged by Ofsted on their effectiveness in meeting local skills needs. College governors will have to ensure their institution is addressing local skills need and undertake a review to assure they are meeting this duty. In this sub-region, to ensure effective LSIP delivery, it is suggested that an enhanced Employment and Skills Board would be well-placed to take on the LSIP role with the sponsorship of ERBs.

### 3. Local Skills Context

3.1 Skills levels within local areas are reported through the Office for National Statistics (ONS) Annual Population Survey Data. Taking an average over three years, the qualification levels of employed 16–64-year-olds in the sub-region are similar to England. A slightly lower proportion of the sub-region have no qualifications than England, and a slightly higher portion are qualified up to level 2 and level 4+ specifically as shown in Table A below:

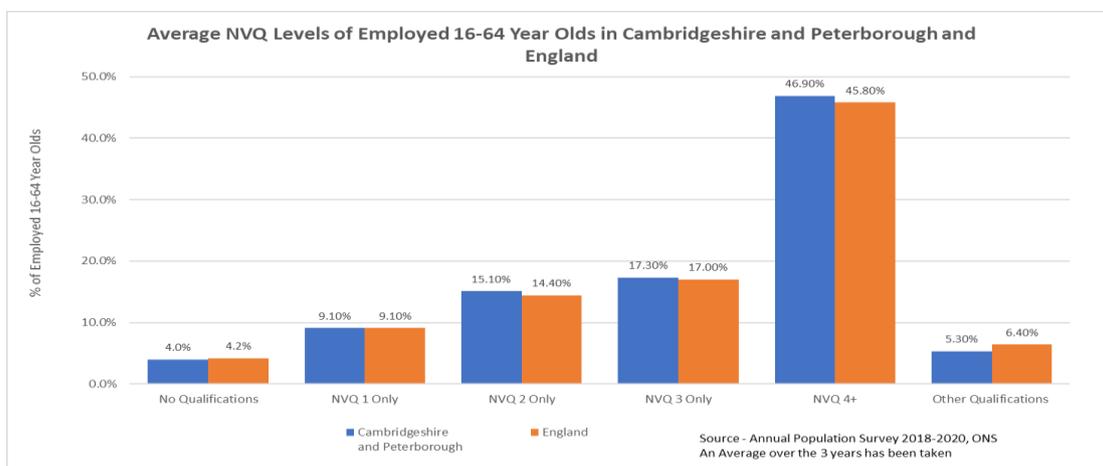


Table A Source: ONS Annual Population Survey

The headline performance of the region masks skills deprivation in Peterborough and Fenland. Therefore, the AEB programme has directed funding to these areas, with 52 percent of learning aims delivered to Peterborough and Fenland residents and plans to increase participation in the North of the sub-region further. For context, ONS 2020 data shows:

- In Peterborough, of the working-age population:
  - 7.8% of residents have no qualifications compared to 6.4% nationally. This equates to approximately 10,000 people.
  - 50.8% are qualified to level 3 compared to 61.3% nationally.
- In Fenland, of the working-age population:
  - 56.5% are qualified to level 3 compared to 61.3% nationally
  - 28% are qualified for level 4 compared to 43.1% nationally

### 4. Headline Performance in 2019/20 and 2020/21

4.1 Table B below shows the participation of residents from the sub-region who enrolled onto AEB funded courses since devolution and their employment status. In 2019/20, 51% of learners were employed. In 2020/21, this dropped to 46%, mainly due to the pandemic, with a corresponding increase in unemployed.

