



CAMBRIDGESHIRE & PETERBOROUGH
COMBINED AUTHORITY

Cambridgeshire and Peterborough Combined Authority

Adult Education Budget

Commissioning Strategy 2019-2022

**A Framework for Partnership: Working together to
ensure a world class offer for adult education.**

Cambridgeshire and Peterborough Combined Authority

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1.1 Executive Summary

The Cambridgeshire & Peterborough Combined Authority Adult Education Budget Commissioning Strategy ensures there is a natural link between the priorities set out in the national industrial strategy, the UK social mobility commission, the CPCA independent economic review, the CPCA 2030 ambition statement, the local industrial strategy and the local skills strategy. It is a holistic, integrated approach that reinforces the role of skills and the inclusivity of all residents to benefit from economic growth and for nobody to be left behind.

1.2 Through consultation and partnership with senior leaders in adult education and from an analysis of the latest AEB data in Cambridgeshire & Peterborough, we have established

i) a vision

To be the UK's most innovative and adaptive adult education system; for high quality learning that leads to sustainable employment for all; with increased productivity and economic inclusivity support prosperous businesses and communities with adult, lifelong learning at their centre.

ii) A set of priorities

1. To target people in priority communities by increasing participation in Peterborough and The Fens;
2. to target sustainable employment for residents during learning and after learning is completed;
3. to improve learning progression between levels particularly from entry level to level 1 to level 2 and onto higher qualifications and if appropriate onto Apprenticeships;
4. to target low-skilled and low-paid adult residents in the workforce;
5. to increase self confidence for the low skilled and those furthest from the labour market including residents with mental health issues and the unemployed;
6. to increase skills and qualification at level 2 and level 3 with a clear link from local adult education participation;
7. to increase digital skills for residents with no basic digital skills
8. to increase flexible delivery of learning that supports adults in work to upskill.

iii) A move towards

A more strategic, transformational, outcome, impact focused local adult education programme and a more place-based and people delivery model that reflects the economic and societal priorities and needs of Cambridgeshire & Peterborough

iv) An AEB Commissioning Cycle

It will analyse overall performance, develop policy, procure provision, deliver through the providers and review links to other skills activities

v) Strategic and operational dialogue with the education and training providers

The CPCA will be working in partnership with the education and training providers to achieve the priorities through regular contact and quarterly reviews

vi) Exploring changes in policy developments

Such as outcome commissioning, the low wage pilot, commissioning for local providers only, improving the funding for learning support, better destination data and fully funding first full level 2 and 3 for all ages when it applies to 19-23-year olds at the moment

- 1.3** It places employers and learners at the heart of the AEB skills system and creates a culture for individual and collective responsibility to deliver better outcomes. The AEB Commissioning Strategy will forge a new way of working. Its success will be measured against meeting the set of priorities.

2.0 Introduction

- 2.1** For Cambridgeshire & Peterborough it is an economic and societal necessity that we improve the skills for adults as they continue throughout life as individuals, members of a community and within their employment career; for the combined authority this is a primary priority. The areas for improvement have been universally accepted such as lifelong learning, workforce development, education and training that match labour market needs and in particular for individuals to aspire to progress and be inspired by others.
- 2.2** There are challenges to charting the employment landscape in modern economies: creating and reinvigorating a different education and training pathway and how to best develop a culture of lifelong learning. There are ways of facilitating and adapting to a skills environment in which employment needs are rapidly changing as new technologies enter at an ever-growing pace.
- 2.3** To meet these challenges purposeful relationships and partnerships between education, local communities, individuals and employers are key. The aim is to create an environment whereby individuals, education establishments and employers are empowered to create economic value added and sustainable employment that benefits the local economy and is supported by an inclusive and dynamic skills offer.
- 2.4** Economic development and technology changes make improving our adult skills vitally important. Future generations are set to face significant tests as they navigate increasingly complicated labour markets influenced by the downward trend in the Cambridgeshire & Peterborough productivity levels, reducing employment opportunities and individual prosperity.
- 2.5** The world of work is changing. Digitilisation, globalisation and population ageing are having profound impacts on the type and quality of jobs that are available and the skills needed to perform them. The extent to which individuals, businesses and communities can reap the benefits of meeting these challenges will substantially depend on the readiness of our local adult lifelong learning environment and its ability to help people develop and maintain relevant skills over their working careers for the benefit of businesses and communities. The adult lifelong environment should give adults more and better access to upskilling and reskilling opportunities to increase resilience from rapid structural changes in the economy.

3.0 Commissioning Strategy

- 3.1** This commissioning strategy for the adult education budget seeks to be a vital component in alleviating and overcoming the specific challenges to Cambridgeshire and Peterborough and at the same time understand and work within the challenges of the national skills context.

- 3.2 It will focus on the key competencies that will impact on individual life chances and economic growth the most such as literacy and numeracy, digital capabilities and employment skills and seek to show an education pathway throughout adulthood that will improve the agility and flexibility of the local labour force.
- 3.3 It will play a key role in creating inclusive economic growth and it sets out an active holistic approach to equipping Cambridgeshire and Peterborough for globalisation by making sure we have the foundation skills that underwrite the services and industries of our future. The strategy seeks to build new bridges between the workplace and progression through learning and engaging employers to a much greater extent in communicating the skills existing and potential employers need for the world of work.
- 3.4 An outstanding education and training market reflects the skills needs of employers, communities and the expectations of learners and the workforce and sets in place clear benchmarks of high quality for education and training.
- 3.5 It will build a new and higher quality capacity within the provider base through
- Fewer, more strategic local partners, including Independent Training Providers, with deeper competences in the development of the skills that will meet our strategic priorities, including social and economic developments; filling the gaps currently present in both capacity to transfer those skills and capability to deliver them.
 - Actively encouraging new, independent, commercial providers from outside the county to locate and build a meaningful presence and to work with the existing provider base to grow
- 3.6 It will set new standards in the efficacy of procurement to meet a new outstanding quality of providers through a forensic monitoring and evaluation of
- Ability and willingness to invest in course and delivery model development for increased outcome efficacy
 - Understanding the local circumstances particular to Cambridgeshire & Peterborough including an integrated approach for economic, social and health and well being priorities
 - Capacity to deliver and grow, demonstrating the existing availability of competent staff to deliver, identifying providers that are either already or about to become overstretched through rapid growth or financial constraints
 - Strong management capability to deal with unexpected market and capacity issues and adapt in an agile manner to focus on outcomes
 - Each provider offer against existing market supply outside of AEB, to avoid over-competition for specialist pools of learners
 - Current FE providers who will be helped to focus and develop their delivery capacity, as part of an integrated skills delivery eco-system, coordinating and collaborating more and competing less, to conserve resources, reduce waste and focus better the right skills in the right place for the local economy and community

To support this, and to bring fresh ideas and approaches in the region, new Independent Training Providers, consortia and community groups will be encouraged to establish a meaningful presence as strategic partners in economic and skills development.

- 3.7 Improving the workforce development and the skills of adults entering and already within the local workforce is crucial to achieving the economic development of Cambridgeshire and Peterborough. There will be a locally responsive adult education budget that reacts to the needs of local

communities, employers and learners so that skills can be a driver for economic growth.

4.0 Key messages

4.1 The key messages in the CPCA AEB Commissioning Strategy will be to develop the future readiness of the local adult learning system in Cambridgeshire & Peterborough by

- moving towards a more strategic, transformational, outcome, impact focused local adult education programme that will concentrate on sustainable employment; education and training progression from entry level to level 4; more participants in Peterborough and The Fens and will significantly contribute to reducing the skills gap in the sector priority areas set out in the Local Industrial Strategy
- moving towards a place-based and people delivery model that reflects the priorities and needs of Cambridgeshire & Peterborough
- focusing on the low skilled and the low paid be that in the existing workforce or the unemployed
- recognising that 2019/20 is a year for developing relationships between the CPCA, stakeholders, businesses and providers with an expectation that 2020/21 and 2021/22 will be the years where outcomes will be embedded and more clearly achieved
- understanding that an honest, trusting and effective working local partnership between local businesses, individuals, education and training providers, communities and the CPCA is vital to achieve a successful adult learning programme
- reducing barriers and enhancing the opportunities for adult education participation by making education and training provision flexible and adaptable to meeting the needs of businesses and resident adults
- improving the coverage of adult learning by raising the awareness among business and adults about the benefits of training through more effective communications and helping learners make informed choices through appropriate careers advice and guidance
- developing the importance of a regular two way strategic and performance monitoring dialogue between the providers of adult education and the combined authority
- ensuring there is a connectivity with the local schools network and other skills programmes including Apprenticeships, the local skills brokerage service, the University of Peterborough and the National Retraining Scheme.

5.0 National Skills Context

5.1 As the economy changes and progresses towards 2030, the more able who can develop their skills and adjust their career path to take advantage of the high skilled jobs which will be created will benefit and those who cannot are more likely to be trapped in insecure, low level, low paid non-routine jobs. As the demand for jobs needing academic knowledge and information processing skills increases, adults need to spend longer in formal education be that part time or full time.

There needs to be a balance between equipping adults with a general education to prepare for further study and providing more employment specific skills.

- 5.2 The importance of a wider set of skills is being increasingly recognised internationally such as finding people who can manage time and prioritise tasks, possess customer handling skills and are a good team worker. It is about how
- skills are promoted that matter for the economic prosperity and social cohesion of Cambridgeshire and Peterborough;
 - we ensure all adults are empowered to equip themselves for future jobs;
 - we raise the recognition amongst employers of the value of investing in the workforce skills;
 - we improve the quality and business relevance of all educational and training establishments.
- 5.3 Career paths today are more dynamic than in the past; spanning multiple roles in multiple fields. For some this is life enriching but for others it can be daunting. There are clear links to lifelong learning, national prosperity, reduced inequality, improvements in emotional wellbeing and social cohesion. The role of the adult education budget is to assist in inspiring adults to aspire and reach their maximum potential as a resident and a learner.
- 5.4 To meet this, the national industrial strategy aims to boost productivity by backing businesses to create good jobs and increase the earning power of people throughout the UK with investment in skills, industry and infrastructure; building a Britain fit for the future. The industrial strategy deliberately strengthens the five foundations of productivity: ideas, people, infrastructure, business environment and places. The CPCA AEB Commissioning Strategy will assist the national industrial strategy by enhancing the skills of its residents particularly residents with low skills and improving their sense of place and belonging.
- 5.5 To look at how any national funding changes could assist the progression from secondary education to further and higher education and the skills demands of the future the Augar Report was published in May 2019. It was a detailed analysis of post 18 education in the UK and the funding issues faced by the sector. The view of the report was that post 18 education should be a lifelong experience available to all, irrespective of age, situation or income. It highlights that further education holds the key to improving social mobility and improving productivity. One of its primary headline recommendations was to offer a first free full level 2 and 3 qualification for all learners. This recommendation is one the CPCA will seek to explore introducing locally by 2021/22 once its impact is investigated and forensically analysed.
- 5.6 In addition, to assist our sense of place and belonging, the social mobility commission in the state of the nation annual reports has turned the spotlight on areas which stop disadvantaged people being able to fulfil their full potential. They highlight the need to making sure there are informed choices to find a job that is fulfilling and the choice to stay where you grew up. It exposes there is no longer a simple north – south divide but many hotspots and coldspots in all parts of the country including Cambridgeshire & Peterborough.

6.0 Local strategies for skills

- 6.1 The Cambridgeshire and Peterborough region plays an important part in the UK economy overall. With its strong knowledge base and prosperous communities, Cambridgeshire & Peterborough's Ambition 2030 is to make our region the best place in the world to live, learn and work.
- 6.2 Within the CPIER, the CPCA region is uniquely defined by three distinct economies with differing

sector specialism and social and economic skills needs. Namely, Greater Cambridgeshire (Cambridge and South Cambridgeshire); Greater Peterborough and the Fens. It is a microcosm of the UK; along with impressive internationally renowned success there is significant spatial inequality. It is one unified economy with three quite different ones within it who are seeking to strengthen their linkages but recognise that differences exist and each wants to ensure an approach tailored to its own needs.

- 6.3 As a consequence, the CPCA Skills Strategy aims to grow a successful, globally competitive economy grounded in high skilled, better paid jobs, increased productivity and strong communities through an inclusive world class local skills eco-system that matches the needs of our employers, learners and communities. The strategy is a blueprint for maximising the skills of its residents to drive up productivity, enable economic growth and support social inclusion.
- 6.4 To meet the aims there are three primary themes
1. Achieve a high-quality offer tailored to the needs of the three sub economies
 2. Empower local people to access education and skills to participate fully in society, to raise aspirations and enhance progress into further learning and/or work and career progression
 3. Develop a dynamic skills market that responds to the changing needs of local business
- 6.5 There is an overriding imperative to make sure all individuals in employment reach their full potential and an understanding of the planning and activity that is required to achieve this such as roles with achievable career pathways; inclusive workforce development strategies and implementation plans; higher value jobs with realistic chances of promotion and better pay and a recognition of an employee's role in improved productivity, and as part of that, the vital role of the local community.
- 6.6 Specifically, the adult education budget will change how it is invested and the related outcomes for individual opportunity and business needs in order to meet the People's objective. The focus on lifelong learning will ensure there is an inclusive system for adult education that enables local people to upskill or retrain at any point in their lives and helps to close the gap between the skills people have and the skills the economy needs.

