

REPORT TO: WECA COMMITTEE
DATE: 4 DECEMBER 2020
**REPORT TITLE: ADULT EDUCATION BUDGET – APPROACH FOR
THE 2021/22 ACADEMIC YEAR**
DIRECTOR: STEPHEN BASHFORD
AUTHOR: HENRY LAWES

Purpose of Report

1. To provide the WECA Committee with details of the proposed approach for the management and administration of the devolved Adult Education Budget (AEB) for the 2021/22 academic year.

Recommendation

The WECA Committee are asked to:

2. Note and agree the proposed approach for the management and administration of devolved AEB for the 2021/22 academic year.
3. Agree the following delegations to the WECA CEO alongside members of the WECA CEO's group:
 - 3.1. Make decisions on the final approach for the 2021/22 academic year once the consultation results have been considered
 - 3.2. Make decisions on final provider allocations once agreed provider curriculum delivery plans are in place.
 - 3.3. Make in-year exceptions funding decisions.
 - 3.4. Make in-year growth funding decisions
 - 3.5. Make decisions on provider re-allocations at all operational points including: in-year, mid-year and end-of-year.
 - 3.6. Make decisions relating to distribution of funding for continuing learners
 - 3.7. Make decisions on the purpose and allocation of funds not distributed through the CDP process or funds used for the management and administration of devolved AEB.
 - 3.8. Make decisions on recommended amendments to the devolved approach for AEB in subsequent academic years.

Issues for Consideration

WECA's aim for Adult Education:

4. WECA's overall aim is to orientate the local Adult Education system so that is focused on, and responsive to, the specific need of WECA residents, communities, employers and the local economy as a whole.
5. In order to deliver the above aim WECA is seeking to establish a local system which has the following facets/qualities:

- 5.1. Provision which is varied, high quality and accessible to our residents and employers in both urban and rural settings.
- 5.2. Provision which is demonstrably planned towards, and focused on, addressing our agreed key local needs and challenges.
- 5.3. Provision that is flexible and responsive to the changing local environment (critically including the Covid-19 pandemic).
- 5.4. A provider base which has a strong track record of successfully supporting learners to achieve their aims, fulfil their potential and achieve positive progression.
- 5.5. A provider base that works and plans in collaboration with others to create options and pathways for learners whilst also reducing unnecessary duplication of provision.
- 5.6. A system which supports a movement to a Low Carbon economy and helps supply green skills into the WECA workforce.

Approach to Development of WECA's Adult Education:

6. WECA is taking an incremental multi-year approach to the development of the local Adult Education system in order to:
 - 6.1. Effect the changes necessary to achieve the aims indicated above.
 - 6.2. Protect the system, and specifically the providers, from any destabilising impacts.
 - 6.3. Establish greater cohesion between WECA AEB and wider components of the local Education, Employment and Skills System;
7. The approach to date has included:
 - 7.1. **2019/20** (academic year): WECA introduced no changes to the system (e.g. rules, current providers etc.) and focused on smoothly landing the management and administration of the devolved powers and funding. Allocation levels were based on the funding utilised during the 2017/18 academic year.
 - 7.2. **2020/21** (academic year): WECA is working with the same provider base and at the same allocation levels whilst at the same time introducing a number of measured system changes. Critically these included instigation of the Curriculum Delivery Plan process where WECA allocations and Grant Funding Agreements (GFA) were only confirmed (provider by provider) once a Curriculum Delivery Plan (CDP) was developed and agreed.
8. Underpinning the work in relation to each academic year WECA has:
 - 8.1. Developed robust data systems and practices to collect and manage data enabling us to monitor and manage performance.
 - 8.2. Worked with a range of partners/stakeholders to develop and run the system including: DfE/ESFA, other Mayoral Combined Authorities/Greater London Authority providers and their representative bodies.
 - 8.3. Assembled an appropriately skilled and experienced team to manage and administer the system.

