

ITEM: 13

REPORT TO: WEST OF ENGLAND COMBINED AUTHORITY

DATE: 30th OCTOBER 2017

REPORT TITLE: AGREE NEXT STEPS FOR ADULT EDUCATION BUDGET

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Purpose of Report

- 1 To provide an update on the current position regarding devolution of the Adult Education Budget to the West of England Combined Authority (WECA).
- 2 To seek a decision on how to work with the Department for Education during the 'transitional' 2018/19 academic year ahead of full devolution which is now planned for 2019/20. We have been asked been asked to inform DfE of our preferred approach.

Background

- 3 The principal purpose of AEB is to provide adults with the skills and learning they need to equip them for work, an apprenticeship or further learning. This includes the provision of statutory entitlements such as a first full level 2 qualification for those aged 19-23.
- 4 AEB provision has previously been determined by National Government with the budget being administered by the Education and Skills Funding Agency (ESFA). As laid down in the West of England Devolution Agreement however, Government has committed to devolve responsibility for the 19+ Adult Education Budget (AEB) in the WECA area to the Combined Authority.
- 5 Devolution of AEB was originally intended to take place in time for the 2018/19 academic year. Due to a number of different factors, including the June 2017 UK Parliamentary Election, Government's current intention is to devolve responsibility for this budget to WECA for the 2019/20 academic year. Following this decision Government has committed to working with Combined Authorities during a 'transitional' year (2018/19) to ensure as much responsibility as possible can be passed to local areas.

Progress Update

- 6 Officers from across the Constituent Councils within the WECA area have been working to prepare for devolution over many months and recently WECA reassigned a post, from within existing resources, to focus on this important area of work.

- 7 A key element of preparing for devolution has been working with Government to agree a set of Readiness Conditions and Operational Readiness Tests in time for the 2019/20 academic year. This includes work in the following areas:
- a. Governance and business planning
 - b. Funding rules and eligibility
 - c. Provider funding and allocations systems
 - d. Contracting
 - e. Funding formula rates
 - f. Provider management arrangements
 - g. Data collection, analysis and reporting
- 8 In addition, officers have been working to understand the financial and resource implications of devolution for WECA. There are many contracts in place across the region that are currently contracted and administered by the ESFA. We need to identify what resources will be required locally to manage this new work, which is not currently resourced. We have also begun to explore the setting up of data sharing agreements with the ESFA to enable us to understand better current provision in the region.
- 9 Once an analysis of current provision is complete, the focus for the next element of work will be to develop recommendations for the Combined Authority for what changes should be made to AEB provision.

Options for transitional year

- 10 With devolution of AEB now planned for the 2019/20 academic year the Department for Education (DfE) are offering two different options for how they can involve Combined Authorities with local commissioning of AEB for the 2018/19 academic year. The two options that have been proposed are 'delegation' and 'influencing'.

Delegation

- a. The Secretary of State for Education delegates AEB functions and funding to the Combined Authority, essentially seeking to bring devolution powers forward through another legal mechanism other than statute.
- b. Acting as the Secretary of State's agent, the Combined Authority decides on adult education provision for its residents, commissions provision, funds providers and manages delivery of provision.
- c. Terms and conditions of the delegation would be the mechanism by which DfE would hold the CA accountable and assure itself that the planned set of provision is consistent with the Secretary of State fulfilling her functions.
- d. Implementation and timing challenges are as great as they would have been for full devolution.
- e. This option enables a devolved area to exercise greater control over AEB but with a greater share of risk. It requires an area to have all relevant systems and practices in place within a very short timeframe.

Influencing

- a. WECA 'steering' the use of AEB funding during the 2018/19 academic year.
- b. The CA would be able to vary allocations for certain in-scope providers within a framework. The full range of in-scope providers has yet to be determined by DfE.
- c. Final funding allocations would be made to the relevant providers by the Education and Skills Funding Agency (ESFA) in line with locally agreed plans.
- d. The ESFA would carry out the funding activity on behalf of the MCA for 2018/19, in advance of it establishing full funding and provider management systems, to support full devolution for 2019/20.
- e. Existing AEB funding policies, rates, rules and performance management would apply to all 2018/19 delivery. The national funding formula would continue to apply.

- f. This option enables less direct control over AEB but does not require the implementation of new systems and practices. It enables WECA to influence AEB delivery whilst building towards full devolution.

11 Whilst the delegation option is the closest to full devolution and would therefore, give greatest control to the region, we believe that there are too many risks involved in seeking to take this approach at this stage. For example:

- a. The Secretary of State for Education has yet to conclude whether the Delegation option is achievable within the timeframe required for the 2018/19 academic year.
- b. Clarity over the full scope of the delegation option and its legal basis have yet to be provided by DfE and so cannot be properly considered by WECA. Therefore, the ongoing timeframe for achieving the necessary work is not fully known (but likely further compressed).
- c. As the operational readiness tests for the delegation option are not finalised the resource implications are not fully known.
- d. We have not yet completed the work required to recommend any changes to the AEB provision and resources are not in place to undertake this work.

12 Given these risks we recommend that influencing is the best option for the transitional year.

Consultation

13 This paper has been developed in consultation with officers in the constituent councils within the Combined Authority and discussed at the Skills Advisory Board. The Board's views will be provided to the Committee from the Chair of the Advisory Board (Tim Bowles).

Public Sector Equality Duties:

14 There are no equalities implications in relation to this report, any future changes to AEB will be subject to full consideration of relevant equality legislation.

Economic Impact Assessment:

15 Whilst the impact of how the AEB budget is spent will have a positive economic impact by supporting residents to improve their skills and consequently career potential, there are no Economic Impacts arise as a direct result of this report.

Legal Implications:

16 There are no legal implications resulting from this report.

Finance Implications:

17 The Budget Outturn paper (separately on this agenda), includes resourcing proposals for the WECA which would provide for 1 FTE to manage AEB work. This resource is required regardless of the option for the transitional year, to prepare for devolution.

18 In addition, we have bid for additional funding from the DFE to resource wider implementation activity to support the influencing option. Financial implications of full devolution are not yet known

Human Resources Implications:

19 No HR implications arise as a result of this report.

Recommendation:

20 That WECA endorses the influencing option from the two proposals tabled by DfE.

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