7.0 AEB Context

- 7.1 Devolution of the Adult Education Budget to the CPCA was agreed in the Devolution Agreement of November 2015. Local devolution has put the Combined Authority in control of AEB funding delivery from the 2019/20 academic year. It has enabled a closer link between employers, local communities and the education and training curriculum offer.
- 7.2 The primary purpose is to engage adults and provide them with the skills and learning needed for work or further learning. In addition, it will improve employability skills including communication, self-confidence and attitude to work and enable people to contribute to the social wellbeing of their community. It will enable more specific programmes of learning to help those furthest away from the market place of work and learning.
- 7.3 Providers of adult education currently deliver a range of important learning in our community, including: literacy, numeracy, English Language, skills for employment, family literacy and learning. Most is through colleges, local authorities and independent training providers and much of it has been successful in transforming lives for learners with people acquiring knowledge and skills that has helped them to secure employment and progress into work and to further learning.

- 7.4 The CPCA has an opportunity to work with providers, learners and employers in simplifying the system and to demonstrate the advantages of a devolved skills administration and delivery.
- 7.5 The AEB programme will:
- meet the Cambridgeshire and Peterborough priorities as listed in the skills strategy
 - meet national entitlements
 - ensure responsiveness to employer and learner need
 - ensure learner progression from entry level through to level 4
 - align with other local services including Apprenticeships and The National Retraining Scheme.

8.0 Context Conclusion

- 8.1 The national, local and AEB context stresses the vital role of skills to a holistic approach for improving economic growth and development. The AEB plays an important part in ensuring any growth is evenly distributed and inclusive across the geographical area of Cambridgeshire & Peterborough and amongst all residents no matter what their circumstance.
- 8.2 The AEB Commissioning Strategy logically flows from the vision, key priorities and messages of the Cambridgeshire & Peterborough Independent Economic Review; the CPCA 2030 Ambition Statement; the National Industrial Strategy; Local Industrial Strategy and the local Skills Strategy. It is heavily influenced by the social mobility commission report: the state of the nation and recognises the strategic priority for upskilling the least qualified in the area and how that assists community cohesion and a sense of place and belonging for local residents.

9.0 Vision

From the national, local and AEB context, the Cambridgeshire & Peterborough Combined Authority adult education vision is

- **to be the UK's most innovative and adaptive adult education system**
- **for high quality learning leading to sustainable employment for all**
- **with increased productivity and economic inclusivity to support prosperous businesses and communities with adult learning at their centre**

10.0 Overview of an AEB Commissioning Cycle

To meet the vision and to ensure the AEB is commissioned, allocated, procured and appropriately spent, the CPCA has developed a commissioning cycle that will have a central role in ensuring the provision we offer sufficiently meets local need. It is designed to support the residents of Cambridgeshire & Peterborough and to ensure effective monitoring and evaluating of the delivery of the AEB education and training providers in meeting the CPCA's AEB strategic priorities.

2019/20 will be the first year of a three year commissioning cycle that will have five components –

- i) analyse
- ii) development,
- iii) procurement,
- iv) delivery
- v) review



11.0 Purpose and Principles of the Commissioning Strategy

11.1 Purpose

11.2 The purpose of the commissioning strategy is to set out Cambridgeshire & Peterborough Combined Authority's priorities for allocating and funding the devolved Adult Education Budget (AEB) which will have a vital role in Cambridgeshire and Peterborough's growth and reform agenda. The AEB will be linking with other activity aimed at supporting our residents to progress in learning and to move towards or into productive and sustained employment. Our commissioning approach has and will involve a combination of plan-led grant funding and procured provision.

11.3 The principal purpose of the AEB is to engage adults and provide them with the skills needed for entering and sustaining work, an apprenticeship or traineeship, or other further learning. In Cambridgeshire and Peterborough, this means high quality provision which leads to demonstrable improvements in opportunities, positive outcomes for individuals and clear progression pathways for our residents, with a clear line of sight into the local labour market and future economic development opportunities. It should focus on ensuring adults have basic and core skills, including delivering the expanding range of entitlements which, notwithstanding the devolved nature of this budget, will continue to apply within Cambridgeshire and Peterborough.

11.4 Key Principles

- 11.5 The CPCA strategic ambitions from the Cambridgeshire Peterborough Independent Economic Review and the Skills Strategy have given rise to clear adult education budget principles for managing the devolved AEB, for both procured and grant funded provision;
- a. Employers and learners are at the heart of the AEB skills system
 - b. A mutually beneficial system that improves social and economic development
 - c. Create a culture for individual and collective responsibility to deliver better outcomes.
 - d. The focus is on achieving positive outcomes and a positive impact for residents supported by robust initial assessment, individual learning plans and careers advice and guidance to aid progression within learning and into work.
- 11.6 The AEB devolution is a long-term journey of transformation towards making commissioning decisions on a learner centred and forward looking strategic priority basis rather than on a historic transactional basis in the delivery of learning aims.
- 11.7 The CPCA will ensure the AEB market is open to high quality providers of all kinds who want to build a strong place, focused relationships with the CPCA and with local businesses and residents in order to provide the best value for money through alignment with the wider skills and employment system. The CPCA will encourage more collaboration between providers through consortium bids and proactively generate tenders from local community groups. In addition, we will work towards all existing providers having at least a good grade at their last Ofsted inspection and a strong quality assurance and improvement process.

12.0 Adult Education Budget data and research analysis

- 12.1 By analysing the impact of the 2017/18 adult education budget and the level of skills and education deprivation, it will provide a sense of place and understanding of the issues in Cambridgeshire & Peterborough and provide a baseline of data to determine the AEB priorities for the next three years.
- 12.2 The information shows how many learners participated in adult education, their age profile and how many were unemployed and met their statutory entitlement. It sets out the clear geographical deprivation hotspots for education and skills; the share of low and high qualifications; the split of the AEB expenditure across the three sub economies; the earning disparities and the subject areas studied. The ESFA (Education & Skills Funding Agency) did not provide comprehensive destination data for learners after the course was completed in 2017/18. We will enact a system to improve the quality and quantity of destination data either through outcome payments or a more focused information collection process without increasing bureaucracy onto the providers.

Learner Participation



In 2017/18 the Adult Education Budget supported 16,969 learners



-12% less
than in
2016/17



8,405 learners
were enrolled in
Adult Skills
learning



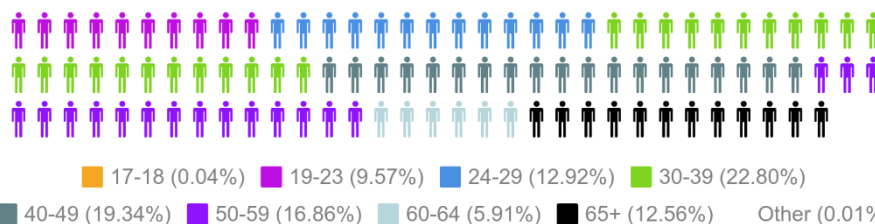
9,491 learners were
enrolled in
Community
Learning

Note: Learners could be enrolled on multiple courses.

