

Mayoral Combined Authority Board

Tuesday, 12 March 2024

AEB Priorities, Flexibilities and Allocations

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?	Yes
Has it been included on the Forward Plan of Key Decisions?	Yes

Director Approving Submission of the Report:

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Executive Summary

This paper seeks approval of priorities, budget allocations, and use of devolved flexibilities for Adult Education Budget (AEB) provision for the 2024/25 academic year. These approvals are aligned to the Skills Strategy, for which approval is sought at this MCA Board under a separate report.

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 in a productive and resilient population.

Recommendations

That Board members:

- Approve AEB priorities for 2024/25
- Approve the use of additional AEB funding policy changes and flexibilities

- c. Approve indicative allocations for AEB grant (£31.8m) and Free Courses for Jobs (FCFJ) grant (£1.28m) funding; AEB procured (£10m) and FCFJ procured (£2.2m) provision for 2024/25; and AEB Innovation Fund (£2m)
- d. Delegate authority to the Section 73 Officer in consultation with the Portfolio Lead for Education Training and Skills to approve 2024/25 proposals for specific learning organisations as set out in Appendix A.
- e. Delegate authority to the Head of Paid Service in consultation with the Section 73 and Monitoring Officer to negotiate the terms and approve entering into legal agreements for the schemes above.

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

N/A

N/A

1. Background

1.1 Since August 2021 the Adult Education Budget (AEB) has been devolved to South Yorkshire Mayoral Combined Authority (SYMCA) to deliver training and learning support to residents in South Yorkshire aged 19+ across the academic year August to July. The budget has been and is c. £40m per year.

SYMCA also receives separate delegated grant funding (c. £3m) per year from the Department for Education (DfE) for Free Courses for Jobs (FCFJ), exclusively to offer Level 3 provision. This funding is not currently devolved. The approach to managing performance for both AEB and FCFJ is the same.

1.2 In February 2024 the MCA Board approved an approach to tender a new framework for directly procured provision, for the academic years 2024/25 – 2026/27. The MCA Board also approved adoption of the DfE’s Adult Skills Funding rates for regulated provision for academic year 2024/25, and to utilise 2023/24 DfE rates for non-regulated aims.

2. 2024/25 AEB and FCFJ Priorities

2.1 Approval is sought to adopt priorities for AEB and FCFJ. This updates the ten targets that have been used since AEB funding was devolved in 2021/22, bringing them in to line with the Skills Strategy. They build on findings and recommendations from the two externally commissioned evaluations into the delivery of AEB and Community Learning.

Skills Strategy Mission Areas	AEB Priorities	
Raise attainment of core knowledge and skills	Increasing legal entitlements, digital and full qualification take up.	A cross-cutting theme for all mission areas and priorities is for provision to be outcome-driven, high-quality, accessible, flexible and place-based.
	Reducing low attainment and targeting spend in areas of need, including specific communities, employment sectors and subject areas	
Moving those far from the labour market in to work or ready to work	For those far from the labour market, providing high-quality and tailored provision that reduces individuals’ barriers to learning or employment and	

	provides access to valuable opportunities	Procured provision should meet our Skills Strategy vision to support residents to live resilient and productive lives.
	For those close to the labour market or in work, providing high-quality, employment-focused training and education opportunities that move residents into good quality, sustained employment	
	Focusing provision on at-risk groups, such as the economically inactive, the long-term unemployed, the 50s+, young people not in education, employment or training and other emerging areas of need.	
Increase the supply of a high skilled workforce	Increasing in-work progression through training and education opportunities	
	Providing a high skilled workforce by delivering and co-ordinating high-quality, employment-focused education and training programmes	
	Meeting acute needs to fill skills shortages whilst also investing in provision that develops high growth sectors, such as the green economy, and health and wellbeing.	

3. AEB Flexibilities

3.1 The Education and Skills Funding Agency (ESFA) sets national AEB funding rules. Under devolved AEB, SYMCA has the power to set its own funding rules, these have largely followed national rules for the academic years since the budget was devolved.

The intent is to introduce a number of flexibilities for academic year 2024/25 to better align both grant funded and procured activity to local need and priorities as set out in the Skills Strategy for South Yorkshire.

Approval is sought to adopt the following flexibilities for AEB and FCFJ:

- **Introduce an Outcomes Framework** to enable bespoke tracking and increase positive outcomes for learners, to support the reduction of unknown outcomes (49% for 2022/23).
- **Introduce a standard of minimum guided learning hours** to increase quality in training provision and reduce training being delivered below the minimum guided learning hours set by awarding organisations.
- **Offer pre level 1 English for Speakers of Other Languages (ESOL)** to support learners not yet ready to undertake regulated ESOL Aims.
- **Introduce bridging qualifications for Level 3** to fill gaps in knowledge to progress to level 3.
- **Offer fully funded legal entitlement courses for 19+ learners** (currently 19-23 only) undertaking English, Maths, Digital Skills and ESOL up to level 2 to encourage take up of legal entitlement courses and enable more disadvantaged learners to receive fully funded provision.

- **Introduce units and shorter qualifications** to allow learning organisations to develop a programme of combined units and short qualifications to make provision more accessible to learners.
- **Offer digital entitlement at all levels** to support learners who are at entry level 1, 2 or below (these learners are currently disadvantaged as only supported at entry level 3).
- **Increase the Low Wage threshold from £21,255 to £30,476.96** for level 3 Free Courses for Jobs to enable progression. This is based on latest South Yorkshire median wage data and is comparable to the approach taken by Greater Manchester and Liverpool City Region Combined Authorities.
- **Extend offer of fully funded Maths and English** courses to those with previous qualifications, who need to refresh skills or learn new ones
- **Introduce capacity building courses** – fully fund level 4/5 teaching qualifications that are not fully funded to support increasing tutor capacity across the base of learning organisations.

These flexibilities would be incorporated into SYMCA's funding rules for 2024/25 which will inform delivery planning and are part of contractual requirements for both grant funded and procured learning organisations. Flexibilities will be reviewed annually, with any recommendations for flexibilities for future academic years to be brought to the MCA Board for approval.

4. AEB and FCFJ 2024/25 Allocations

4.1 Overall Allocations

Funding allocations from DfE for academic year 2024/25 are £40.6m for AEB and £2.85m for FCFJ. For costs in excess of 2024/25 funding received, it is proposed to use AEB funding carried forward from under delivery in 2021/22 and 2022/23 academic years.

Proposed overall allocations:

	AEB	FCFJ
Grant Allocations	£31.80m	£1.28m
Procured Provision	£10.00m	£2.20m
Audit and Administration	£1.40m	£0.03m
Innovation Fund	£2.0m	-
TOTAL	£45.20m	£3.51m
<i>2024/25 DfE funding</i>	<i>£40.60m</i>	<i>£2.85m</i>
<i>Existing AEB funding carried forward from previous years</i>	<i>£4.60m</i>	<i>£0.66m</i>

Approval is sought for the overall allocations above, and to utilise up to £5.26m of carried forward AEB funding for the difference between the overall total and the funding received from DfE.

4.2 Grant Allocations

For grant funded learning organisations indicative allocations are agreed annually, against which learning organisations will submit delivery plans setting out their proposals for delivery in the coming academic year. These are reviewed by SYMCA officers to ensure deliverability and strategic alignment before recommending final grant allocations to the MCA Board for approval.

For 2024/25 academic year it is proposed that indicative allocations for both AEB and FCFJ mirror 2023/24 final allocations:

Grant Learning Organisation	AEB Indicative Allocation	FCFJ Indicative Allocation	Total Indicative Allocation
Barnsley College	£2.60m	£0.30m	£2.90m
Barnsley MBC	£2.30m		£2.30m
Northern College	£2.75m	£0.15m	£2.90m
DN Colleges Group	£3.71m	£0.30m	£4.01m
Doncaster MBC	£0.81m		£0.81m
RNN Group	£5.05m	£0.10m	£5.15m
Longley Park SFC	£0.07m		£0.07m
Sheffield City Council	£2.27m		£2.27m
Sheffield College	£11.58m	£0.30m	£11.88m
WEA	£0.50m	£0.10m	£0.60m
Chesterfield College	£0.15m	£0.03m	£0.18m
TOTAL	£31.80m	£1.28m	£33.08m

Approval is sought to agree the above indicative allocations for 2024/25.

Delivery plans will be completed by learning organisations and reviewed by SYMCA officers in April and May 2024, with approval for final allocations to be sought at the MCA Board in June 2024.

4.3 Procured Provision

For AEB procured provision, in February 2024 the MCA Board approved procurement of a new framework, comprised of 2 Lots. It is proposed that £10m be allocated to award call off contracts under this framework for academic year 2024/25:

- Lot 1 - Employed/Unemployed/Self Employed: £7.0m
- Lot 2 - Reducing barriers – focussed person centred support: £3.0m

The proposed split between Lots is based on the need for accredited learning under Lot 1 to support the skills strategy mission areas of raising attainment and developing a highly skilled workforce; and more holistic support under Lot 2 to support the mission area of moving those further away into and towards the labour market. Approval is sought to allocate £10m, with contract awards to be made up to this value based on the mix and balance of tenders received.

The approach to Lot 2 (reducing barriers) will include wrap around support which could include but is not limited to: Information, Advice and Guidance; a tailored programme of activity including English, Maths and Digital, which focuses on raising aspiration and attainment. This is based on best practice and lessons learned from delivery of Working Win.

For FCFJ a two-year framework was procured to deliver £2.20m of provision in each of the academic years 2023/24 and 2024/25. The proposed procured provision allocation would be utilised to award 2024/25 call off contracts.

Individual contracts would be awarded up to allocated amounts under existing delegations to the Corporate Director of Growth, Business and Skills.

4.4 Audit and Administration

A portion of both AEB and FCFJ grants from DfE are used to fund the management, administration and audit functions undertaken by SYMCA in delivering the programmes.

For FCFJ, as non-devolved funding this amount is capped at 1% of the total grant awarded by DfE.

For AEB, SYMCA is able to determine an appropriate allocation for audit and administration, this was £0.80m in academic year 2021/22 and £1.0m for both 2022/23 and 2023/24. It is proposed that for 2024/25 this be increased to £1.40m (3.5% of grant awarded by DfE). Administration costs in previous years have primarily related to contracts, compliance and systems staffing as SYMCA develops robust processes to effectively monitor and manage devolved AEB. The proposed increase would enable expansion of the Skills team to develop and strategically commission meaningful activity to deliver on our skills strategy and maximise benefit for South Yorkshire residents. The audit and administration allocation will be reviewed on an annual basis.

4.5 Innovation Fund

A £1m AEB Innovation Fund was established in 2022/23, designed to enable SYMCA to respond quickly to changes in the labour market or deal with specific skills shortages across the region. For 2023/24 this fund was increased by £1m.

Response has been positive with £0.97m of projects delivering against this fund, a further of £0.39m projects in assurance pending review and approval. It is anticipated the current allocation will be fully subscribed by the end of 2023/24 academic year.

Approval is sought to expand the fund by a further £2m in 2024/25, with delegated authority to approve future individual projects to the Head of Paid Service (or delegate) in consultation with the Portfolio Lead for Education Training and Skills, subject to the principles of the fund agreed at MCA Board 5th June 2023.

4.6 Performance Management Flexibilities

In June 2023 the MCA Board agreed performance management flexibilities for in year changes to grant and contract values for 2023/24 academic year, linked to the introduction of a new performance management framework. Approval is sought for equivalent flexibilities for 2024/25 academic year.

The MCA Board is asked to delegate authority to the Head of Paid Service (or delegate) in consultation with the Portfolio Lead for Education, Training and Skills to agree in year increases to individual:

- 2024/25 AEB grants within the overall £31.8m allocation for grant provision;
- 2024/25 AEB contracts within the overall £10m allocation for procured provision;
- 2024/25 FCFJ grants within the overall £1.28m allocation for grant provision; and
- 2024/25 FCFJ contracts within the overall £2.2m procured provision allocation.

Where there has been strong performance:

- Up to a maximum of an additional 10% of the grant learning organisation's allocation; or
- For contracted activity, increases to individual contracts within the overall allocation for procured provision.

5. Options Considered and Recommended Proposal

5.1 Option 1

Approve all recommendations.

5.2 Option 1 Risks and Mitigations

Proposed recommendations require use of carried forward AEB funding for in year grant and contract awards in excess of 2024/25 DfE AEB and FCFJ allocations. This is to mitigate against the risk of under delivery and underspend, with an expectation to utilise a performance management framework to ensure delivery is within annual allocations. A future proposal will seek MCA Board approval for use of wider carried forward AEB funds.

The proposals seeking approval represent a new approach to AEB and FCFJ delivery, with the introduction of a more localised approach for South Yorkshire, there is a risk of learning organisations struggling to deliver in line with this new approach. This is mitigated through wide consultation on the skills strategy and changes in approach emerging from it, and via early market engagement prior to launching AEB procurement.

5.3 Option 2

Reject some, or all, of the recommendations

5.4 Option 2 Risks and Mitigations

The recommendations in this paper are complementary and designed to enable successful implementation of the skills strategy for South Yorkshire across provision of AEB and FCFJ. Rejecting some, or all of the proposals would limit the capability to align delivery and outcomes to the mission areas and objectives set out in the skills strategy.

5.5 Recommended Option

Option 1

6. Consultation on Proposal

6.1 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.

7. Timetable and Accountability for Implementing this Decision

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

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

8. Financial and Procurement Implications and Advice

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

8.2 All procurements will be undertaken in accordance with the requirements of the Public Contracts Regulations 2015 and Procurement Act 2023.

9. Legal Implications and Advice

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

9.2 The recommendations are consistent with the MCA's education, skills and training functions under the Barnsley, Doncaster, Rotherham and Sheffield Combined Authority (Functions and Amendment) Order 2020 and the funding Memorandum of Understanding between the MCA and the Department for Education

10. Human Resources Implications and Advice

10.1 N/A

11. Equality and Diversity Implications and Advice

11.1 An equalities impact assessment screening has been completed and equality and diversity considerations are taken into account as part of the development of the Skills Strategy and associated implementation actions for AEB.

12. Climate Change Implications and Advice

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

13. Information and Communication Technology Implications and Advice

13.1 N/A

14. Communications and Marketing Implications and Advice

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

List of Appendices Included:

Appendix A - 2024/25 proposals for specific learning organisations

Background Papers: N/A