Proposed approach to the 2021/22 Academic Year:

9. WECA will use the 2021/22 academic year to complete the move away from the transitional approach started in the 2019/20 academic year. This will increase the changes which will support delivery of the West of England Local Industrial

Strategy (LIS) and associated Employment & Skills Plan (E&SP). It will also continue to support the ongoing recovery from the Covid-19 pandemic.

10. Commissioning: For 2021/22 WECA will use a commissioning approach to devolved Adult Education in the WECA area. This will include the use of a Commissioning Strategy and underlying Commissioning Evidence base. This will support providers to focus on priority sub-regional groups of residents/communities, employers/sectors and geographies within the WECA area.
11. An explanation of the specific approach and changes that WECA are proposing to make are contained in appendix 1.
12. Grant Funding Allocation Levels: WECA will use roll-forward allocations for the Grant Funded providers that meet the MCV. These allocation levels will be based on the 2020/21 allocations, but the final amount will only be determined by WECA once the 2021/22 allocation is confirmed to WECA (anticipated end of March 2021). No grant funding agreement will be agreed without an agreed Curriculum Delivery Plan in place.
13. System Changes and the Funding Rules: For the 2021/22 academic year WECA will continue to make system changes which support funded providers to focus on our key sub-regional priorities. The WECA AEB Funding Rules will continue to maintain an alignment with the national funding rules however WECA reserves the right to make significant variations where they will support greater positive impact on achieving WECA's aims and objectives.

Equalities Impact Assessment:

14. EQIA and use of Sub-Contracting: In order to protect against any unintended consequences WECA will conduct an Equalities Impact Assessment (EQIA), based on the latest available full year figures, on the provision that ceases as a result of the MCV. Where niche provision is identified that is not delivered by another provider WECA will seek to address this through our commissioning approach.

Delegated Authority:

15. Delegated authority is requested for the WECA Chief Executive Officer alongside members of the WECA CEO's group to:
 - 15.1. Make decisions on the final approach for the 2021/22 academic year once the consultation results have been considered
 - 15.2. Make decisions on final provider allocations once agreed provider curriculum delivery plans are in place.
 - 15.3. Make in-year exceptions funding decisions.
 - 15.4. Make in-year growth funding decisions
 - 15.5. Make decisions on provider re-allocations at all operational points including: in-year, mid-year and end-of-year.
 - 15.6. Make decisions relating to distribution of funding for continuing learners
 - 15.7. Make decisions on the purpose and allocation of funds not distributed through the CDP process or funds used for the management and

administration of devolved AEB.

- 15.8. Make decisions on recommended amendments to the devolved approach for AEB in subsequent academic years.

Consultation

16. WECA has received legal advice that, based on the approach contained within this paper, WECA should consult with a focus on the Minimum Contract Value element. This consultation process is ongoing with any resulting recommended amendments to the approach for 2021/22 being agreed with the WECA CEO's alongside members of the WECA CEO's Group under the delegated authority requested above.

Other Options Considered

17. Other options were considered (such as deeper, more far reaching changes away from the national approach). These were not put forwards as recommendations as they were considered to not adequately balance change versus impact.

Risk Management/Assessment

18. RISK 1:

- 18.1. Risk: WECA's Management and Administration of devolved AEB causes a destabilisation of providers and learners.
- 18.2. Mitigation: The report, and associated recommendations, develop on from the approach taken during the 2019/20 and 2020/21. Changes detailed for the year are intended to have a positive impact on the relevance and impact of devolved Adult Education provision.

Public Sector Equality Duties

19. The public sector equality duty created under the Equality Act 2010 means that public authorities must have due regard to the need to:
 - 19.1. Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the Act.
 - 19.2. Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - 19.3. Foster good relations between people who share a protected characteristic and those who do not.
20. The Act explains that having due regard for advancing equality involves:
 - 20.1. Removing or minimising disadvantages suffered by people due to their protected characteristics.
 - 20.2. Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
 - 20.3. Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.
21. The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.

22. An Equalities Impact Assessment will be conducted as part of the funding process prior to the start of the 2021/22 academic year.