10% of learners were
aged 19-23

36% of learners were
aged 50+

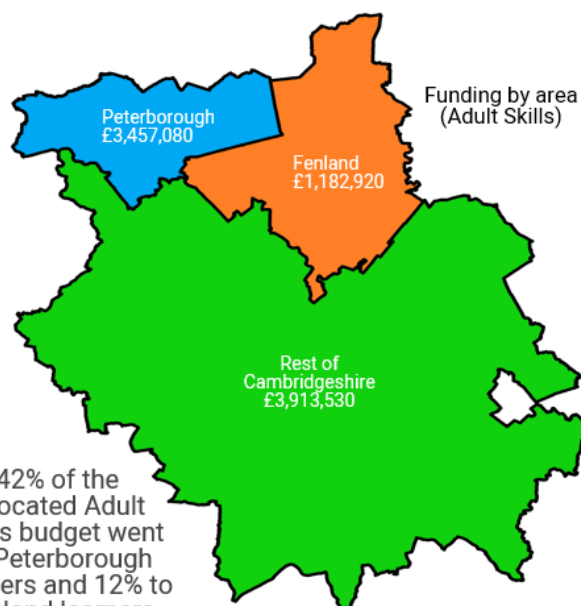
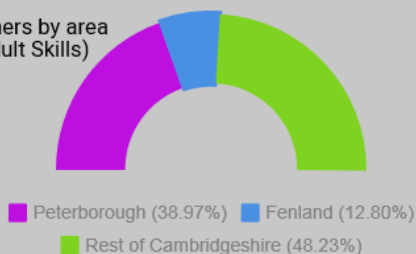
48% of learners were
unemployed



£11.3 million of AEB
funding was allocated to
CPCA in 2017/18, of
which £8.6 million (76%)
was allocated to Adult
Skills learning

Peterborough learners accounted for
39% of Adult Skills learners

Learners by area
(Adult Skills)



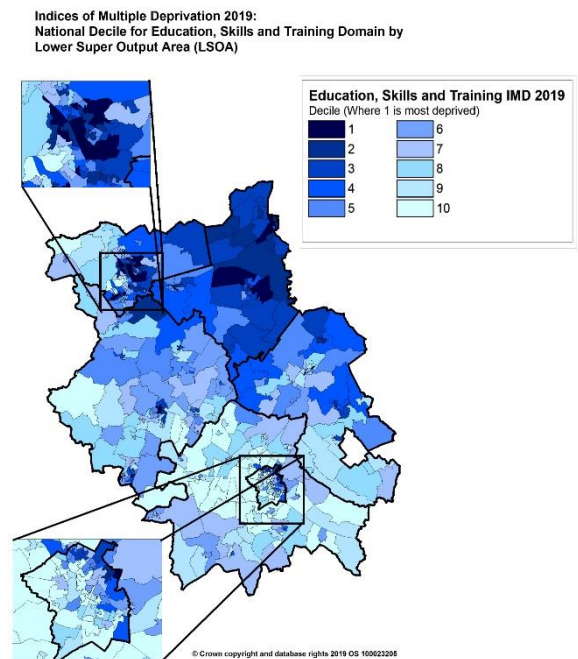
42% of the
allocated Adult
Skills budget went
to Peterborough
learners and 12% to
Fenland learners

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Local Skills Deprivation

The map depicts the Education and Skills Deprivation Score for the CPCA Geography from the 2019 Index of Multiple Deprivation. The higher the rank the more 'deprived' the Lower Super Output Areas (LSOA) is considered in the context of Education and Skills.

Overall 87 (18%) of CPCA LSOAs fall into the top most deprived nationally for education and skills, with 42% of all of Peterborough LSOAs falling into this category and 42% of all of Fenland LSOAs.



Qualifications

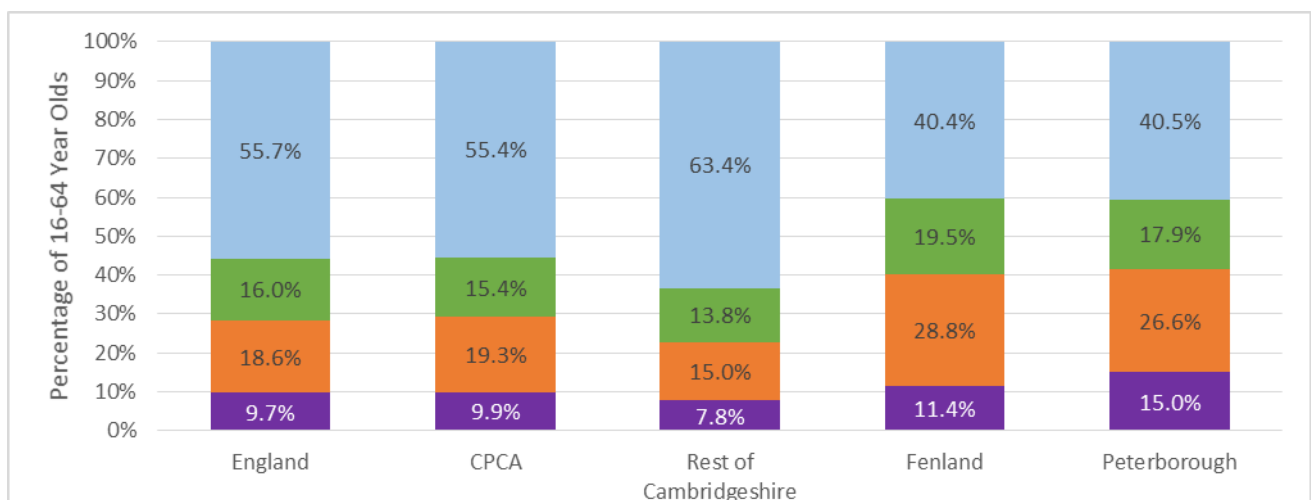
45%

of working age
CPCA residents are
educated to NVQ 2 or
below

12%

of employed working age
CPCA residents are
educated up to NVQ 1 only

Peterborough and Fenland have a higher proportion of lower skilled residents than the rest of Cambridgeshire and the national average.



10%



of 16-24 year olds have no qualifications, compared to 8% nationally.

Peterborough (14%) and Fenland (15%) are both higher than the national average.



8%

of adults in the Eastern Region have no Basic Digital Skills

Source: Lloyds Digital Consumer 2018

Unemployment

4% of working age population are unemployed, compared to 5% nationally.



Peterborough (6%) and Fenland (5%) are both higher than the national average.