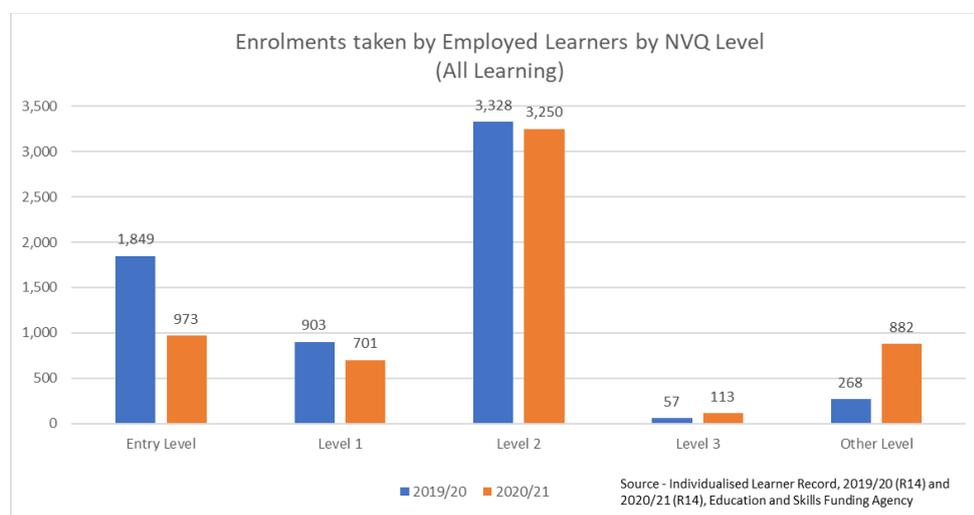
4.2 This equated to an investment of £3.08m in 2019/20 and £2.71m in 2020/21 on employed status learners. The data presented through-out this report, shows self-reported employment status by a learner at the point of enrolment

Status of Learners	2019/20		2020/21 (Active Enrolments Only)	
	Number of Learners	% of Learners	Number of Learners	% of Learners
Employed	4,277	51%	4,192	46%
Unemployed	2,332	28%	3,051	34%
Unemployed, Not Looking for Work	1,017	12%	1,429	16%
Not Collected	998	12%	593	7%
Total	8,421	100%	9,030	100%

As learners can appear against multiple categories, a sum of the categories will not result in the overall total number of learners

TABLE B: Source – Individualised Learner Record 2019/20 (R14) and 2020/21 (R14), Education and Skills Funding Agency

4.3 Looking more deeply at employed learners, the levels at which they are studying can be seen in Table C below.



In both 2019/20 and 2020/21, level 2 courses made up most enrolments taken by employed learners. Compared to 2019/20, a lower proportion of enrolments were at an entry level and at level 1. There is anecdotal evidence that during the pandemic, lower skilled individuals were least likely to enrol onto courses, particularly when they were delivered online.

4.4 In respect of level 3, the Combined Authority’s objective is to double enrolments every year for the next five years, to provide progression for residents having completed level 2, upskilling or returning to work. Labour market data shows buoyant vacancies for ‘technician/specialist’ level jobs at level 3. The aim is to increase this from 2% of enrolments in 2020/21 to 10% over the next five years, with a specific focus on Peterborough and Fenland.

4.5 Table D below shows the subject sectors that are being studied by employed learners on AEB funded courses.

Tier 1 Subject Sector	Proportion of Enrolments Taken by Employed Learners		Change between Years
	2019/20	2020/21	
Preparation for Life and Work	52%	42%	↓
Health, Public Services and Care	28%	30%	↑
Business Administration and Law	4%	6%	↑
Science and Mathematics	3%	3%	↔
Arts, Media and Publishing	3%	2%	↓
Languages, Literature and Culture	2%	2%	↔
Retail and Commercial Enterprise	2%	1%	↓
Information and Communication Technology	2%	6%	↑
Agriculture, Horticulture and Animal Care	2%	2%	↔
Education and Training	1%	2%	↑
Engineering and Manufacturing Technologies	1%	1%	↔
Construction, Planning and Built Environment	1%	1%	↔
Leisure, Travel and Tourism	0%	1%	↑
Social Sciences	0%	0%	↔
History, Philosophy and Theology	0%	0%	↔

Source – Individualised Learner Record 2019/20 (R14) and 2020/21 (R14), Education and Skills Funding Agency

Preparation for life and work subject sector, also includes basic skills: English and English for Speakers of Other Languages (ESOL). Table D highlights some of the gaps and concerns with the mix of provision, currently available for adults. Of particular concern are the low numbers of enrolments in engineering and manufacturing technologies, science, mathematics, and construction.

4.6 Table E maps the Combined Authority’s growth and priority sectors for employed status learners. It highlights areas for further investigation:

- Are growth sector employers, who account for approx. 20% of all employment in the sub-region, accessing AEB funded courses to upskill their workforce? Is the low proportion of enrolments in growth sectors reflective of the skills required by these sectors, being degree level or above?
- Is there a mismatch between the courses being offered by AEB providers and growth sector employer needs?