Finance Implications, including economic impact assessment where appropriate:

23. Processes applied for AEB are consistent with those applied through other WECA grant funding streams.

24. There are no specific financial awards to named providers recommended within this paper. Subsequent recommended financial awards to providers will be within the budget provision available.

Advice given by: Malcolm Coe, Director of Investment and Corporate Services (WECA)

Legal Implications:

25. Legal Advice has been provided in relation to the duty to consult.

26. Further legal advice will be sought where appropriate either leading up to, or during, the 2021/22 academic year.

Advice given by: Shahzia Daya, WECA Director of Legal Services

Climate Change Implications

27. On 19 July 2019, the West of England Combined Authority declared a climate emergency, recognising the huge significance of climate change and its impact on the health, safety and wellbeing of the region's residents. The Combined Authority is committed to taking climate change considerations fully into account as an integral part of its governance and decision-making process.

Each report/proposal submitted for Combined Authority / Joint Committee approval is assessed in terms of the following:

Will the proposal impact positively or negatively on:

- * The emission of climate changing gases?
- * The region's resilience to the effects of climate change?
- * Consumption of non-renewable resources?
- * Pollution to land, water or air?

Particular projects will also be subject to more detailed environmental assessment/consideration as necessary as part of their detailed project-specific management arrangements

28. Taking the above specifically into account, please comment on any climate change implications arising as a result of this report and include details of any mitigation: There are no direct climate change implications arising from this report. However, the provision delivered as a result of this funding could add to the region's resilience to the effects of climate change if for instance learners access (or are supported to access) courses which help develop skills relating to: carbon neutral technologies, ecologically friendly building techniques/methods etc.

Human Resources Implications:

There are no HR implications arising as a result of this report. The management of AEB will be conducted from within existing resources

Advice Given By: Alex Holly, WECA Head of People and Assets

Appendices:

Appendix 1 – Proposed approach to the management and administration of devolved AEB during the 2021/22 academic year

Background papers:

None.

West of England Combined Authority Contact:

Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Ian Hird on 07436 600313; or by email:

democratic.services@westofengland-ca.gov.uk

APPENDIX 1

Commissioning Approach:	Rationale:	Intended Impact:
<ul style="list-style-type: none">• WECA will use a Commissioning Strategy (and underpinning evidence base) to articulate the regional priorities for Adult Education. The strategy should link the devolved delivery of Adult Education to our key regional strategies such as the LIS, E&SP and the response to the Covid-19 pandemic. In turn providers will need to develop their CDP's directly in line with the Commissioning Strategy and underpinning evidence base.• The Commissioning evidence base will have the key data (i.e. in relation to key residential groups, areas of geographical focus, sectors/employers, thematic issues etc.) that underpins the Commissioning Strategy. There should be a direct line of sight through this data to the LIS and E&SP.	<ul style="list-style-type: none">• WECA is focused on moving from a reactive Adult Education approach to one which is planned and where providers are designing their curriculum offers to primarily address an agreed set of sub-regional priorities.• In order to effect the change to a planned and commissioned system a Commissioning Strategy, that draws upon our best understanding of the available data/evidence, and in turn articulates WECA's policy direction and key regional priorities in terms of Adult Education.	<ul style="list-style-type: none">• WECA is demonstrably orientating the local system to focus on, and address, the agreed regional strategies and priorities.• WECA moves away from an unplanned (regionally) and reactive approach to the delivery of adult education.