Earnings



£10,665

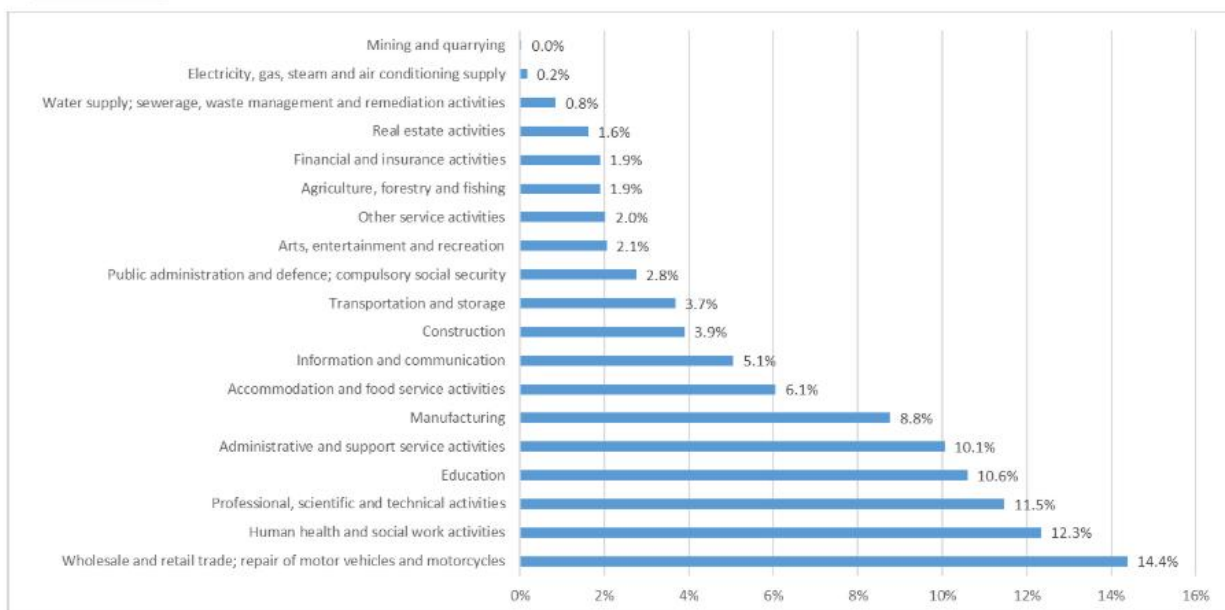
Difference between the highest average annual wage in South Cambridgeshire and the lowest in Peterborough.

Source Annual Survey of Hours and Wages, 2018 ONS

Top Employment Sectors



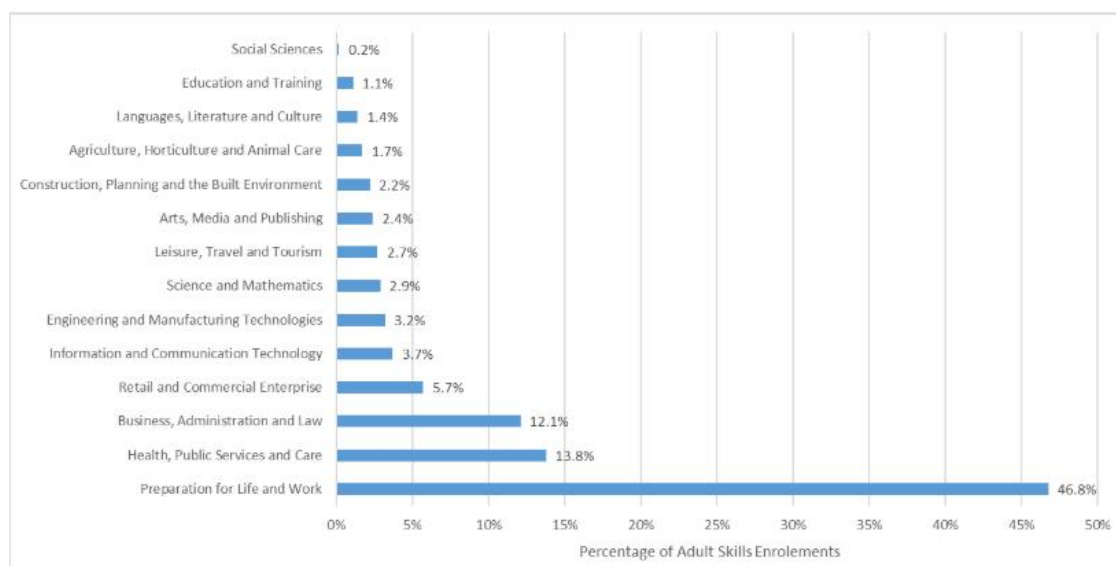
14% of CPCA employment is in the wholesale and retail trade



Source: Business Register and Employment Survey (2017), ONS

Adult Education Subject Sectors

47% of Adult Skills enrolments in 2017/18 were classified 'Preparation for Life and Work' which is a sector subject area that focuses on careers advice, confidence building, improving softer skills alongside literacy and numeracy.



