

Mayoral Combined Authority Board

Tuesday, 13 February 2024

AEB and Skills Programme Approvals

Is the paper exempt from the press and public?	No
Reason why exempt:	Not applicable
Purpose of this report:	Funding Decision
Is this a Key Decision?	No
Has it been included on the Forward Plan of Key Decisions?	No

Director Approving Submission of the Report:

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Executive Summary

This report is seeking approval from the Board to a new, simplified approach to procuring provision from independent training providers as part of the adult skills budget. It is also seeking approval of the end of year allocation position for academic year 2022/23.

What does this mean for businesses, people and places in South Yorkshire?

Through the strategic delivery of the programme the MCA is investing in the people and businesses of South Yorkshire to deliver economic growth, improve living standards and provide the skills needed for a resilient working population.

Recommendations

That Board members:

- a. Approve the new, simplified three-year framework for procuring skills provision from independent training providers;
- b. Approve the end-of-year positions on the Adult Education Budget and Free Courses for Jobs (FCFJ) budget;

- c. Approve the implementation of DfE's updated Adult Skills Fund rates and the proposed approach to Multiply allocations;
- d. Delegate authority to the Executive Director of Resources and Investment and Corporate Director of Growth, Business and Skills to use any unallocated Multiply grant funding to award further contracts, in consultation with the Portfolio Lead for Skills; and,
- e. Note the award of grant funding accepted under officer delegations: £0.04m from Careers and Enterprise Company for expansion of Careers Hub Primary Pilot, and £3.00m from DfE for Skills Bootcamps Wave 5

Consideration by any other Board, Committee, Assurance or Advisory Panel

None.

1. Background

Adult Education Budget Background

- 1.1 Since August 2021 the Adult Education Budget (AEB) was devolved to South Yorkshire Mayoral Combined Authority to deliver training support provision to residents in South Yorkshire aged 19+ across the academic year August to July.

SYMCA currently commissions provision using Grant Allocations and contracted provision, via a framework split over 4 lots, and is split into the following:

- Lot 1 – supporting residents into employment including DWP SWAPS (Sector Work Academy)
- Lot 2 – Supporting employed, at risk of redundancy and self employed
- Lot 3 - Key worker support for 19-24
- Lot 4 – test and Learn Key Worker model

Early findings from the AEB evaluation have recommended the simplification of the current arrangements as it has restricted learner progression due to providers not having contracts to deliver across the different lots.

- 1.2 AEB 24/25 Procurement approach

The proposal is to procure with just two lots. This will make delivery simpler and more transparent for providers and will reduce arbitrary ringfences between lots.

Lot 1 will bring in more focussed and specialist training provision and support our grant mainstream provision.

Lot 1 - Employed/Unemployed/Self Employed

- Aligned to existing grant delivery plans
- Unemployed - Inactive - linking into UKSPF support
- Employed, self-employed, at risk of redundancy
- 19+, Legal entitlements, Maths & English, RQF, Non-Regulated

Lot 2 will support residents furthest away from the labour market, and support to reducing barriers including the progression across all commissioned provision including:

Lot 2 - Reducing barriers – Key Worker support

- All of the above including:

- Hard to reach residents
- Recognising specialist provision
- Deliver non-regulated programmes to support progression
- Filling the gaps of Grant provision and ACL
- Support and on-going support to increase achievements and progressions onto higher level aims and into employment
- Progression into eligible AEB training courses in Lot 1 and grant provision.
- Should not duplicate - unemployed and economically Inactive/UKSPF, and other SYMCA programmes working hand in hand
- This Lot will continue to support residents when UKSPF finishes

The intention is to procure a framework for provision of up to £10m per year for 2024/25 - 2026/27 academic years (up to £30m total over 3 years), approval for overall 2024/25 allocation for procured provision will be sought at a future MCA Board following confirmation of budget from DfE. Individual contract awards will be made under officer delegations within this.

This aligns with the findings of the AEB evaluation and the direction of travel of the skills strategy (in development). It also aligns with the core principles embedded in the devolution deal concerning the Adult Education Budget – i.e. to support a set of legal entitlements, to support residents at 19+, and to ensure that our commissioning approach does not destabilise our South Yorkshire based grant provision including FE colleges and Local Authorities.

