

SKILLS & EMPLOYMENT BOARD

1st September 2020

Adult Education Budget

Purpose of Report

The paper provides a progress update to enable effective commissioning of AEB provision to SCR residents from 1st August 2020.

Thematic Priority

Develop the SCR skills base, labour mobility and education performance.

Freedom of Information

This paper will be made available under the MCA transparency scheme.

Recommendations

That Board Members:

1. Discuss and agree the Commissioning Approach, including a proposal that the MCA focus on the three areas detailed in section 2.2. Noting additional information will be provided in a slide deck in advance of the meeting (26th August) to enable Board Members to decide whether to endorse these three areas.
2. Consider the Commissioning Approach, detailed in section 2.3, and approve this as the basis for the forward work programme.
3. Consider the Procurement Principles, set out in section 2.4, recommend any additional principles and endorse these, for onward approval by the MCA.
4. Agree the approach to Soft Market Testing set out in section 2.5 and agree to approve the questions for this by written procedures as the timetable requires these to be agreed prior to the next scheduled Board.
5. Note the position regarding Implementation Funding, detailed in section 2.6 and the risks this is presents as detailed in the risk management section 4.3 of the report.
6. Note that the Communications Strategy being developed will be agreed by written procedures as the timetable requires these to be agreed prior to the next scheduled Board.

1. Introduction

- 1.1** MHCLG confirmed on the 3rd August that the Devolution Order was enacted. As a consequence of the devolution order, the MCA will become responsible for c£36m of devolved Adult Education Budget (AEB) from August 1st, 2021 and will provide funding for the delivery of adult skills activities to the residents of Barnsley, Doncaster, Rotherham and Sheffield.

- 1.2 At the Skills and Employment Board 29th June, information was provided to the Board on the provision currently supported with AEB funding; information on the providers; initial key messages from the data and an outline of the commissioning approach for AEB provision. This was endorsed as an approach, noting that further engagement with the Mayor, Leaders Co-Chairs and Members during September will progress in order to agree the commissioning approach to be implemented.
- 1.3 This paper presents additional detail for debate by the Skills and Employment Board, relating to the following areas:
- Commissioning Approach including alignment to the SEP and RAP
 - Approach to Procurement
 - Skills Plan and Soft Market Testing
 - Implementation Funding

2. Proposal and justification

- 2.1 Commissioning Approach including alignment to the SEP and RAP
Full devolution of AEB, whilst a small part of the overall national investment in education and skills, provides an opportunity to significantly align this crucial funding and the provision the MCA commissions with the People strand of the Renewal Action Plan activity, and to the ambitions of the SEP. The ambition for fully realising devolution is to move from a national funding system, driven by national priorities, to a more strategic and regionally targeted approach, better attuned to local priorities and the needs of Barnsley, Doncaster, Rotherham and Sheffield residents and businesses.
- 2.2 Following from the initial discussions at the June Board, further work has been undertaken to consider how best to maximise the local freedoms and flexibilities of AEB resources, alongside other National and local provision, to focus on the immediate needs of the RAP and the longer-term ambitions of the SEP. In this regard the following three areas are presented for detailed discussion as a basis for the MCA Commissioning Strategy:
- Progression Pathways** – which remove barriers enabling economically inactive and unemployed residents to gain the skills they need to enter and progress in work, with a focus on English, Maths and digital;
- Skills Acquisition** - Increasing skill levels across the region at all levels, those in low paid low skilled work, upskilling and reskilling to enable in-job progression or secure a new job/role which will be more prevalent due to the pandemic;
- World Class Technical Education** - Increasing aspiration, attainment and ambition in both our young people and adults, enabling higher-level skills and qualifications to be attained in areas of sector and occupational skills shortages.
- 2.3 The Commissioning Approach which will be developed in the coming months, as the RAP interventions are developed, will ensure that:
- The Mayor, Thematic Board Leads, other key LEP/MCA members have had the opportunity to shape priorities and commissioning;
 - Agreeing three-year delivery plans with all providers underpinned by new risk-based performance management arrangements;
 - Collaboration with Grant providers takes place with an expectation that they build networks, across the City Region, using their reach to engage with organisations, both public and private; drawing together a coherent local offer relevant to the needs of their residents and aligned to MCA/LEP ambitions;
 - Joint work commences during September, to align the delivery from 1st August 2021 through to July 2024, to build on the activity which will be delivered in response to our Renewal Action Plan and in support of our Strategic Economic Plan;

- Options to improve access to impartial all-age careers advice and guidance is planned into the system to be commissioned; and
- The MCA Executive operationalises an open and transparent commissioning process, communicating effectively throughout.