<p>Minimum Contract Value:</p> <ul style="list-style-type: none"> • For 2021/22 WECA will introduce a minimum contract value of £150,000 for grant funded providers. • Providers who had a 2020/21 allocation of £150,000 or more will be offered a draft roll-forward allocation (confirmed through a successfully agreed Curriculum Delivery Plan) for 2020/21. Such providers may bid to secure additional funds via the open application process • Any provider whose allocation for the 2020/21 academic year totalled £149,000 or less will not be offered roll-forward allocation for 2021/22 but may continue to deliver through sub-contract or apply to secure an allocation in excess of the Minimum Contract Value threshold via the open application process. 	<p>Rationale:</p> <ul style="list-style-type: none"> • The national approach to funding, and the subsequent transition arrangements, meant WECA inherited a provider base with a wide range of financial allocations (by value). • WECA is seeking to consolidate this provider base and move towards a position where it is working with a smaller and more strategic group of prime providers who have larger financial allocations and use positive sub-contracting to create full and rounded curriculum offers. • WECA is seeking to ensure that all Commissioning priorities are sufficiently addressed through either the negotiation of C&DPs or through securing additional provision through the open application process. WECA are also ensuring this funding can also be used to meet emerging priorities. 	<p>Intended Impact:</p> <ul style="list-style-type: none"> • WECA works with a smaller prime provider base (Grant Funded) which have more impactful allocations. • WECA is able to use a portion of the budget to secure provision that directly supports any priorities set out in our Commissioning Strategy that are not sufficiently addressed through the negotiation of Curriculum and Delivery Plans. WECA is also able to use a portion of the budget to secure provision which directly supports emerging priorities.
<p>Allocations Approach:</p> <ul style="list-style-type: none"> • For the 2021/22 academic year WECA will work with the same provider base 	<p>Rationale:</p> <ul style="list-style-type: none"> • WECA is seeking to move away from a competitive/marketised approach to 	<p>Intended Impact:</p> <ul style="list-style-type: none"> • Providers understand earlier in the process whether WECA intends to

<p>as during the 2020/21 academic year bar those whose allocation (2020/21) fell below the minimum contract value.</p> <ul style="list-style-type: none"> • Providers with allocations that fall below the Minimum contract Value threshold will have a potential option to continue to support WECA residents through either sub-contract or through applying for an allocation that exceeds the MCV threshold as part of the open applications process. • The open applications process will seek bids to deliver provision that supports a specific set of Commissioning Priorities (i.e. those set out in our Commissioning strategy that are not sufficiently addressed through the negotiation of Curriculum and Delivery Plans amongst providers with roll-forward allocations). • WECA intends to offer draft roll-forward allocations at the same value the provider received during the 2020/21 academic year (including any adjustments arising from mid-year review). WECA will confirm its ability to do this once the final budget settlement is confirmed (approx. end of March 2021). 	<p>Adult Education and also provide stability for the provider base.</p> <ul style="list-style-type: none"> • Articulating the approach being taken to the provider base as soon as possible supports sustainable decision making as early as possible. • Agreeing draft grant funding allocations in December 2020 enables WECA to concentrate on engaging with the provider base more fully and agreeing the provider delivery plans for 2021/22. This will result more effectively planned provision alongside stability for the provider base. 	<p>fund them for the 2021/22 academic year.</p> <ul style="list-style-type: none"> • Providers are able to focus on compiling, and agreeing with WECA, their associated Curriculum Delivery Plans. • WECA is able to focus more fully on the delivery plan process and the details of each providers delivery/provision.
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<ul style="list-style-type: none"> • Providers with roll-forward allocations are at liberty to bid on additional funds through the open applications process. • The provider's allocation will be confirmed, and the grant funding agreement issued, once their related Curriculum Delivery Plan has been agreed with WECA. • A lack of an agreed plan will ultimately result in the provider not receiving an allocation from WECA for the 2020/21 academic year. 		
<p>Provider Plans:</p> <ul style="list-style-type: none"> • As part of the allocation's process all grant funded providers will need to submit and agree a full Curriculum Delivery Plan with WECA for their devolved provision. • For 2021/22 the plan will detail, and justify, the providers' proposed provision including: targeted learners, details of courses/provision to be 	<p>Rationale:</p> <ul style="list-style-type: none"> • Currently providers are not compelled to demonstrably plan Adult Education provision in relation to either plans/strategies or geographies. It is not always clear how providers are targeting learners, determining provision and deciding delivery methods/locations. • WECA is seeking to fund providers whose devolved AEB provision demonstrably addresses the needs outlined in the WECA LIS, E&SP and 	<p>Intended Impact:</p> <ul style="list-style-type: none"> • Devolved Adult Education provision which is visibly planned, relates directly to the LIS, E&S Plan and Covid-19 recovery plan is understandable to WECA, learners, employers and stakeholders. • Providers are supported to move to a more demonstrably planned and open/understandable delivery model.