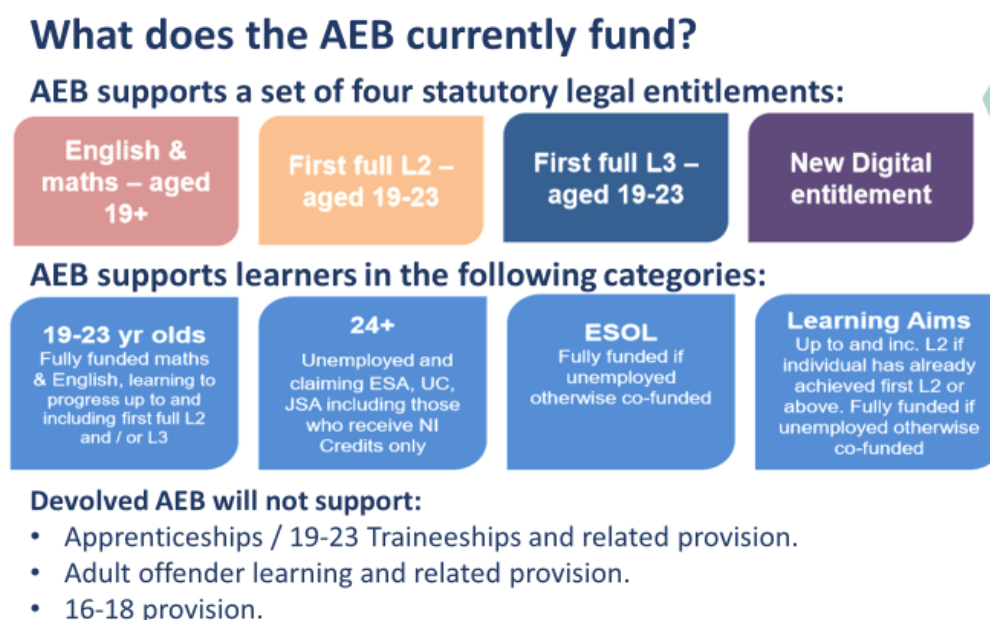
13.0 Priorities

- 13.1 The AEB priorities are the foundation for achieving the corporate CPCA skills priorities and for ensuring all residents have the opportunity and realistic potential to equally share in the region's economic growth and ambitions to 2030.
- 13.2 To move to a more transformational outlook from AEB expenditure and learning activity, the focus of the priorities is on long term sustainable outcomes and impact.
- 13.3 The data analysis and the national and local context for adult education show the polarisation of skills and education levels in Peterborough and Fenland to Cambridge and the south of the region; the enhanced need to progress through learning as the economy grows; the drive towards a more productive higher skilled economy; a holistic integrated approach to economic development that must include community cohesion and an improvement in self confidence for residents further from the labour market.
- 13.4 Therefore the Adult Education Budget priorities will:
- target people in priority communities by increasing participation in Peterborough and Fenland
 - target sustainable employment for residents during learning and after learning is completed
 - improve learning progression between levels particularly from entry level to level 1 to level 2 and onto higher qualifications and if appropriate onto Apprenticeships
 - target low-skilled and low-paid adult residents in the workforce
 - Increase self confidence for the low skilled and those furthest from the labour market including residents with mental health issues and the unemployed
 - Increase skills and qualification at level 2 and level 3 with a clear link from local adult education participation
 - increase digital skills for residents with no basic digital skills
 - increase flexible delivery of learning that supports adults in work to upskill.
- 13.5 The devolution of AEB offers an historic opportunity to simplify the system and make it easier to navigate for learners and employers. It also provides a means to strengthen the local provider base by developing longer-term and deeper relationships with fewer providers.
- 13.6 With these priorities, devolution of the AEB is the beginning of a journey towards creating a local skills strategy to support Cambridgeshire & Peterborough overarching ambitions for its residents and the local industrial strategy. CPCA are determined to ensure it delivers on its crucial role in securing skills that employers require and delivering better outcomes for residents, aligning the devolved AEB with other reform initiatives such as Apprenticeships and the national retraining scheme.
- 13.7 To increase productivity and promote an inclusive and evenly distributed growth in Cambridgeshire & Peterborough there must be a flexible and responsive skills and employment system which puts the needs of learners and employers at the centre of what we do and have a strong focus on a sense of place for Cambridgeshire and Peterborough.
- 13.8 In support of these ambitions, devolution of the AEB formed a landmark agreement within Cambridgeshire and Peterborough's ground-breaking devolution deal. CPCA has assumed responsibility for ensuring high quality adult education will be available throughout 2019-2020 academic year and beyond.

- 13.9 The ESFA has confirmed to providers that all current AEB providers funding will be affected as a result of funding changes which includes devolution, even those in non-devolved areas. MCAs and GLAs will be responsible for funding their residents; ESFA, through a national system will be responsible for funding residents of non-devolved areas. From now on, providers may have a single funding relationship with one commissioning body or multiple funding relationships covering one or more MCAs/GLA and the ESFA.
- 13.10 Providers will need to understand how much of their delivery is to residents of devolved and non-devolved areas.

14.0 AEB Background

- 14.1 The AEB is a single funding stream replacing what had previously been three separate budget lines: The Adult Skills Budget (namely skills provision for adults aged 19 years and above), Community Learning and Discretionary Learner Support. It encompasses a range of statutory entitlements for learners, including the right to fully funded provision for basic English and maths qualifications and depending on the resident's age and employment status, an entitlement to a first full level 2 and first full level 3 qualification.



- 14.2 It is part of a wider education and skills landscape most of which is not devolved but will be retained by central government and its agencies, including apprenticeships and traineeships for learners of all ages, 16-18 activity, technical and higher education, offender learning and student loans.
- 14.3 We must respond to sudden changes in the employment and business landscape and for priority cohorts of residents who might need additional support to access the opportunities that are available who are disadvantaged in some way or who disproportionately face barriers in learning and employment.
- 14.4 The devolved AEB will be part of a transformational education, skills, employment and health system that delivers an incremental improvement in the basic and general skills needed for life and work particularly for English, maths and digital skills. In addition, the local skills system will deliver the higher level and technical skills needed to drive productivity and in particular in the priority sectors

set out in the CPIER and the skill strategy. The AEB will be a key strand of activity supporting the progression within the broader delivery of CPCA skills and employment system linking other provision including technical education and apprenticeships.

15.0 Community Learning

- 15.1 Community Learning is an essential component of the AEB. It is delivered in the local community. It often fits within a local authority and with other services and partners who work with adults. The CPCA recognises the many benefits non regulated Community Learning activity brings in supporting the removal of barriers to employment. The successful local authority providers demonstrate how any initial engagements activities will support progression and ensure there is a clear pathway of education and learning even where there is a very short timescale of provision.
- 15.2 Community Learning Providers share a mission to provide education, skills and learning that give adults a second chance and support their employment prospects and well-being. They have the capacity to support those most disadvantaged and are cost effective and entrepreneurial, using their funding to generate other forms of funding.
- 15.3 They provide a unique service and have been vanguards in working with local communities on difficult issues such as securing employment for long term unemployed, supporting community cohesion, troubled families, refugees, improving mental health and family learning through education.

16.0 Low wage pilot

- 16.1 The government announced a new one-year trial for the 2018/19 funding year to enable more eligible adults to access Adult Education Budget funding. The aim is to help increase adult education participation and lift social mobility barriers to learning for those who would not otherwise engage due to course fees being unaffordable. It will also support those that are in low paid employment and are wanting to further progress in work and in their chosen career.
- 16.2 The current AEB rules do not take pay into consideration, so to assist, the eligibility rules in the CPCA will be relaxed for individuals over the age of 19 earning less than £16,009.50 annual gross salary and will pay for the full cost of a course. This is in line with other Mayor Combined Authorities and the Greater London Assembly.

17.0 Challenges

- 17.1 The demand for skills provision outstrips the resources available. We will take the opportunity presented by devolution to enhance the focus on place, on the impact and outcomes for learners and employers and on making certain that provision aligns as closely as possible with the skills needs of CPCA employers and the priority sectors set out in the local industrial strategy and the skills strategy namely **life sciences, digital and informational technologies, advanced manufacturing and materials, agri-tech and health and social care.**
- 17.2 The AEB and the skills provision that it purchases warrants a strong strategic focus, recognising the important proactive role that can be played by training providers of all types; not just as receivers of funding but as vital strategic planning and delivery partners at the centre of the communities and economies they serve. The CPCA are seeking to build stronger links between AEB provision and the local economy, assisting local residents to enter and progress within learning that is relevant to jobs

in the local labour market.