	2019/20		2020/21	
	% of Employed Learners	% of Enrolments Taken by Employed Learners	% of Employed Learners	% of Enrolments Taken by Employed Learners
<b>Growth Sector</b>				
Life Sciences	1%	0%	1%	0%
Digital and AI	1%	1%	1%	1%
Agritech	2%	1%	3%	2%

Advanced Manufacturing and Materials	1%	1%	1%	1%
<b>Total Growth Sectors</b>	<b>4%</b>	<b>3%</b>	<b>4%</b>	<b>3%</b>
<b>Priority Sectors</b>				
Hospitality and Leisure	1%	1%	2%	1%
Health and Care	37%	27%	38%	30%
Education	2%	1%	3%	2%
Construction	1%	1%	1%	1%
Transport and Wider Manufacturing	2%	1%	1%	1%
<b>Total Priority Sectors</b>	<b>43%</b>	<b>32%</b>	<b>44%</b>	<b>35%</b>
Both Learners and Enrolments can appear across multiple categories of Growth and Priority Sectors, therefore % will not necessarily sum to the total for either set of sectors				
Source - Individualised Learner Record 2019/20 (R14) and 2020/21 (R14), Education and Skills Funding Agency				

The new Employment and Skills Strategy will identify the skills components from the individual growth sector strategies that Business Board has approved. The new round of commissioning and procurement of new training providers was approved at the November meeting of the Combined Authority Board and will increase the focus on growth and priority sectors.

- 4.7 Regarding, basic skills, a recent Institute of Learning and Work report highlighted there are nine million working-age adults with low literacy or numeracy and five million have low skills in both. Most of these adults are employed. Table E shows the take-up of basic skills qualifications and the higher number of ESOL enrolments for employed learners. The flexibility for fully funding ESOL in the sub-region has helped to keep enrolments steady during the pandemic. Basic skills for adults are fully funded including the Essential Digital Skills qualification. Take-up of the Essential Digital Skills qualification has been low, with further activity to promote being planned.

TABLE E: Basic Skills Category	2019/20		2020/21	
	% of Employed Adult Skills Learners	% of Adult Skills Enrolments taken by Employed Learners	% of Employed Adult Skills Learners	% of Adult Skills Enrolments taken by Employed Learners
Literacy	22%	16%	16%	13%
Numeracy	17%	12%	15%	12%
Digital*	N/A	N/A	0%	0%
ESOL	12%	16%	11%	17%
<b>Total Basic Skills</b>	<b>41%</b>	<b>44%</b>	<b>36%</b>	<b>43%</b>
<b>Non-Basic Skills</b>	<b>67%</b>	<b>56%</b>	<b>67%</b>	<b>57%</b>

\* The Digital Basic Skills Category was not introduced until the 2020/21

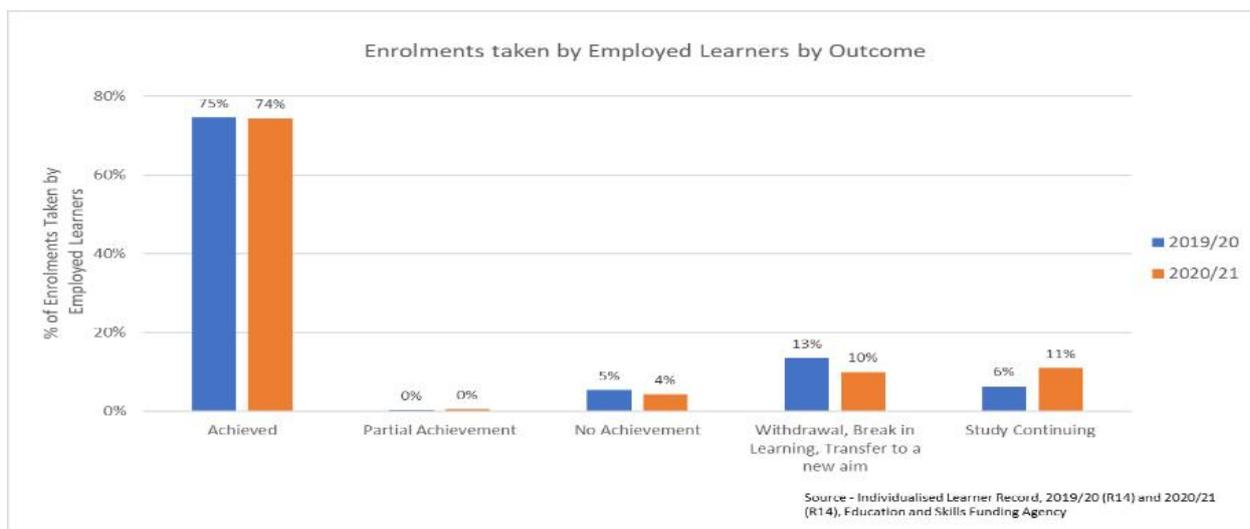
As learners can appear against multiple categories, the % of learner figures will not add up to 100%

Source – Individualised Learner Record 2019/20 (R14) and 2020/21 (R14), Education and Skills Funding Agency

## 5. Outcomes and Destinations

- 5.1 Table F below shows in 2019/20, 75% of employed learners achieved their learning aims and this dropped slightly to 74% in 2020/21. In 2020/21 a lower proportion of

enrolments resulted in no achievement, or some form of withdrawal, break in learning or transfer to a new aim than in 2019/20.



## 5.2 Outcomes-Based Success Measures 2017/18 - Sustained Employment Destination

The Department for Education (DfE) collects outcomes-based success measures (OBSM) of further education students. The latest data available is for those who completed their learning in the 2018/19 academic year and identifies their education and/or their employment outcomes for the following year. While the specific definition of 'sustained' vary between different types of outcomes, generally it means that the outcome was active between the months of October and March of the following academic year.

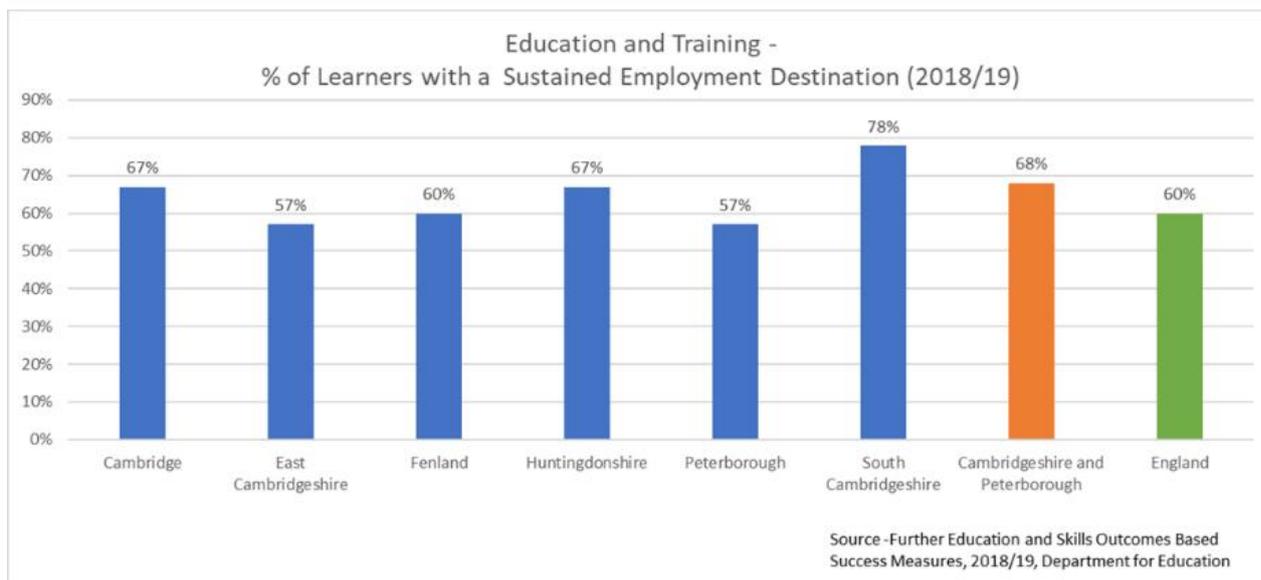


Table F above shows a higher proportion of learners in the sub-region had a sustained employment destination compared to the England average:

- Peterborough and East Cambridgeshire fell below the England average

- The local authority with the highest proportion of learners in a sustained employment destination was South Cambridgeshire. These is also the only local authority which was above the sub-regional average.

5.3 Since devolution, the Combined Authority has requested all commissioned providers to record destinations for learners. This destination data is based on self-reported data collection by providers. Data collection methods will vary from provider to provider and does not necessarily represent a sustained destination that can be backed by additional data sources. A more accurate source of data on sustained destinations is the Outcomes Based Success Measures produced by the Department for Education on an annual basis in the above Table F.

#### 5.4 CPCA Local Destination Data

Table G below shows the number of learners with a recorded destinations and the category. As there is no published bench-marking data for destinations, it is difficult to make a comparative judgement about the data, but it provides an overall survey of destinations and can be analysed for individual providers. Work is underway to implement a consistent destination tracking system for the sub-region.

TABLE G: Destinations Recorded for Learners who were funded by Cambridgeshire and Peterborough Combined Authority

Destination Category	2019/20	2020/21
Education	1,012	899
Employment	3,058	2,890
Gap Year	-	-
Not in Paid Employment	1,955	2,652
Social Destinations	-	-
Voluntary Work	50	63
Other	2,017	2,182
Total Learners with Outcome	7,340	8,053
Total Learners	8,421	9,030

Individual learners can appear across multiple destinations. They have only been counted once for the totals

Values marked as '-' have been suppressed as they fall within the 0 - 10 range

TABLE G Source - Individualised Learner Record, 2019/20 (R14) and 2020/21 (R14), Education and Skills Funding Agency

5.5 Table H below attempts to ascertain whether the destination secured by the learner is a direct association with CPCA funded learning, completed in 2020/21. This link was produced by looking at the completion dates of individual enrolments and identifying any destinations associated with that learner following the completion of that learning. Out of the 2,711 learners who had a destination of 'employed' recorded against them, 451 (17%) were recorded as unemployed on their first day of learning.

<b>TABLE H: Destination Category</b>	<b>Number of Learners</b>
Education	746
Employment	2,711
Gap Year	-
Not in Paid Employment	2,467
Social Destinations	0
Voluntary Work	51
Other	1,986
Total learners with an associated destination	7,701
<b>Total Learners</b>	<b>9,030</b>

TABLE H: Destination Data associated with CPCA Funded Learning Completed in 2020/2. Source: Individualised Learner Record, 2019/20 (R14) and 2020/21 (R14), Education and Skills Funding Agency  
Note: Individual learners can appear across multiple destinations. They have only been counted once for the total. Values marked as '-' have been suppressed as they fall within the 1 - 10 range. 0 indicates 'true zero'

## 6. Next Steps

- 6.1 This report has provided a baseline position for the Business Board and greater visibility of AEB data that was not published pre-devolution in this detail. It has highlighted the performance during the first two formative years of devolution, the outcomes being delivered and the operating context. It has identified gaps in sectoral coverage and take-up of level 3 courses. The Employment and Skills Strategy and Skills Action Plan will identify the specific interventions to improve employer-responsive skills provision.
- 6.2 Despite the challenge of the pandemic and national lockdowns, resulting in college closures, providers in the sub-region still delivered a 9% increase in enrolments in 2020/21 compared to 2019/20. For future years, the Combined Authority Board has approved three-year plan-led funding for colleges. This will provide greater stability, partnership, and a lever for investment in growth and priority sectors.
- 6.3 Building capacity for delivery of training for green jobs, retrofit and carbon literacy among businesses and citizens is a key priority for investment. Proposals are being developed for implementation in 2022/23.
- 6.4 The Combined Authority Board has approved commissioning of independent training providers for a five-year contract period from 2022/23 to 2026/27 for up to £3m of AEB per year. Part of this investment will be focussed on addressing the gaps in growth and priority sectors and bespoke employer programmes, which could be non-qualification bearing. Blended and online learning will continue to be part of the mix of delivery.
- 6.5 There has been some recent successes in the Combined Authority's ability to use its agility and local powers to commission providers to respond rapidly to acute labour-market shortages, faster than national procurement for non-devolved areas. This has included HGV drivers, rail engineering operatives, hospitality staff and construction workers.
- 6.6 Given the emphasis of the Skills and Post-16 Education Bill, on employers being at the 'heart of the skills system' through LSIPs, the Business Board should consider how it ensures employer skills needs continue to be effectively articulated through Employer Representative Bodies and the Employment and Skills Board.

## Significant Implications

### 7. Financial Implications

- 7.1 The recommendations of this report are for members to note performance since devolution of AEB across the previous two academic years and so there are no financial implications.

### 8. Legal Implications

- 8.1 The recommendations of this report are for members to note and so there are no legal implications.

### 9. Other Significant Implications

- 9.1 Environmental Sustainability and net-zero considerations - there are no implications from this report.

### 10. Background Papers

- 10.1 [AEB Independent Evaluation Report 2019/20](#)
- 10.2 [Getting the Basics Right – Institute of Learning and Work Report October 2021](#)
- 10.3 [Skills for Jobs White Paper January 2021](#)