

Education Skills and Employability Board

15 June 2021

Update on AEB Commissioning

Is the paper exempt from the press and public?	No
Purpose of this report:	Discussion
Is this a Key Decision?	No
Has it been included on the Forward Plan?	No not a key decision

Director Approving Submission of the Report:

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Report Author(s):

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Executive Summary:

The purpose of this paper is to update the Board on overall readiness for the devolution of the Adult Education Budget (AEB) including an update on the commissioning process. The paper also provides an update on our approach to allocating the separate level 3 Adult Skills Offer funding that is being provided to the MCA for 21/22 and the proposed allocations to Colleges. The paper builds on the last update provided to the board in March.

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

The aggregate offer delivered under the Adult Education Budget is changing in the transfer from a nationally commissioned provision to one that has been designed and implemented locally. The offer balances the need to provide businesses access to better skilled labour with the need to ensure it still provides an important first rung on the ladder for adults who may not have engaged with formal education.

Recommendations:

This paper is presented for the board to note.

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

None

1. Background

- 1.1 Work has continued to prepare the Authority for the devolution of the Adult Education Budget. This paper updates the Education, Skills and Employability Board on the Authority's readiness to manage this provision.

2. Key Issues

2.1 Updates Commissioning

As reported in previous papers, devolved AEB is being commissioned by the Authority through two strands, both underpinned by three-year delivery plans. The total value for devolved Adult Education Budget for South Yorkshire Residents in 2021/22 is £39,290,798.

- 2.2 **Strand One:** The Mayoral Combined Authority will continue to provide Grant funding to those Local Authorities and Further Education Colleges based in South Yorkshire. Those nine organisations receiving grants from the Authority are Barnsley College, Barnsley Metropolitan Borough Council, Doncaster Colleges Group, Doncaster Metropolitan Borough Council, Longley Park Sixth Form, Northern College for Residential Adult Education, RNN Group, Sheffield City Council and The Sheffield College.

- 2.3 The maximum values for the Grants were set by the MCA board on 22nd March 2021. All Grant Providers have been offered a Core Grant which will match the value of their Grants provided in 18/19. This will ensure the stability of our local provider base. The Authority has also offered an additional 15% to providers as long as this additional funding is aligned to key delivery priorities such as Statutory Entitlement provision. This is set out in the table below.

2.4 *Table showing indicative AEB Grant Allocations*

Provider	"Core" Base 18/19 Allocation	"Growth" 15% Additional Funding	Total
Barnsley College	£1.78m	£0.27m	£2.05m
Barnsley MBC	£2m	£0.3m	£2.30m
DN Colleges Group	£2.8m	£0.4m	£3.20m
Doncaster MBC	£0.67m	£0.1m	£0.77m
Longley Park SFC	£0.04m	£0.06m	£0.1m
Northern College	£2.36m	£0.35m	£2.71m
RNN Group	£3.94m	£0.59m	£4.53m
Sheffield City Council	£1.85m	£0.28m	£2.13m
Sheffield College	£8.76m	£1.3m	£10.06m

- 2.5 All the Grant funded providers with the exception of Longley Park Sixth Form have accepted an additional 15% growth, linked to delivering more entitlement provision and qualifications linked to our priority sectors. Growth funding has been offered for 2021/22, but it is not being consolidated into baselines for future years to provide some longer-term flexibility. Officers are working to finalise the content of Delivery Plans with Grant Holders.
- 2.6 Board members will be aware that Northern College is currently going through the FE Commissioner's Structure and Prospects Appraisal (SPA) process as a result of the impact of funding clawback on the College's financial position. The Authority is working through the SPA Steering Group to find a solution which secures a sustainable future for the College and as part of this plan to press ahead with the offer of grant funding for Northern. In light of the value placed on residential provision for South Yorkshire residents, the Authority proposes giving early confirmation that the current residential uplift of 4.7% will apply until 2023/24 in order to ensure residential provision for SY residents most in need of support remains available and to give the College more certainty in its planning process.
- 2.7 Another issue which the Authority is working through relates to The Prince's Trust Teams programme in Doncaster. Historically this provision had been delivered by Askham Bryan College (who are based in York). Askham Bryan did not submit a proposal via our procurement round so this provision is at risk. The Prince's Trust are currently exploring whether another SCR AEB Grant Holding College could deliver this provision.
- 2.8 **Strand Two:** The Mayoral Combined Authority ran a procurement round which was open to Independent; Grant, Voluntary and Third Sector organisations. The procurement round was split into four lots. The four lots were: -
- Lot 1 - Supporting residents into employment (£3,550,000)
The provision will be aimed at residents who need support to enter/re-enter the workforce including Sector Work Academy Programmes.
- Lot 2 - Provision for adults in employment, self-employed or at risk of redundancy (£3,550,000)
The provision under this lot will support residents in work looking to reskill or upskill by gaining qualifications at higher levels.
- Lot 3 – No young person left behind (£1,550,000)
The Lot will target support at young people aged 19-24 who are Not in Employment Education or Training (NEET) or hidden NEETs.
- Lot 4 – Test and Learn Adult Key Worker Model (£1,550,000)
This Lot invites grass root integrated delivery models focused on those adults 25+ that would benefit from significant personalised support.
- 2.9 The authority received 191 bids split between the Lots as follows: -
Lot 1 – 90
Lot 2 – 53
Lot 3 – 31
Lot 4 – 17

- 2.10 The Procurement process will deliver two outcomes. The first outcome will be to establish a Delivery Framework. The purpose of the Delivery Framework is to allow the Authority to move quickly to appoint providers in the future rather than having to launch another full-scale procurement process. A need to appoint additional providers could develop if the Authority identifies gaps in provision that are not being met by the current supplier base. It should be noted that a provider that is included on the Authority's Delivery Framework is not guaranteed a contract to deliver AEB. The second outcome will be to appoint contractors to deliver each of the four lots.
- 2.11 The Authority announced the providers that secured a place on the framework on the 26th May. There followed a standstill period of ten calendar days associated with the framework decisions. The providers who had been successful at securing delivery contracts will be notified after this (8th June).
- 2.12 The providers who have been successful securing a place on the framework are listed in Annex A.
- 2.13 Due to the timing of this paper needing to be cleared not aligning with the procurement process, Officers will write to the members of the ESE board to confirm the contractors who have been successful in securing AEB contracts separately.

2.14 **Grants for Level 3 Provision**

In addition to the funding for mainstream AEB, the Authority has also received funding of £2,791,136 to support the additional National Skills Funding offer around Full Level 3 Qualifications for adults in priority sectors. This funding is available for the academic year 2021/22.

- 2.15 South Yorkshire based Further Education colleges have provided proposals to deliver the National Level 3 24+ Adult Skills Offer, utilising the additional funding given to the Authority. This funding is ringfenced for delivery of Level 3 learning on the Government's list of higher value qualifications and is subject to potential clawback if it is not spent. Given the low number of Level 3 qualifications currently being delivered across South Yorkshire, there is significant stretch and challenge for FE Colleges in meeting the proposed delivery below.
- 2.16 All Level 3 provision whether on the National Skills Offer List or a legal entitlement for young people aged 19-23 will be met from the FE Colleges core AEB funding.

2.17 A summary of the current offer is shown in the table below.

College	2021/22 Learner Numbers	Funding Ask
Barnsley	42	£264,114
DN College Group	310	£873,365
RNN	538	£839,633
Sheffield	475	£761,274
Totals	1,365	£2,738,386

2.18 The colleges have been challenged by the Authority to come forward with “deliverable” proposals. So, although we have not allocated the full amount, there may be opportunities later this calendar year to allocate additional funding if the providers find they have the capacity to deliver more. The amount currently unallocated is £52,750.

2.19 The intention is to allocate this funding as an additional schedule to the AEB Grant allocation they will receive. The funding will be paid on the national profile, but reconciled in-year, retaining the ability to reallocate funding to deal with over/under performance.

2.20 **Communications Plan**

Taking control over AEB is good news for Sheffield City Region and the Authority will ensure our comms and marketing reflects this. Devolution means we are in a better position to ensure that the support on offer via AEB fits the needs of residents and employers. The Authority expects to have a far closer working relationship with our provider base than currently exists with the ESFA/DfE. This will partly be due to the way in which the Authority will increase engagement with each provider. This will start with their Grant letters which will reinforce key priorities but will also include an Onboarding event and an initial visit from the Programme and Performance Unit prior to delivery starting in August.

2.21 The Authority’s Communications and Marketing team have developed a Comms Plan to support AEB Devolution. This includes comms/announcements that will accompany the major milestones between now and August 1st. These include: -

Date	Action	Detail
8 June	Letter to providers	Grant Letters sent out to Providers confirming allocations and reinforcing
8 June	Emails to stakeholders	Emails to MPs, councillors, MCA and LEP board members.
8 June	News release	To local media and published on website. Announcing contracts awarded.
8 June	Social media	On SCR and Growth Hub accounts.
8 June	Website update	Publish update text and full list of grant-funded and procured providers on AEB section of website.
15 June	Toolkit	Communications and marketing toolkit for providers that we can share as part of the onboarding process. To include social media assets and suggested messages.

2.22 **AEB Assurance**

Assurance for the Adult Education Budget will be undertaken within the Combined Authority’s Assurance Framework and the annual review of this framework, alongside updating of the MCA’s AEB Funding and Performance Management Rules, will ensure the Authority’s governance arrangements for delivering the AEB remain compliant with its devolved responsibilities and the terms of the Memorandum of Understanding with the Department for Education.

2.24 **IT System**

IT have developed a bespoke system which will allow the Authority to take the data files that are generated through the delivery of AEB, validate against the set of delivery plans that have been agreed through the commissioning process and pay providers. IT and Finance are due to run a dummy payment run prior to the devolution of AEB (August 1st). This system will be used to support performance management of the provider base, the financial management of AEB and the overall assurance of our provider network.

2.25 The initial build of this system is complete. However further development is needed to update the system once the procurement process has concluded so that all procured providers who will receive a contract are able to access our funding for their AEB delivery. Further development is also needed to ensure the system meets the Authority’s requirements for performance management.

3. **Options Considered and Recommended Proposal**

3.1 This is not an options paper.

4. Consultation on Proposal

4.1 Consultation with stakeholders took place earlier in the development of our approach to AEB commissioning – (Oct 2020).

5. Timetable and Accountability for Implementing this Decision:

5.1 This paper does not require any decisions from the Board

6. Financial and Procurement Implications and Advice

6.1 The first tranche of funding of £24.623 million has been received to enable the funding to commence on 1st August. The remaining £14.668 million will be received in April 2022. There are therefore no implications on existing MCA funds of this delivery. This amount also includes a value of £800,000 which has been allocated to support the internal management and administration costs of the AEB delivery.

6.2 A full financial due diligence process will be undertaken in relation to all successful parties in the procurement round to assess their financial health. The results of this will inform the programme management processes that are implemented for each delivery partner.

7. Legal Implications and Advice

7.1 The Authority's legal powers for adult education devolution derive from the Barnsley, Doncaster, Rotherham and Sheffield Combined Authority (Functions and Amendment) Order 2020.

The legal arrangements are underpinned by a Memorandum of Understanding to be entered into between the Authority and the Department for Education and the Education and Skills Funding Agency. This Memorandum of Understanding sets out agreed ways of working between the parties to support the carrying out of the transferred functions by the Authority, in addition to matters set out in the statutory guidance. In addition, there will be a Data Sharing Agreement between the Authority and the Department for Education to support the devolution of the Adult Education Budget. Adult education provision will be further underpinned by contracts and grant agreements to be entered into between the Authority and the adult education providers.

8. Human Resources Implications and Advice

8.1 None

9. Equality and Diversity Implications and Advice

9.1 None

10. Climate Change Implications and Advice

10.1 None

11. Information and Communication Technology Implications and Advice

11.1 As outlined in the paper. – Approved by Andy Dickinson Head of IT.

12. Communications and Marketing Implications and Advice. Please also refer to consultation undertaken as per Section 4

12.1 As outlined in the paper. – Approved by Daniel Wright Head of Comms and Marketing.

List of Appendices Included

A Final Summary of Successful Providers

Background Papers

None