18. Performance Evaluation and monitoring – the nature and pace of change

- 18.1 AEB devolution will involve working with providers to focus on individual learners, progression and positive outcomes. Initially changes will focus on improving the intelligence that is available about progression and outcomes. A better balance is required between the volume of qualifications being delivered and evaluating the qualitative impact that AEB learning has for individuals and for the local economy.
- 18.2 As more robust and reliable information about 2018/19 becomes available, it is still not prudent in the first year of operation to make significant and substantial changes to funding policies and models in 2019/20. Our sole change has been to honour the low wage pilot commitment. However, we will not be viewing previous years as a year zero but will be expecting a smooth transition from a transactional relationship to more transformational agenda that through incremental changes better meets the skills priorities and more extensive learner outcomes. There will be quarterly reviews with providers and the CPCA to understand performance and to influence future funding allocations. The importance of developing an effective operational and strategic dialogue between CPCA, the AEB providers and our major stakeholders such as the local authorities and community groups cannot be overstated. This is where there will be substantial difference from before August 2019 with a clear expectation that local priorities are well understood in the devolved area and that the AEB is focused towards meeting the priorities.
- 18.3 There is the option in Devolution, however, for local freedoms and flexibilities that were not previously available in the national model for making a local set of offers available to respond to local employer, learner and community skills needs. It will support adults at lower skills levels who want to re-engage with learning and their local labour market but for whom qualifications are not the key goal. The CPCA is seeking to extend the freedom and flexibility approach by enabling providers to outline the packages of support that the learner requires to support progression. The CPCA will through dialogue with providers and local stakeholders and partners will enact changes to funding in the second and third year that will enhance the possibility of achieving our AEB priorities. There will be a consultation on any proposals before the end of 2019.
- 18.4 Funding support for learning and the learner is an indispensable part of the funding mechanism and crucial for enhancing the quality of provision for learners in disadvantaged area and for learners with a learning difficulty and/or disability. We will explore in partnership with education and training providers if learning support can be expanded to improve retention and learner attainment and achievement rates.

19.0 Strategic dialogue - working with providers

- 19.1 In the first year, the principal changes planned will be around working closely with providers, whether funded through a grant agreement or contract for services, to develop improved analysis of learner journeys and destinations with a focus on positive outcomes for individuals and tracking learner progression or **transformational** rather than simply measuring delivery and achievement of learning aims or **transactional** without understanding whether those achievements improve an individual's employability and quality of life.
- 19.2 In 2019/20 there will be dual approach to commissioning in the first 3 years, building on the principle that AEB is for the long term and will be part of a skills system that supports the local industrial

strategy, there will be a combination of a grant funding agreements and procured contracts for services.

- 19.3 The key considerations for each approach for the Combined Authority were;
- a. CPCA established grant funding arrangements with further education colleges based in the area or with substantial delivery sites and with a main office within a 10 miles radius which currently deliver AEB funded provision.
 - b. They were part of the CP state-maintained system of public education and its associated asset base and infrastructure which is funded wholly or mainly from the public purse and which has CP residents and place as the primary focus of their activity.
 - c. These providers cannot choose not to engage with policy changes nor can they shift their core business focus or suddenly cease operating; the FE regulatory framework and FE insolvency regime recognise the particular position of colleges and provide additional protection for learners which does not apply to learners in other education institutions.
 - d. The memorandum of understanding between DfE and CPCA requires CPCA to minimise the risk of insolvency of any further education institution in the combined authority area.
 - e. They are subject to different and stronger strategic priority arrangements than are currently set out by the ESFA.
- 19.4 Other providers that intended to deliver CPCA funded provision to Cambridgeshire and Peterborough residents in 2019/20 were required to tender for a contract for services; 43 national providers applied and 5 providers were successful who were allocated a total of £2.053m; the largest received £537,000 and the smallest £131,000. The CPCA did not wish to limit learner choice or exclude valuable specialist provision and niche provision from the market.
- 19.5 On the other hand, we could not work with all of the 2018/19 provider base in its entirety. The procurement process encompassed the existing procured provider base and providers who were new to the market place such as;
- Independent training providers and the voluntary and community sector organisations
 - They operated under contracts for services with the EFSA to which public contracts regulations 2015 (light touch regime).
 - These providers were subjected to Ofsted inspections and some operate on a not for profit regime and generally have different commercial status and more autonomy over policy priorities and business focus than colleges and local authorities.
 - Different regulatory arrangements apply, so that non-FE institutions are outside the FE Commissioner's jurisdiction and the new FE insolvency regime.
 - FE establishments whose main base of operation is outside of Cambridgeshire and Peterborough. More than 135 providers based outside of Cambridgeshire and Peterborough received grant funding in 2018/19 from the EFSA to deliver AEB provision to Cambridgeshire and Peterborough residents but this is not their core activity or business.
 - The procurement process allowed CPCA to focus the funding currently spread through a vast array of providers across the country as well as maximising the impact for learners by reducing management fees and unnecessary subcontracting.
 - This is not an indication that only Cambridgeshire and Peterborough based providers applied but it was an opportunity to ensure the procurement process established a more concentrated provider base which regardless of location was focused on high quality value for money delivery within Cambridgeshire and Peterborough. We wanted to encourage new

market entrants and to ensure the procurement process set out in the invitation to tender was followed to the letter.

20.0 Reflections

20.1 On reflection, the procurement process would have served our strategic objectives better if more community providers had a specific opportunity to access smaller amounts of funding from £25,000 to £50,000. In future, we will explicitly explore and aim to allocate funding for local community providers. The objective will be to further develop a coherent pathway from engagement in the community to skills provision that improves employability prospects by targeting young adults who are at risk of NEET by encompassing local community provision and through promoting entrepreneurship and support for young adults to set up their own business.

20.2 In future, we will include in our future procurement processes a systematic check of any duplication against existing activity that is already in place for the same provision.

There is a momentum from the greater London authority for the Mayoral combined authorities to consider procuring for local providers only in the future. We will explore this policy development and determine its impact on Cambridgeshire & Peterborough by April 2020.

21.0 Value and Duration

21.1 We are determined to develop effective high trust relationships with providers and partnerships or consortia delivering positive long-term impact for local residents. Providers have a place-based curriculum offer and wrap around support with a clear focus on learner progression to further learning or employment.

21.2 Contracts were awarded from the procurement process will last for one year and thereafter we reserve the right to extend contracts on an annual basis up to and including 2021/22 which is a maximum period of three years (or one year plus one year plus one year). Any contract extensions will be subject to funding availability, the provider's delivery and performance against contract and skills policy. This should enable providers to plan and build capacity with a level of surety.

22.0 Funding Rules, Rates and Eligibility

22.1 The AEB allocation from the DfE to the CPCA was calculated on the basis of residency within the CPCA area and was for £11.53m. From 2019/20, CPCA's devolved funding can only be used to support CPCA residents. If providers enrol CPCA resident learners without first ensuring appropriate funding arrangements are in place, CPCA cannot guarantee that funding will be made available.

22.2 CPCA will make use of the freedoms and flexibilities afforded by devolution in relation to its funding rules, rates and eligibility criteria. In the first year, however, the focus will be on working with providers to build robust evidence which will underpin any future changes.

