

**Combined Authority**

**21<sup>st</sup> 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 1<sup>st</sup> August 2021.

**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. Endorse the areas for the MCA Commissioning Strategy and the proposed Commissioning Approach detailed in section 2.2.
2. Endorse the Procurement Principles, set out in section 2.4
3. Note the approach to Soft Market Testing set out in section 2.5
4. Note the position regarding Implementation Funding, detailed in section 2.6

**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** A paper was presented 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
- 1.3** Following discussions, the Board agreed the Commissioning Strategy; commissioning approach; procurement principles and to undertake Soft Market Testing in advance of a procurement round in the autumn.

- 1.4 Due to the tight timescales involved to ensure effective commissioning and procurement activity takes place. The Board has agreed to meet on an informal basis between the formal Board meetings to enable progress to be made at pace.

## 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. The commissioning approach will include allocations to grant funded providers based in the SCR and a procurement round in the autumn.

- 2.2 Following an initial discussion at the Skills and Employment Board in June, 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 were presented to the Employment and Skills Board 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 sectors where there are occupational skills shortages.

- 2.3 The commissioning approach will be developed in the coming months, alongside the development of the RAP implementation plans, this 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 1<sup>st</sup> 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 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 a set of procurement principles, which 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, an important component is to undertake Soft Market Testing. It is proposed this occurs in September.

Included in the deal with Government for AEB devolution was the publication of 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. 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. It was agreed that the Skills and Employment Board would approve the wording of the questions. The intention is 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, DfE have confirmed that 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.

## **3. Consideration of alternative approaches**

**3.1** n/a

## **4. Implications**

### **4.1 Financial**

Implementation funding has been made available.

### **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 key activities have been challenging, but these have been reviewed and should not be a problem moving forward.

There are some key risks which receipt of the implementation funding will enable us to mitigate, accessing specialist services including procurement, data and IT systems.

#### **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 of the Employment and Skills Board to review 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: