



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

SKILLS COMMITTEE	AGENDA ITEM No: 2.3
11 NOVEMBER 2019	PUBLIC REPORT

ADULT EDUCATION BUDGET COMMISSIONING STRATEGY & PRINCIPLES FOR REDISTRIBUTION OF UNDERSPEND

1.0 PURPOSE

- 1.1. The report recommends approving the Adult Education Budget Commissioning Strategy for 2020 onwards.
- 1.2. Further the report proposes utilising any AEB underspend to be redistributed to providers in the following academic year through growth bids or the current year if the evidence and data is robust and sufficient.

<u>DECISION REQUIRED</u>	
Lead Member:	Councillor John Holdich
Lead Officer:	Neil Cuttall, AEB Programme Manager
Forward Plan Ref: 2019/055	Key Decision: Yes
The Skills Committee is recommended to: (a) Endorse & approve the Adult Education Budget Commissioning Strategy 2020 (b) Approve the redistribution of any underspend to be ring fenced for AEB and utilised for growth of Combined Authority Providers in the following academic year or in the current year if deliverable.	Voting arrangements Simple majority of all Members

2.0 BACKGROUND

- 2.1. The report sets out the Commissioning approach that the Combined Authority (the “**CPCA**”) will enact from 2020 for the delivery of Adult Education through the Adult Education Budget (AEB). The report also recommends a process for

redistribution of AEB funding should any provider(s) underspend during the academic year.

Commissioning of Adult Education for 2019/20

- 2.2. The CPCA has set out the strategic ambition for Skills in the Ambition 2030 Strategy; The Skills Strategy has also identified that the AEB is a mechanism to deliver an improved skill offer for the residents of Cambridgeshire and Peterborough. In November 2018 the Skills Committee and CPCA Board approved a Commissioning approach for AEB for academic year 2019/20; this outlined a series of principles which officers enacted to deliver both grant and procured funding, whilst specifying guidance to providers.
- 2.3. The AEB Commissioning undertaken for 2019/20 achieved a mix and balance of £8.9m in grant funded provision and £2.04m in procured funding. This represented an increase in (a) procured funding from 2016/17 by £0.9m; and (b) investment in local grant providers from £8.1m. This was achieved by reclaiming grant provision from out of area providers. The CPCA agreed with the Department for Education (DfE) through a Memorandum of Understanding not to destabilise local grant providers through disinvestment, however officers have worked with Grant Providers to complete Individual Institute Delivery Plans that were aligned to CPCA policies. Further the focus of Commissioning and then procuring allowed for better investment alignment in learning to local business and industry sector priorities as identified in the Local Industrial Strategy and Skills Strategy.
- 2.4. The Commissioning of AEB in 2019/20 has also seen a significant reduction in the number of providers contracted to provide services. In 2017/18 the Education Skills Funding Agency had 196 providers delivering to residents claiming residence in Cambridgeshire and Peterborough. This year the CPCA has awarded 12 grant contracts and 5 procured contracts. This will allow for a more focused strategic relationship and understanding to be built between the 17 providers and the CPCA in the delivery of AEB.
- 2.5. The 2019/20 academic year will allow for the first baseline year of devolved AEB funding providing the CPCA as commissioner to acquire and improve understanding of how AEB funding is being invested locally, which in turn will allow for a more refined service to be developed and delivered post 2020.
- 2.6. This report provides an updated Commissioning Strategy (attached hereto as Appendix 1) which sets out the CPCA priorities for allocating and funding the devolved AEB from 2020 onwards. The AEB will link with other activity aimed at supporting residents to progress in learning and to move towards or into productive and sustained employment.
- 2.7. The Commissioning Strategy focuses on key competencies such as literacy, numeracy, digital capabilities and employment skills, and seeks to show an education pathway throughout adulthood that will improve the agility and flexibility of the local labour force.

2.8. The Commissioning Strategy provides a structured dynamic and innovative new approach with National and Local Policy context, CPCA Skills Priorities, Principles, Key Messages, Data & Research and recommended policies for Cambridgeshire & Peterborough. Officers have consulted with the local Further Education sector, the local authorities and the local Independent Training Provider network and they have influenced the final version.

2.9. The AEB Priorities are:

- (a) Target sustainable employment
- (b) Target low skills and low paid adult residents in the workforce
- (c) Secure skills at level 2 and above
- (d) Increase digital provision
- (e) Increase flexible delivery of learning that supports adults in work to upskill
- (f) Target people in priority communities especially Peterborough & Fenland
- (g) Improve progression between levels, particularly from level 1 to level 2 and to level 3.

2.10. Future Redistribution of AEB Funding

2.11. There is a possibility that the one or more of the 17 contracted providers may underspend their allocation during 2019/20. In April 2019 the AEB Programme Manager provided a report to the Skills Committee outlining a series of potential options that officers could explore. Members of the Committee expressed that any underspend should be focused on Adult Education and not be provided to other programmes but rolled forward into the next academic year.