22.3 In this procurement round the CPCA aligned with the current funding arrangements and in line with national funding policies. The statutory entitlements also aligned with national funding arrangements and requirements.

22.4 The CPCA will work with providers who have a strong performance focus on the outcomes we are seeking. We want to develop and test changes to elements of the policy entitlements e.g. fully fund

some provision or increase the rates for particular priority sectors or geographical areas through a joint and agreed approach.

23.0 Sub-contracting

- 23.1 Many providers tender on a sole basis but based on our analysis of 2017/18 40% of learners access provision from a sub-contractor of a main provider. As such we expect that collaborative partnerships and consortia of providers and sub-contracting arrangements will be a feature of the CPCA AEB landscape.
- 23.2 Sub-contracting arrangements and the associated fees are a contentious area of discussion. Providers and colleges may work with supply chains of their choosing and good subcontracting can add real value for learners, providing an opportunity for niche providers to for example work priority cohorts in isolated geographical areas in a flexible way. On the other hand, excessive subcontracting can lead to funding diverting from the front line to pay management fees.
- 23.3 In the AEB pre-information notice sent out prior to the AEB soft market testing event in October 2018, the questionnaire beforehand and subsequent feedback suggested that the vast majority of providers accepted a management fee limit of 20% for any sub-contracting and the CPCA enacted this as official local policy. The CPCA will consider an increased limit for sub-contracting but only under exceptional circumstances for the future following a detailed discussion with the provider.
- 23.4 Also, sub-contracting towards the end of the funding year was often used by some providers in the past as a means of avoiding returning unspent AEB money and can result in significant volumes of poor quality sub-contracting. For this reason, the CPCA put a 20% contract value limit on sub-contracting and anything above this value requires CPCA approval.

24.0 Process - Provision and Contracting

- 24.1 The primary purpose of the AEB is to engage adults and provide the skills and learning needed to equip adults for work, education and/or training. The AEB, to realise its full impact, secured provision which supports access to the local labour market and future economic development. It focused on ensuring adults have the basic and core skills they need for work, including delivering the expanding range of statutory and policy entitlements which will continue to be applied in Cambridgeshire and Peterborough.
- 24.2 CPCA used the key factors within the ESFA's funding rules such as the annual funding cap which applies to each learner across the year. We want to fund broader more innovative types of learning which may mean in the future that funding per learner may vary but we want to base it on clear evidence and professional research and intend to go out to consultation on potential developments in mid-Autumn 2019.
- 24.3 Local freedoms and flexibilities are central to making a broad and relevant offer available to respond to the skills needs of local employers, learners and communities. Under devolution, Cambridgeshire and Peterborough will extend the freedoms and flexibilities approach by enabling providers to outline packages of support that the learner requires to support their progression.
- 24.4 Procured activity was split into three lots covering specific geographical areas: Peterborough, The Fens and the rest of Cambridgeshire. The intention was to have a comprehensive, adult skills offer accessible to residents across Cambridgeshire and Peterborough. It made the most of the flexibilities

offered by devolution to focus on particular local priorities such as geographical areas that needed more intensive support.

- 24.5 CPCA ensured that coverage across all of the CPCA (in terms of geography, sectors and the balance and mix of provision) was appropriate and took coverage or accessibility of provision into account when evaluating tenders.
- 24.6 These contracts will deliver provision that responds to individuals as set out above. We will encompass all eligible provision delivered as part of the statutory and policy entitlements as well as regulated and non-regulated learning.
- 24.7 Feedback from the soft market testing event in October 2018 reiterated the importance of ensuring that AEB caters for learners who are furthest from the delivery for learning and who need bespoke additional person-centred learning support.

25.0 Outcome Commissioning

- 25.1 To meet and influence a more transformational strategic priority dialogue between the CPCA and providers and in dialogue with the adult education sector the CPCA is exploring the possibility of an incremental shift to payments by results. The results will be more outcome driven rather than output driven and the outcomes will match the local AEB priorities.
- 25.2 The intention is to have a contract with no payments by results in the first year, then to have it as part of the contract in year 2 (202/21) and year 3 (2021/22). The exact details need to be finalised. The CPCA has initially investigated where there has been successful outcome commissioning process such as education in Scotland or in the National Health Service for stopping smoking but recent experience in the probation service means that we and other combined authorities want it to be part of the commissioning process but need more clarity on how it will work in practice.
- 25.3 Why we are doing it and what we want to do are clearer such as embedding the strategic outcomes focus of adult learning and making it more responsive to sustainable employment; learning progression; development into other programmes such as Apprenticeships, social value and skills need in priority sectors. The issue is how to implement it.

We will research with other MCAs and the GLA the impact of introducing an AEB outcome commissioning process by April 2020.

26.0 Conclusion

- 26.1 The intention is to deliver a world class offer for adult education that mirrors and works in harmony with the internationally renowned higher education offer in Cambridge. The CPCA AEB commissioning strategy will help to achieve this success and maximise the return on investment in skills but in order to do so, we must influence and increase both the demand for, and supply of, relevant training provision including community learning and relevant skills pathways, in the context of the economic ambitions of Cambridgeshire & Peterborough as set out in the CPIER.

The strategic dialogue with education and training providers will play a pivotal role through concentrating on the outcomes and impact of local adult education provision on the AEB priorities and how this is achieving the corporate CPCA priorities of a holistic and integrated approach to economic growth and development.

26.2 Signs of success from implementing the commissioning strategy will be a clear and cogent achievement of the AEB priorities through a partnership focus on the impact of learning achievements on business needs, community needs and the needs of residents. There will be an obvious and direct link between AEB and more sustainable employment; an increase in average pay that is less polarised; more self confident residents who need the most support to find employment or contribute to their community or family living; more progression through learning that results in more level 2, level 3 and level 4 learners and more adult education participants in Peterborough and the Fenlands. The key to success will be to work in partnership across the region.

A key partner will be employers. They are a diverse group, covering a wide range of industries, public and private sector organisations, voluntary groups and charities. The skills requirements of each sector and each employer will need to be met with reasonable accuracy, especially as skills needs emerge or change and the Adult Education Budget will need to fulfil its role in the wider skills and economic agenda.

26.3 Improving the skills of individuals whether in preparation for employment, to upskill or to retrain, requires the simplification of skills development pathways to ensure employers receive what they need. This can be achieved but requires facilitation and integration of Cambridgeshire's & Peterborough's core assets including individuals, employers and resources and skills infrastructure.

Reference

OECD – February 2019 – Future-Ready Adult Learning Systems

Cambridgeshire & Peterborough Combined Authority – Skills Strategy Framework – Developing Talent – Connecting the Disconnect – June 2019

CPCA – July 2019 – Local Industrial Strategy

FETL – Adopting global skills innovation for the UK – RSA – May 2019

CPIER – Cambridgeshire & Peterborough Independent Economic Commission – September 2018