1.4 **Evaluation**

AEB is currently being evaluated in three stages to drive further performance improvements. Stages one and two are looking at the process of procured and grant provision including the strategy for commissioning. Stage three is evaluating the impact of training provision and how the new devolved powers have benefited outcomes and destinations for our residents.

Early findings from stages one and two of the evaluation have highlighted the positive impact of devolved powers, including the delivery of funding during the pandemic and performance improvements between years 1 and 2. Further information will be provided in due course.

2. **Approvals**

2.1 **22/23 AEB and FCFJ Academic year final position**

For the 2022/23 academic year the MCA Board is asked to approve the final positions for the Adult Education Budget and the Free Courses for Jobs budget. This includes overpayments, where providers have over-delivered against their allocations and clawbacks where providers have under-delivered. These are as follows:

For the Adult Education Budget:

	AEB*	FCFJ
Grant Allocations	£31.10m	£1.11m

Procured Provision	£7.50m	£2.18m
Audit and Administration	£1.50m	£0.03m
TOTAL	£40.10m	£3.33m

**For AEB, Grant Allocations includes core, growth and test and learn allocations, Procured Provision includes core and test and learn allocations.*

Provider	Allocation (£m)	Delivered (£m)	Over / Under (£m)
Barnsley College	£2.39	£2.74	£0.35*
Barnsley MBC	£2.00	£2.04	£0.04*
Northern College	£2.63	£1.90	-£0.73
DN Colleges Group	£4.09	£3.33	-£0.76
City of Doncaster Council	£0.73	£0.73	£0.01*
Longley Park SFC	£0.05	£0.11	£0.06*
RNN Group	£5.21	£5.08	-£0.13
Sheffield City Council	£1.97	£1.91	-£0.06
Sheffield College	£11.37	£10.77	-£0.60
WEA	£0.60	£0.40	-£0.20
Chesterfield College	£0.06	£0.07	£0.01*
Procured Provision	£7.50	£5.68	-£1.82
Audit and Administration	£1.50	£1.00	-£0.50
TOTAL	£40.10	£35.77	-£4.33

**MCA Board approval sought to pay delivery in excess of grant allocation*

And for Free Courses for Jobs:

Provider	Allocation (£m)	Delivered (£m)	Over / Under (£m)
Barnsley College	£0.35	£0.17	-£0.18
Northern College	£0.08	£0.07	-£0.01
DN Colleges Group	£0.19	£0.19	-£0.01
RNN Group	£0.08	£0.12	£0.04*
Sheffield College	£0.35	£0.23	-£0.12
WEA	£0.05	£0.02	-£0.03
Chesterfield College	£0.01	£0.01	£0.00
Procured Provision	£2.18	£0.18	-£2.01
Audit and Administration	£0.03	£0.00	-£0.03
TOTAL	£3.33	£1.02	-£2.31

** MCA Board approval sought to pay delivery in excess of grant allocation*

2.2 AEB 24/25 Funding Rates

As part of DFE's Adult Skills Fund (which is the new name for Adult Education Budget), that commences in 24/25 academic year, SYMCA intends to adopt the Adult Skills Fund rates in 2024/25 and review the rates for 2025/26 as part of the

commissioning process. In 2025/26, we envisage the funding calculation would be based on the Adult Skills Fund rates.

For non-regulated aims, DFE have still not made the decision if this funding is to move to the new tailored learning approach, and until we receive clarification and to not disadvantage providers provision the MCA's preferred approach is to continue formula funding using current (2023/24) rates.

2.3 Multiply Approvals

The 2023/24 and 2024/25 Multiply allocation model as previously approved in March 2023 is based on a population-based split between each area to ensure that LA partners have clear oversight of the delivery of Multiply in each area so that activity can be co-ordinated.

For the final year of Multiply 2024/25 approval of MCA Board is sought to award grants up to the maximum allocations outlined below, with the grant award amount being proportional to final delivery totals in 2023/24. Any local authority achieving 97% or more of their 2023/24 allocation would receive 100% of their indicative 2024/25 allocation. Where 2023/24 delivery is less than 97% the local authority would receive an equivalent percentage, as their 2024/25 allocation.

	2022/23	2023/24	2024/25
Barnsley College	£0.03m	-	-
DN Colleges Group	£0.01m	-	-
Northern College	£0.01m	-	-
RNN Group	£0.07m	-	-
Sheffield College	£0.23m	-	-
Barnsley MBC	£0.12m	£0.42m	£0.41m
City of Doncaster Council	£0.36m	£0.42m	£0.41m
Rotherham MBC	£0.13m	£0.41m	£0.41m
Sheffield City Council	£0.34m	£0.87m	£0.82m
In Work Support	-	£0.05m	£0.11m
Capacity Building	-	£0.11m	£0.12m
Management and Administration	£0.22m	£0.25m	£0.27m
TOTAL	£1.52m	£2.53m	£2.53m

Delegated approval is sought for the Executive Directors of Resources and Growth, Business and Skills, in consultation with the Portfolio lead for Education, Training and Skills to utilise any unallocated funding at the start of 2024/25 -to award additional grant to individual local authorities, and / or to procure and award contracts directly to maximise delivery across South Yorkshire.

2.4 Grant awards under officer delegations

The MCA Board is asked to note the following grant awards received under officer delegations:

- £0.04m from Careers and Enterprise Company for an expansion of the Careers Hub Primary Pilot programme (to deliver from March 2024 – March 2025)

- £3.00m from DfE for Wave 5 Skills Bootcamps (to deliver from April 2024 – March 2025)

3. Options Considered and Recommended Proposal

3.1 Option 1

Approve all recommendations.

3.2 Option 1 Risks and Mitigations

Linking both procured and grant funded delivery to a new skills strategy, associated funding rules and rates, and greater use of devolved flexibilities may represent a step change for providers in how we commission AEB, therefore support for providers and robust performance management is needed to mitigate the risk of under delivery linked to unfamiliar approach.

There is a risk of underperformance in the first year regarding the potential inclusion of new providers, which will require time to setup new provision. However, our performance management approach will mitigate some of these risks, where we can respond to under and over performance pro-actively.

3.3 Option 2

Reject some, or all, of the recommendations

3.4 Option 2 Risks and Mitigations

Rejection of the recommendations in this report would mean less capability to align delivery to the emerging skills strategy, negatively impacting delivery and the benefits achievable to the residents of South Yorkshire.

Since the devolution of AEB to SYMCA in 2021 procured providers have either left or gone out of business due to poor Ofsted results or financial challenges, and a more robust, responsive and placed based provision is needed to mitigate these challenges.

3.5 Recommended Option

Option 1

4. Consultation on Proposal

4.1 Consultation on Skills Strategy and wider proposals linked to this with Portfolio Leads for Education, Training and Skills, and South Yorkshire local authorities, colleges and provider networks.

5. Timetable and Accountability for Implementing this Decision

5.1 Subject to approval of the recommendations in this report, procurement will be launched, and discussions around indicative AEB and FCFJ grant allocations will commence in month.

5.2 The recommendations in this report will be implemented through delivery in academic year 2024/25, starting August 2024.

6. Financial and Procurement Implications and Advice

6.1 All recommendations in this report are fully funded from respective grant awards from DfE to SYMCA for AEB, FCFJ and Multiply, and will be included in the MCA's budget for the 2024/25 financial year.

6.2 AEB framework procurement is led by the SYMCA Procurement team.

7. Legal Implications and Advice

7.1 The legal implications of the projects have been fully considered by a representative of the Monitoring Officer

8. Human Resources Implications and Advice

8.1 N/A

9. Equality and Diversity Implications and Advice

9.1 Appropriate equality and diversity considerations are taken into account as part of the development of the Skills Strategy and associated implementation actions for AEB.

10. Climate Change Implications and Advice

10.1 Appropriate climate change considerations are taken into account as part of the development of the Skills Strategy and associated implementation actions for AEB.

11. Information and Communication Technology Implications and Advice

11.1 N/A

12. Communications and Marketing Implications and Advice

12.1 Communications and Marketing are included in business planning for both AEB and Multiply. Implications for marketing for successful procurement have been duly considered and implemented with the support of the Communications team.

List of Appendices Included: N/A

Background Papers: N/A