

Subject: Adult Education Budget Devolution**Report of:** Head of Inclusive Growth**Portfolio:** Employability and Inclusion

Report Summary

This report sets out a recommended approach to implementing in-year funding flexibilities to widen participation on programmes delivered by the Adult Education Budget (AEB). This report also proposes awarding additional 'in year' funding allocations via contracts for services. This is in direct response to the impact of COVID-19 on delivery and seeks approval to implement these recommendations.

The report provides a headline performance update on the first quarter of the devolved AEB delivery to November 2020, which provides the context upon which the recommendations are based.

There are 2 key issues that stand out as a barrier to delivery as a specific result of COVID-19, which NTCA can help alleviate through the flexibilities we can introduce as a benefit of devolution.

Issue 1. Confidence of residents to enter learning is at an all-time low. Both Job Centre Plus (JCP) and providers have fed-back that learners, especially those with additional barriers, are not engaging in learning at the levels usual before the pandemic.

Issue 2. Engaging employed residents in learning has been significantly impacted and we are seeing this in the results of our Lot 2 employed provision. In-work progression is still as important as ever, but providers are seeing a big drop off with employer engagement. An intervention to stimulate the market and increase the up skilling of our employed residents is critical.

Reason for delegated decision

Cabinet at its meeting on 29th September 2020 agreed to authorise the Head of Paid Service, in consultation with the Cabinet Member for Employability and Inclusion to approve in year funding allocations to both Contract for Services and Grant Providers of the NTCA Adult Education Budget.

Recommendations

The Head of Paid Service, in consultation with the Portfolio Lead for Employability and Inclusion is recommended to:

- Note the headline performance of the devolved AEB in the first quarter up to November 2020
- Approve the proposal to implement two funding flexibilities set out in sections 1.25 and 1.26 of this report
- Approve the proposal to facilitate a procurement mini competition in order to award £300,000 additional 'in year' contracts to current framework providers in Lot 3 as set in section 1.27 to 1.29 of this report

1. Background Information, Proposals and Timetable for Implementation

- 1.1 In August 2020 the North of Tyne Combined Authority took control of a £23 million Adult Education Budget (AEB), secured as part of the devolution deal. With Cabinet approval the devolved AEB was allocated to 29 education providers across 10 Grant Agreements and 21 Contracts for Services (via the establishment of a procurement framework).
- 1.2 Delivery of the AEB commenced on the 1st August 2020 and the impact of COVID-19 is being closely monitored, both in terms of learner engagement during the pandemic and providers performance against delivery plans and payment profiles that were set out at the beginning of the academic year.
- 1.3 NTCA AEB officers are in regular communication with the AEB provider base to ascertain the impact of COVID-19 on their provision and to gather intelligence on what additional flexibilities could be made available to ensure that delivery is maintained throughout the crisis and into recovery.
- 1.4 Providers have implemented innovative plans to ensure delivery of the devolved AEB continues. This has included transferring provision on-line, supporting vulnerable learners through one to one video calls and where classrooms have been able to open delivering to groups of learners with effective safety measures in place.
- 1.5 However, despite this innovation providers report that class sizes have had to be reduced due to social distancing measures and that the second lockdown and subsequent Tier system may impact on learner engagement in the New Year. Providers have raised concerns regarding the mental health & wellbeing of adult learners as well as a lack of confidence to engage in training as the crisis continues.
- 1.6 In addition to this dialogue NTCA receive monthly performance data from providers. This is utilised to monitor actual delivery versus profiled delivery, as well as the type and level of provision on offer to ensure it remains responsive to the needs of our residents and employers.
- 1.7 Analysis of the data for quarter one to November 2020 has been completed and headline performance is set out in the sections below. This analysis has been used to inform the recommendations in this report alongside consultations with the provider base.

AEB Delivery Performance to November 2020

Enrolments

- 1.8 Most providers were able to start delivery from August 2020 with 27 of the 29 procured contracts underway. Two providers on the framework have delayed delivery of their contract as a direct result of the COVID-19 crisis. Provision from these providers was fully dependant on practical activity that could not be started on-line and is now delayed further due to the second lockdown.
- 1.9 Up to 6th November 2020, 8545 enrolment opportunities have been delivered or are being undertaken. 1628 (20%) of these enrolments are being delivered as Community Learning.
- 1.10 Table 1 illustrates the overall number of enrolments from Grant and Contract for Service providers by Local Authority area.

Table 1

Overall Enrolments up to Nov 2020	Grant	Contract for Service	Total
Newcastle	4965	358	5323
North Tyneside	1333	351	1684
Northumberland	1206	332	1538
Total	7504	1041	8545

1.11 All providers are required to set out Adult Skills enrolment targets on a monthly profile so that ‘actual delivery’ can be monitored against their profiled delivery target. Due to the impacts of COVID-19 providers have delivered 86% of their profiled Adult Skills target to November 2020. (Community Learning enrolments are profiled on a ‘termly basis’ and performance against these profiles will be available in January 2021).

1.12 Table 2 below sets out the profiled adult skills delivery to November 2020 against actual delivery.

Table 2

	Profiled Delivery to Nov 2020	Actual Delivery to Nov 2020	% of Profiled Target
Grant AEB (Adult Skills)	6072	5876	97%
Contract for Service AEB (Adult Skills)	1972	1052	53%
Total	8044	6928	86%

1.13 Analysis of the quarter one performance data suggests that main areas of under delivery are in procured contracts provision and for the employed. Contract for Service providers have reported that provision that was due to take place on employer premises has been impeded by social distancing measures. Learner and employer engagement has also been problematic in this area as employers and workers who are dealing with the pandemic has took president over training.

1.14 Table 3 illustrates performance against enrolments profiled by procured contract for service providers.

Table 3

	Profiled Delivery to Nov 2020	Actual Delivery to Nov 2020	% of Profiled Target
Procured enrolments Lot 1 - Unemployed	558	509	91%
Procured enrolments Lot 2 - Employed	1299	380	29%
Procured enrolments Lot 3 - Innovation	115	163	142%
Totals	1972	1052	53%

1.15 The data illustrates that delivery for the unemployed in Lot 1 is progressing and delivery in Lot 3 is exceeding the profiled delivery targets. Targeted and niche provision aimed at vulnerable residents in rural and deprived areas as well as innovative delivery models are proving effective in engaging learners in Lot 3. Case studies from providers such as The Cedarwood Trust included in Appendix 1 of this report provide evidence of these successful projects. Delivery in Lot 2 is of immediate concern for the reasons mentioned above in section 1.13.

Statutory Entitlements

1.16 The AEB provides free statutory entitlements which include digital, maths, English and English for Speakers of Other Languages (ESOL). Analysis of the quarterly data reveals that 700 residents are enrolled in maths and English provision with 330 undertaking GCSE’s in these subjects which is often an essential entry qualification for apprenticeships and employment.

1.17 Over 3000 enrolment opportunities are in ESOL. Providers report that learners whose first language is not English have been severely impacted by the COVID-19 crisis and are increasingly marginalised by lack of digital skills to access information and support. Digital skills sitting alongside language skills have been prioritised for these learners with many now able to access some learning on-line.

- 1.18** First Full Level 2 and Level 3 qualifications for young people aged between 19 and 24 are part of the statutory entitlement. The qualifications in this entitlement are highly valued by employers and provide specialist skills in our key sectors. Colleges have engaged over 380 young people in this provision in the first quarter of the academic year.
- 1.19** A new digital entitlement was introduced for learning aims up to and including Level 1 from August 2020. Unfortunately, qualification approval is currently limited in this offer and therefore not reflected in the data. Providers are ensuring that learners are able develop basic digital skills that sit outside the entitlement and have provided over 1000 enrolment opportunities in digital skills to date.
- 1.20** Table 4 illustrates enrolments in statutory entitlement categories to November 2020.

Table 4

Statutory Entitlements	No of Enrolments
English	312
Maths	388
ESOL	3097
Digital Entitlement	164
Full Level 2 Entitlement	240
Full Level 3 Entitlement	148
Total	4019

Age profile

- 1.21** It is well documented that the COVID-19 crisis is disproportionately affecting our young people and supporting this age range to gain the skills needed to progress into employment is a priority for the AEB. In the first quarter over 1340 (20%) of enrolments are aged 19-24 with many of these young people getting vital employability support as well as full level 2 and level 3 qualifications. Table 5 illustrates the age profile of learners undertaking enrolment opportunities in the first quarter.

Table 5

Age Profile (Adult Skills)	
19-24	1342
25-30	1178
31-49	3474
50- 64	743
65+	109
	6846

- 1.22** We recognise that the AEB is an important contribution to NTCA's inclusive economy and will play a major role in supporting recovery. Provider performance in the first quarter of the academic year is mainly positive, however we are mindful that the second wave, subsequent lockdown and Tier system may impact on delivery going forward.
- 1.23** We have worked hard to begin to shape the AEB delivery towards what our residents and business need, working closely with relevant providers and stakeholders. Providers are working in extremely challenging circumstances and we aim to provide support and flexibilities where possible to ensure that delivery is maintained throughout and beyond the current crisis.

Proposal

- 1.24** Consultation with providers has confirmed an urgent need to 're-boot' delivery from January 2021 and encourage learners whose mental health and wellbeing as well as confidence due to the impacts of COVID-19 may be a barrier to undertaking enrolment opportunities through the AEB.
- 1.25** We propose to introduce a fully funded non-accredited learning aim that can be utilised by Grant providers and procured contract for service providers in Lot 1 to engage residents in devolved AEB enrolment opportunities. The purpose of the aim would be to offer informal activities to improve learner confidence, mental health and wellbeing. Providers will be able to engage residents with this learning aim prior to progressing them to further learning.
- 1.26** At present, residents who are employed must contribute 50% towards the cost of their learning programme if it is not part of the statutory entitlements. In order to encourage employers and employees to take up training opportunities we propose to fully fund accredited learning at L2 and L3 and fund non accredited work-related training to support employers in areas such as business resilience and COVID-19 safe working practices. This flexibility would remain in place from January 2021 to the end of the academic year in July 2021 and will stimulate provision in Lot 2 for employed learners, enabling in-work development to be a viable option at this current time
- 1.27** The success of programmes being delivered in Lot 3 Innovation cannot be understated. Provision is highly valued, in line with our ambitions and supports recovery from the COVID-19 crisis. Flexible and intensive support is targeted at residents who have been affected by the crisis in terms of finance, health and social mobility supporting them to progress into employment. Delivery in Lot 3 also supports entrepreneurial skills, small businesses and the self-employed in terms of business resilience skills, planning for risk, marketing and using social media, human resource issues and wellness and wellbeing.
- 1.28** Providers in this Lot have met delivery targets and utilised the funding available to them under their contracts for services. The first performance management point in November 2020 has enabled us to identify gaps in provision as well as opportunities for growth. We propose to utilise £300,000 of available AEB funding to support growth in Lot 3.
- 1.29** The funding would be tendered through a mini competition for providers on the existing Lot 3 Framework. The specification for the procurement exercise will ensure the continuation of provision that supports our most vulnerable learners and provides innovative delivery models.

Timetable for Implementation

- 1.30** The anticipated timetable for implementing the proposed funding flexibilities and facilitating the mini competition to enable growth in Lot 3 is set out below:

Non accredited Learning Aim issued to Grant providers and procured contract for service providers in Lot 1: 18/12/20

Guidance and mechanism for fully funding employed residents in Lot 2: 18/12/20

Timeline for Mini Competition to enable Growth in Lot 3

Specification and application documents approved and on NEPO portal – 08/01/21

Deadline for submission of completed applications – 22/01/21

Evaluation of mini competition tenders complete - 29/01/21

Finalise Delegated Decision Report - 05/02/21

Approval under scheme of delegation - 08/02/21 to 12/02/21

Preferred supplier pre-contract award - 15/02/21

Unsuccessful suppliers notified - 15/02/21

Standstill period – 15/02/21 to 25/02/21

Expected contract award date – 26/02/21

2. Potential Impact on Objectives

- 2.1** AEB supports the NTCA pillar 'Hotbed of talent' empowering our people with the skills and resources they need to take ownership of their futures and secure good jobs with fair wages. We want everyone to have the opportunity to thrive, with access to good employment and progression. Supporting the availability of good quality, well paid work, whilst providing the right support for people to access these jobs and further training, is crucial to our economic and social success.

3. Key Risks

- 3.1** AEB Devolution features as a strategic risk on the NTCA Strategic Risk Register. Appropriate risk management processes are in place to identify and mitigate risks as they arise at project level, with escalation requirements embedded.

- 3.2** Risks associated with the proposals in this report have been considered and include:

Risk 1. Grant providers and contract for service providers in Lot 1 will 'overuse' the non-accredited learning aim and this will impact on delivery of skills provision. To mitigate this, the learning aim issued will be 'time limited' to one episode of learning, use of the learning aim will be monitored on a monthly basis and providers will be asked to record the progression outcomes from this aim.

Risk 2. Fully funding accredited learning in Lot 2 will result in a decrease in enrolment opportunities as providers will utilise more of their funding allocation to enable this flexibility. However, enrolments in Lot 2 are already underperforming and there is a risk that without the flexibility in this Lot it will be under spent. Introducing this flexibility to the end of the academic year will serve as an engagement tool to promote the benefits of learning in the workplace ready for the new academic year 2021/22.

Risk 3. Providers in Lot 3 have limited time left in this academic year to utilise any growth awarded through the mini competition contracts. Capacity and resource to deliver any 'additional allocation' through the mini competition by the end of this academic year will be ascertained through the invitation to tender and evaluation of responses received. To mitigate this the timelines for the mini-competition have been condensed as far as possible, to enable providers to have as much time as possible to realise the benefits of any in-year growth.

4. Financial and Other Resources Implications

- 4.1** Provider's allocations will not exceed the overall devolved AEB funding as a result of the 2 funding flexibilities proposed in this report.
- 4.2** The £300,000 proposed for the mini competition is available from AEB funding that was retained to address gaps and award growth at the November performance management point. Contracts awarded through this procurement exercise will be guided by the commissioning principles set out in the AEB Strategic Skills plan.

5. Legal Implications

- 5.1** Legal and Procurement teams have been consulted regarding the rationale for holding a 'mini competition'. It was agreed that a procurement exercise was the most transparent method to allocate additional funding to providers in Lot 3.
- 5.2** The mini competition procurement process will be undertaken in accordance with the terms of the relevant framework, NTCA Contract Standing Orders and the Public Contracts Regulations 2015.
- 5.3** The Interim Monitoring Officer's comments have been incorporated within this report.

6. Equalities Implications

- 6.1** As required by Section 149 of the Equality Act 2010, the Combined Authority has considered its obligations regarding the Public Sector Equality Duty and there will be no anticipated negative impact on groups with protected characteristics from these proposals.
- 6.2** Each organisation the Combined Authority will contract with will be required by law to meet all relevant requirements in the workplace in respect of equalities. Through the Due Diligence process, we have sought assurance from each provider that they have appropriate policies in place which protect and champion equality within their service.
- 6.3** In addition, we will encourage all companies we work with to be mindful of our commitment to equalities and direct them to guidance provided by the Equalities and Human Rights Commission. <https://www.equalityhumanrights.com/en/advice-and-guidance/guidance-businesses>.

7. Inclusive Economy Implications

- 7.1** The Combined Authority believe the approach taken will positively contribute to creating a more inclusive economy in the North of Tyne with specific positive impact on addressing inequalities in skills and qualifications across the area.
- 7.2** The Adult Education Budget will be used to better equip residents with low or no qualifications in the North of Tyne with the skills required to participate in our key growth sectors. The realignment of provision towards the North of Tyne growth sectors will better meet the needs of our businesses and in turn provide residents with clearer opportunities to contribute to and benefit from economic growth now and in the future.
- 7.3** The Combined Authority will continue to monitor the impact of the Adult Education Budget on the inclusive economy aspirations as part of all performance management processes.
- 7.4** In due course, all providers will be invited to commit to the North of Tyne Good Work Pledge to advance their contributions as employers to the Combined Authority's inclusive economy aspirations.

8. Climate Change Implications

- 8.1** The Combined Authority has considered the implications relating to climate change in decisions regarding allocation of the Adult Education Budget and believe there will be no negative impact as a result.
- 8.2** All providers are required to provide assurance that they have an environmental and sustainability policy.
- 8.3** In all procurement exercises, applicants were appraised on their commitments to climate change as part of Social Value. Where specific commitments have been made in relation to climate change, the Combined Authority will monitor compliance through performance management processes.
- 8.4** With the impact of COVID-19, early indication shows the provider base in the Combined Authority have significantly increased the use of online learning as a means of delivery. Although no measurements are in place, the Combined Authority understand this will likely reduce carbon emissions associated with staff and learner travel.

9. Consultation and Engagement

- 9.1 NTCA have been in continual communication with NTCA Grant and Contracted providers to ascertain the impact of the COVID-19 crisis on their current delivery and gather intelligence on what additional provision could be made available through the AEB provider base to support recovery.
- 9.2 NTCA officers maintain regular contact with relevant stakeholders including the North East LEP, Skills Providers, the Department for Work and Pensions, the Department for Education and Employers. This supports co-ordination of vacancy opportunities and skills development.
- 9.3 NTCA AEB officers attend regular meetings with DfE, ESFA and other Mayoral Combined Authorities (MCAs) to share information and best practice.

10. Appendices

- 10.1 Appendix 1 – The Cedarwood Trust Case Study

11. Background Papers

AEB Strategic Skills Plan

AEB Cabinet papers 24th April 2019, 4th June 2019, 30th July 2019, 22nd October 2019, 25th February 2020, 28th July 2020 and 29th September 2020

AEB Delegated Decision Report March 2020

AEB Delegated Decision Report June 2020

12. Contact Officers

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13. Glossary

AEB	Adult Education Budget
AY	Academic Year
DfE	Department for Education
ESFA	Education and Skills Funding Agency
ESOL	English for Speakers of Other Languages
MCA	Mayoral Combined Authority
NTCA	North of Tyne Combined Authority

11. Sign-off

1) Mayor and Portfolio holder: Yes	2) Director/SMT: Yes	3) Chief Finance Officer: Yes	4) Monitoring Officer: Yes	5) Head of Paid Service: Yes
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