2.4 Approach to Procurement

The MCA intends to run a procurement round in Autumn 2020, for provision to commence in August 2021. Members are asked to consider and endorse for approval by the MCA a set of procurement principles. Following the initial discussions at the June Skills and Employment Board, these principles have been developed and could include but are not limited to:

1. Commission activity aligned to the Renewal Action Plan to Build Back Better, and the MCA and LEP priorities of Growth, Inclusion and Sustainability.
2. Focus on places within the SCR centred on equality, aspiration and inclusivity.
3. Support a long-term journey of change - making ambitious, forward looking, evidence-based commissioning decisions.
4. Support providers and residents to focus on what can be achieved over a longer time frame e.g. 3 years.
5. Enable providers to go beyond current policies and funding rules testing / piloting new local flexibilities to inform future commissioning.
6. Secure value for money for the public purse, better outcomes for learners, and optimum social value through working collaboratively with others.

2.5 Skills Plan and Soft Market Testing

In order to ensure the commissioning strategy and approach to procurement is well developed and grounded, a crucial component is to undertake Soft Market Testing (SMT). It is proposed this occurs in September.

A requirement of the deal with Government for AEB devolution was to have a Skills Plan. A draft was provided to DfE as part of our readiness conditions and the intention had been to publish and consult in late summer in advance of the procurement round in the autumn. Due to the COVID 19 pandemic and the impact that had on the publication of the Strategic Economic Plan (SEP), and Renewal Action Plan (RAP) that has now been delayed. To meet the requirement set out in the devolution deal, Members are asked to endorse an approach to enable key stakeholders the opportunity to engage on the AEB.

The proposed approach is as part of the Soft Market Testing, approx. 8-10 questions specifically related to the AEB would be developed for response by interested parties. The Skills and Employment Board are asked to approve the wording of the questions, for agreement by the MCA. The intention would be that the questions would be live for 2/3 weeks and the responses could then inform our approach to commissioning both Grant and procured provision.

2.6 Implementation Funding

In recognition of the significant amount of work required to devolve the AEB, the MCA will receive DfE implementation funding for 2020-21 and 2021-22. DfE will provide this in the form of a demand led grant under a Section 31 non-ring-fenced transfer (Local Government Act 2003). DfE will match the level of funding expended by the MCA in preparation for devolution activities such as those described in the MCA business case submitted to the Department of Education.

The expectation had been that the funding would be agreed, prior to the summer recess. Unfortunately, that did not happen and to help mitigate the risks to the project and enable

us to progress the recruitment into key posts e.g. IT Systems, procurement, the CEX has written to the DfE proposing the following solution:

- to cashflow the project subject to DfE providing assurances on two points. Firstly, that on confirmation of the implementation funding the MCA can back-date eligible costs.
- that if the funding is declined by the Minister in September that DfE either underwrite the costs already committed or allow us to use 2021/22 AEB monies to pay for 20/21 costs.

At the time of drafting this paper The Department has not yet responded.

3. Consideration of alternative approaches

3.1 n/a

4. Implications

4.1 Financial

If the implementation funding continues to be delayed, the MCA will need to consider cash-flowing key recruitment activity without any guarantees from DfE that the funding will be made available. Provision has been made for c£150k of initial match within the approved MCA budget which could be utilised.

4.2 Legal

The order transferring responsibility for AEB from the Secretary of State to the MCA has been enacted.

Development of all documentation is being undertaken under the guidance of the MCA Monitoring Officer, ensuring compliance with all relevant legislation is adhered to.

4.3 Risk Management

Whilst good progress has been made, timelines and processes for engaging with and gaining agreement of some of the key activities have been challenging, but these are under review and should not be a problem moving forward.

There are some key risks which are now increasingly materialising as a consequence of the delay in receiving implementation funding.

Specific risk area of growing concern are capacity within the MCA Executive to access the technical capability for specialist services including procurement, data and IT Systems. System development and its associated alignment with other systems within the organisation can be complicated and time consuming.

Mitigation of these risks is based on the recruitment of additional staff capacity now (noting that we do not yet have formal confirmation from DfE on the MCA's implementation funding). It is essential that the IT and finance systems are in place by January 2021 to ensure that there is adequate time for testing (noting that contract awards will be in March/April which is an incredibly busy time for the finance team).

4.4 Equality, Diversity and Social Inclusion

An Equality Impact Assessment will be undertaken.

5. Communications

5.1 An AEB communications strategy is being developed and will be available for Members to review by written procedures in advance of Soft Market Testing.

6. Appendices/Annexes

6.1 n/a

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references: