

## **Appendix B**

### **In Year AEB Procurement**

#### **Background**

The paper seeks to agree an approach for considering AEB funding that has been procured but not spent/delivered this academic year. This paper is not an indication that this will be the case but seeks to discuss what an appropriate course of action should be if an underspend is identified.

Procured Adult Education Budget (AEB) funding for 2021/22 (£10.2m).

SYMCA's relationships with providers funded via the funding identified above are governed by contracts and our Funding and Performance Management Rules. These documents set out both the provider and the MCA's responsibilities with regards to performance. The MCA will work with providers to try to resolve any issues with performance as outlined in the above documents. This paper isn't about performance thresholds for individual providers; it is about what the MCA expects the collective position to look like and what the MCA should do in response to this.

It is important that in our role as commissioner that the MCA takes appropriate action to ensure any funding available to support the learning of South Yorkshire residents is used for that purpose rather than retained by the MCA.

#### **Key Issues**

There is a Mayoral Election in May 2022 with an accompanying period of purdah which will restrict the time available to make decisions over this period.

The MCA is in the process of procuring a Lessons Learned review which will look at how the MCA commissioned AEB as discussed at the last ESE board. It is important that this Lessons Learned review has the time to be completed in order for the findings to be considered ahead of any new AEB commissioning.

As part of SYMCA's procurement process a framework of providers was established specifically to allow the MCA to quickly add to the providers able to deliver AEB in South Yorkshire.

At this point in the 2021/22 academic year only three months of delivery data have been received, this means the MCA does not have enough information to be able to confidently forecast what the aggregate performance picture of procured AEB provision is likely to look like by the end of the year.

Mobilising a procurement round, whether it uses the framework or not, takes a significant amount of time and resource.

The timeline would be tight to allow: -

- The MCA to be able to confidently forecast that there is going to be a significant under-spend. It will also be important for the MCA to understand whether under-delivery is due to a lack of learner demand or poor provider performance.
- The MCA to organise a procurement round to allocate that under delivery out to potential providers.
- Allow new providers enough time in this academic year to deliver against that funding.

## **Options Considered and Recommended Proposal**

### **Option 1 – In Year Procurement**

If it becomes clear that there will be a significant amount of unallocated AEB funding as a result of aggregate procured performance being lower than providers committed to, the MCA could use in year procurement to try to ensure funding for this year is maximised.

A threshold of 33% or above for the procured funding likely to remain at the end of the year could be set. This would equate to circa £3m. If under delivery is anticipated to be below this the MCA could decide to retain the funding for additional procurement for the next academic year.

As noted above timescales are tight and additional resource may be required by the MCA to deliver this activity in these timescales. If this option was agreed, in-year procurement would need to be done through the framework. The framework is aligned to the four Lots that went out to procurement (Lot 1 – Support to help people move into work, Lot 2 – Support for people in work to progress, Lot 3 – Support for NEETs or people at risk of being NEET, and Lot 4 – Key Worker Support Models). Procurement estimate that it would take a minimum of 60 clear days between putting out the opportunity to the framework to awarding contracts. There would also be time needed to set up new providers with the ESFA so that they can submit claims for SYMCA AEB funding.

### **Benefits**

This option would seek to maximise the funding available to learners this year.

### **Risks**

The timings for delivering this option look difficult – also note contingencies with other workstreams – including the Lessons Learned Review and the AEB Performance Management regime.

This option could require additional support into key functions like Procurement.

There is a risk that in trying to maximise funding that the design of provision is not as well developed as it might have been.

### **Option 2 – Procurement timed to add in new delivery for the new Academic Year (22/23)**

If significant under-delivery does develop on the procured AEB delivery side for 21/22, the funding could be rolled over into the next Academic Year. Under this option the MCA would focus on trying to ensure it understands where the gaps in provision are, what the reasons behind underspend are and where additional funding should be applied. By delaying procurement to align with the next academic year more time could be spent ensuring any new provision has been thoroughly designed to fill gaps. More options would be available for procurement. If it was decided that there were gaps which were not necessarily covered by the scope of the original AEB procurement framework, procurement could be done outside the framework.

### **Benefits**

This option would provide an opportunity for the lessons learned process to have completed.

This option would allow the MCA time and space to consider the performance issues of provision.

### **Risks**

There is still a risk associated with the potential timings for this activity.

This option could mean that the MCA carries un-allocated funding until the new academic year.

### **Option 3 – Do Nothing**

The procurement round allocated funding as the MCA intended. As yet it is too early to take an aggregate view on overall performance and what the position is likely to be at the end of the academic year.

### **Benefits**

This option does not have a resource requirement.

This issue could be revisited later if this performance issues does occur, albeit with fewer options likely to be available.

### **Risks**

This is not a proactive response and the risk is that by not setting a preferred option now there could be less options available.

If issues do develop in the future there could be less time for the provider market to respond to opportunities.

This option largely ignores the challenges created by purdah.

### **Recommended Proposal**

Option 2