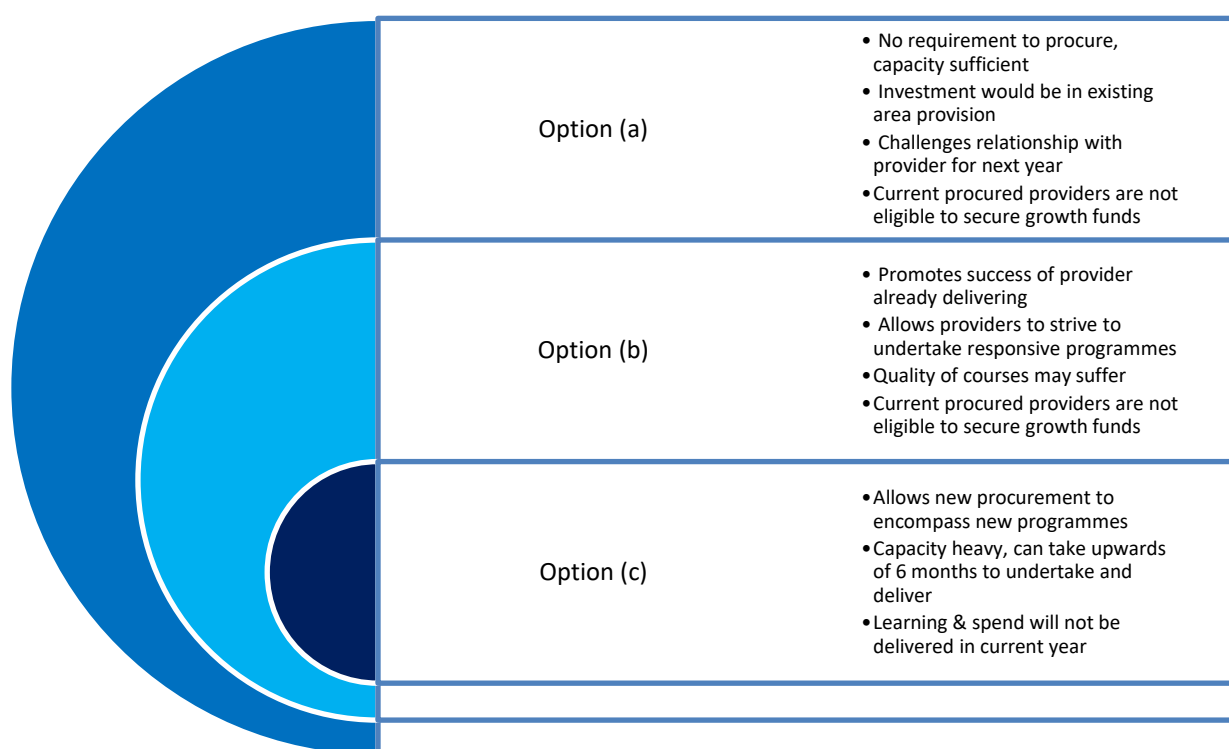
2.12. To ensure stability through devolution for the CPCA, ESFA and Providers and Enhanced Service Offer was agreed to utilise the 'data to payment' system that the ESFA gave developed since 2010. This has provided control for both providers and the CPCA to ensure that the providers can upload data and information on learning and that the CPCA has an existing software system that is mature and can assist with making payments. This allows data to be provided on a monthly and quarterly basis. This system is currently being reviewed as part of an analysis of options for utilising current systems or creating a new system for the CPCA. An Options Analysis and future business case will be presented to the Skills Committee in the near future.

2.13. The academic year started on the 1st August 2019 and will end on the 31st July 2020. Therefore, the sixth (6th) monthly point for projection of underspend by providers and supplied by the ESFA Service Offer will be in mid-February 2020. At this point the CPCA Officers will have a comprehensive understanding of any potential of underspend, which can be redistributed to other grant providers who are able to spend in year growth and meet our strategic priorities. Officers will enter into a discussion with those providers on the potential uses of any underspend in year and will work in connection with the allocations process for the academic year 2020/21. These strategic discussions will also cover quality of provision encompassing current past achievement rates, Ofsted reports, and successful destinations, before any additional resources are allocated.

2.14. If underspend is identified there are a number of options open to the CPCA, these include:

- (a) Re-allocating the monies to providers in the new academic year following; in this case 2020/21 which would start on the 1st August 2020
- (b) Re-allocating monies to other Providers in the current academic year
- (c) Procuring new learning; potentially focused on new learning aims or focused on different delivery methods such as utilising smaller grant providers.

2.15. Options Analysis for Redistribution of AEB



2.16. It is recommended that Option A is undertaken. This would provide the CPCA with an opportunity to challenge the provider who had underspent on their requirement for the next academic year. This option would also allow other providers who are successfully delivering to seek and be awarded with growth. The Delivery Plans for 2020/21 would be sought from Providers by the end of March 2020; it therefore connects well for the CPCA to combine the award of growth funding and the redistribution of funding into the next academic year.

2.17. Further the CPCA could seek in the Delivery Plan development stage for 2020/21 that current grant providers utilise sub-contracting to engage more with specialised or bespoke small community groups to deliver learning to niche cohorts of learners with any redistributed funds. This would minimise the

contract management requirements of the CPCA whilst still achieving, through our strategic partners, an improved local offer.

2.18. Next Steps in the Delivery of AEB

2.19. The Commissioning Strategy will be completed, publicised and promoted for the academic year 2019/20 onwards. It will form a key foundation stone in the Grant Provider Delivery Profiles sought in March 2020 and will be used in any future AEB Procurement processes.

2.20. The redistribution of AEB funding will be stated to providers as an option should any fail to deliver to their allocation. The Grant Provider Delivery Profile template will be adapted to seek information from providers on what growth they may seek for 2020/21

3.0 FINANCIAL IMPLICATIONS

3.1. There are no direct financial implications associated with report. The recommendation in section 2.16 to reallocate in-year Grant Provider underspending to the next academic year will require approval of the values to be reallocated, ensuring the totality of proposed expenditure falls within the approved budget for the financial year.

4.0 LEGAL IMPLICATIONS

4.1. There are no direct legal implications.

5.0 SIGNIFICANT IMPLICATIONS

5.1 There are no significant implications identified for this report that have not already been addressed.

6.0 APPENDICES

6.1. Appendix 1 – Adult Education Budget Commissioning Strategy 2020

<u>Background Papers</u>	<u>Location</u>
Skills Committee Papers from November 2018 and April 2019	Skills Committee Papers November 2018 Skills Committee Papers April 2019