<p>delivered, where the provision will be located. Critically the plan will need to detail how the provision contributes to, and supports achievement of, the WECA Local Industrial Strategy, associated Employment and Skills Plan and the Covid-19 recovery plan.</p> <ul style="list-style-type: none"> • The plan will need to demonstrate how many starts, achievements and positive progressions the provider plans to deliver within each of our categories of adult education, and how much funding they propose to utilise within each category. • The plan would be agreed with WECA between Jan 2021 and July 2021. • A lack of an agreed plan will mean result in the provider not receiving an allocation from WECA for the 2021/22 academic year. 	<p>in terms of its response to the Covid-19 pandemic.</p> <ul style="list-style-type: none"> • WECA is seeking to fund providers who can demonstrate that they fully understand the needs of (and the challenges faced by), residents, communities and employers in the West of England. 	
<p>Open Applications Process</p> <ul style="list-style-type: none"> • WECA will utilise all funding not allocated via the roll-forward process plus any other under-spend that we have not been able to distribute through other means to establish a 	<p>Rationale:</p> <ul style="list-style-type: none"> • The Open Application Process provides a mechanism through which to realise the following benefits: 	<p>Intended Impact</p> <ul style="list-style-type: none"> • All WECA Adult Education Funding is allocated in a manner that offers improved alignment with Commissioning priorities and/or emerging priorities.

<p>budget to be distributed through an open application process.</p> <ul style="list-style-type: none"> • We estimate that this budget will equate to at least £1m and will be used to directly secure provision to address either: priorities set out in our Commissioning Strategy that have not been sufficiently addressed through the Curriculum and Delivery Plans negotiated in relation to roll-forward allocations or emerging priorities. • All providers will be at liberty to bid for funds through this process. • All providers who secure funding through the open application process will be required to negotiate a Curriculum Delivery Plan and will be allocated funds through a Grant Funding Agreement. 	<ul style="list-style-type: none"> ○ Improved alignment between WECA AEB provision and our Commissioning Priorities; ○ A route to address emerging priorities. ○ A potential entry route for new providers 	
<p>Sharing of Provider Delivery Plans:</p> <ul style="list-style-type: none"> • WECA will share the details of all agreed provider delivery plans throughout the devolved WECA provider base. 	<p>Rationale:</p> <ul style="list-style-type: none"> • As established during preparation for the 2020/21 academic year WECA now deems it necessary for providers to discuss and share their intended delivery with other providers. 	<p>Intended Impact:</p> <ul style="list-style-type: none"> • An increase in joint working between providers and delivery of effectively planned provision.

	<ul style="list-style-type: none"> • WECA is seeking a more constructed and open Adult Education landscape in the WECA area where providers are aware of each other's provision and can factor this in when planning their own. • WECA is also seeking a more joined up approach between providers to better support learners and employers especially in terms of progression through provision. 	<ul style="list-style-type: none"> • Increased support for learners especially in terms of progression and pathways through provision. • Identification of oversupply and undersupply in relation different communities/areas. • Reduction in unnecessary duplication. Where provision is duplicated this would be considered deliberate and necessary.
<p>Low Wage Funding Rule:</p> <ul style="list-style-type: none"> • WECA will consider and agree the wage threshold for the Low Wage Funding rule so that it is pegged at an impactful level for the WECA area in light of the current economic and employment status of the WECA area. 	<p>Explanation:</p> <ul style="list-style-type: none"> • Supporting employed individuals who are on low wages is aligned with WECA's E&S Plan and the aims of related programmes such as Future Bright. • WECA would like to ensure that the wage level set reflects the socio/economic conditions in the WECA area. 	<p>Intended Impact:</p> <ul style="list-style-type: none"> • The wage threshold for the WECA Low Wage funding rule reflects the socio/economic needs of the local area.
<p>Subcontracting:</p>	<p>Rationale:</p>	<p>Intended Impact:</p>

<ul style="list-style-type: none"> • WECA will clearly articulate its view of, and approach to, subcontracting. • WECA will fully enforce the sub-contracting rules as contained within the overall Adult Education Funding Rules. • WECA will focus on positive sub-contracting e.g. which enhances delivery offers, enables niche provision, supports providers entering into/remaining in the market at low financial levels. • WECA will target for cessation sub-contracting practices which are focused on protecting allocations/drawing down management fees with little or no positive impact on the provider's delivery offer. • As part of this approach WECA Adult Education providers will need to clearly articulate, and justify, the value of the management fee they charge their subcontractors. 	<ul style="list-style-type: none"> • Subcontracting can be a valuable tool when used positively and progressively (e.g. enhance service offer, incorporate niche provision, support new providers into the market, support providers who are too small to be considered a prime) • Negative sub-contracting practices are sometimes evident (e.g. subcontracting only to protect the Prime provider's allocation, subcontracting involving high and unjustified management fees, subcontracting which brings little/nothing to the service offer and does not benefit the learner). These types of practices do not maximise the benefit of AEB funding to learners, employers and communities in the WECA area. • Historically full enforcement of the AEB sub-contracting funding rules has not always taken place. 	<ul style="list-style-type: none"> • Sub-contracting in devolved Adult Education has a wholly positive impact on individual Prime delivery, progress towards the LIS and E&S Plan and overall diversity within the provider market. • Negative sub-contracting practices are curtailed.
<p>Delivery of Provision in the Workplace:</p>	<p>Rationale:</p>	<p>Intended Impact:</p>

<ul style="list-style-type: none"> WECA will remove the funding rules prohibiting the delivery of qualifications in the workplace/on employer premises. 	<ul style="list-style-type: none"> WECA are seeking to increase the attainment skills relating to local economic opportunities. WECA are seeking to increase this attainment either directly through AEB funded delivery or through related next step provision. Enabling delivery of provision on employer premises has the potential to increase related skills levels. This is not currently permissible within the funding rules. 	<ul style="list-style-type: none"> WECA residents are better prepared to benefit from the economic opportunities available in the area. WECA employers are better able to access relevant skilled employees.
<p>Distance Learning:</p> <ul style="list-style-type: none"> WECA will establish a policy on the use of distance learning provision as part of the overall curriculum offer. WECA will only fund distance learning provision through local providers in a manner that compliments their classroom-based delivery. Through the CDP WECA will focus on distance learning provision which is directly related to the needs of the LIS and E&S Plan, improves access, 	<p>Explanation:</p> <ul style="list-style-type: none"> WECA recognises that distance learning can be an effective tool for supporting learners. We have already established the principle that we support Distance Learning where this either broadens the local curriculum offer or enables participation amongst priority residents who would otherwise be unable to do so. Despite our encouragement and efforts during the negotiation of Curriculum and Delivery Plans in 	<p>Intended Impact:</p> <ul style="list-style-type: none"> Devolved distance learning is impactful and directly relevant to the needs outlined in the LIS and E&S Plan. The distance learning provision funded by WECA responds far more effectively to local need as expressed through our Commissioning strategy and is both planned and delivered in a manner that compliments local classroom provision through broadening the curriculum and / or engaging learners

<p>broadens curriculum and complements face-to-face delivery.</p> <ul style="list-style-type: none">• WECA will seek to reduce and remove unnecessary duplication of generic distance learning offers.	<p>2020/21, much of the Distance Learning provision planned to be delivered does not effectively satisfy the principles set out above. Most distance learning provision is homogenous in nature with a large number of providers unproductively competing to offer the same types of provision to the same types of (frequently low-priority) learner</p> <ul style="list-style-type: none">• WECA is seeking to provide high quality and directly relevant Distance Learning whilst removing poor quality duplicated provision.• WECA is aware that there is unnecessary duplication of distance learning offers.	<p>who would otherwise be unable to participate.</p>
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