

GREATER MANCHESTER COMBINED AUTHORITY

Date: 28 October 2022

Subject: Devolution of the Adult Education Budget (AEB): Update on Commissioning approach for 2023/24

Report of: Councillor Eamonn O'Brien, Portfolio Lead for Education, Skills, Work, Apprenticeships & Digital and Joanne Roney, Portfolio Lead Chief Executive for Education, Skills, Work, Apprenticeships & Digital

Purpose of Report

- Provide an update on progress relating to devolution of the Adult Education Budget from 1 August 2023 for the 2023-2024 academic year onwards
- Set out the proposed approach to commissioning AEB funded provision for GM residents for 2023/24, including procurement activity, and request approval from the Combined Authority to proceed as recommended.

Recommendations:

The GMCA is requested to:

1. Note the update on devolution of the AEB and proposed approach to commissioning AEB funded provision for GM residents for 2023/24, including procurement activity and;
2. Approve the proposed approach to commissioning AEB funded provision for GM residents in 2023/24 which includes:
 - a. grant funding agreements for the providers identified as being in-scope for block grants, namely further education institutions based within Greater Manchester and those GM local authorities which currently deliver AEB funded provision
 - b. procurement of contracts for services for all other providers, including independent training providers, FE institutions based outside of Greater Manchester, and other organisations (which may include the voluntary and community sector)





3. Agree that the Chief Executive Officer, GMCA & TfGM, GMCA Treasurer and Monitoring Officer, in consultation with the Portfolio Lead and Portfolio Lead Chief Executive for Education, Skills, Work, Apprenticeships and Digital (and subject to considerations around any conflicts of interest which might arise), be granted delegated authority to take forward AEB commissioning, including the procured element, to contract award.





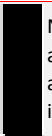
Contact Officers

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Equalities Impact, Carbon and Sustainability Assessment:

Impacts Questionnaire		
Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion	G	
Health	G	
Resilience and Adaptation		
Housing		
Economy	G	
Mobility and Connectivity		
Carbon, Nature and Environment		
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target	This proposal supports Greater Manchester to become carbon neutral by 2038 through the delivery of skills training relating to the green economy and showing GM residents how they can reduce their carbon footprint and/or improve their local environment. We will also prioritise the allocation of funding to providers or supply chains that demonstrate a strong organisational commitment to this goal.	
Further Assessment(s):	N/A	
	Positive impacts overall, whether long or short term.	 Mix of positive and negative impacts. Trade-offs to consider.  Mostly negative, with at least one positive aspect. Trade-offs to consider.  Negative impacts overall.

Carbon Assessment		
Overall Score	<input type="text"/>	
Buildings	Result	Justification/Mitigation
New Build residential	N/A	
Residential building(s) renovation/maintenance	N/A	
New Build Commercial/Industrial	N/A	
Transport		
Active travel and public transport	N/A	
Roads, Parking and Vehicle Access	N/A	
Access to amenities	N/A	
Vehicle procurement	N/A	
Land Use		
Land use	N/A	
 No associated carbon impacts expected.	 High standard in terms of practice and awareness on carbon.	 Mostly best practice with a good level of awareness on carbon.  Partially meets best practice/ awareness, significant room to improve.  Not best practice and/ or insufficient awareness of carbon impacts.

Risk Management

GMCA's Education, Skills and Work Directorate will continue to work with the selected providers to ensure comprehensive processes are in place to identify and mitigate risks, including managing the performance of the delivery, linked to the Devolved AEB Funding and Performance Management Rules, which includes audit and compliance procedures and risk ratings applied to individual providers during the year.

Legal Considerations

GMCA's Education, Skills and Work Directorate will continue to work with legal support to ensure all contractual documents are appropriate and in place for the academic year.

Financial Consequences – Revenue

Revenue funding is taken from the Adult Education Budget, which is received on an annual basis each financial year. There are no financial decisions to be taken within this report.

Financial Consequences – Capital

Not applicable

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

Short paragraph to be included here:

Background Papers

The following is a list of the background papers on which this report is based in accordance with the requirements of Section 100D (1) of the Local Government Act 1972. It does not include documents, which would disclose exempt or confidential information as identified by that Act.

[Devolution of the Adult Education Budget \(October 2018\)](#)

[Devolved Adult Education Budget – Proposed Priorities and Approach for 2022/2023 onwards](#)

Tracking/ Process

Does this report relate to a major strategic decision, as set out in the GMCA Constitution

Yes / No

Exemption from call in

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency? No

GM Transport Committee

Not applicable

Overview and Scrutiny Committee

[Date considered by the relevant Overview & Scrutiny Committee]

1. Introduction

- 1.1 For Greater Manchester, the principal purpose of the AEB is defined as being “to engage adults and provide them with skills and learning needed for work, an apprenticeship or further learning” as well as the AEB should “deliver high quality provision which leads to demonstrable improvements in opportunities, positive outcomes and clear progression pathways for Greater Manchester residents, with a clear line of sight into the local labour market and future economic opportunities”.
- 1.2 To date, the GMCA devolved AEB skills providers have supported more than 157,000 GM residents and delivered around 353,000 courses since devolution. A range of policy changes and flexibilities have been introduced to extend the provision available at a national level, and 17,000 GM residents have taken advantage of these policy changes and flexibilities enrolling on a total of over 28,000 learning aims.
- 1.3 GMCA have introduced several initiatives against its planned priorities since the inception of GM’s devolved AEB programme (as set out in the GMCA paper – Devolved Adult Education Budget – Proposed Priorities and Approach for 2022/2023 onwards) and include:
 - Closer working with providers
 - Place based approach
 - Response to employer needs and labour market challenges as a result of the pandemic
 - Barriers to adult education

- A shift away from second chance skills
- A Local Authority Grant Programme
- Development of a GM Level 3 qualification offer

1.4 Since August 2019, Greater Manchester has benefited from an annual devolved Adult Education Budget allocation each academic year (1st August to 31st July) of approximately £96 million, and through the 'Level 3 Free Courses for Jobs Offer', (a national initiative for which funding flows through AEB but eligibility is set by DfE) GM will receive approximately £8 million of ring-fenced funding to deliver a specific range of Level 3 qualifications determined by government.

1.5 The commissioning approach that has been taken to date for GM's devolved AEB (as set out in the GMCA paper – Devolution of the Adult Education Budget, October 2018) has involved:

- establishing plan-led grant funding agreements for the providers identified as being in-scope for block grants, namely further education institutions based within Greater Manchester and those GM local authorities which currently deliver AEB funded provision, and
- procurement of contracts for services for all other providers, including independent training providers, FE institutions based outside of Greater Manchester, and other organisations (which may include the voluntary and community sector).

Key elements of each of these areas were to:

- Agree delivery plans with the grant-funded organisations based on strategic dialogue about current and future skills needs of GM's residents and employers.
- Procure contracts for an initial period of 3 years maximum and review future commissioning needs.
- Add an element of flexibility and innovation into the contracts in line with the freedoms and opportunities devolution enables.

1.6 In December 2021, approval was given to extend the existing devolved AEB contracts for services and grant agreements for a further year to set the benchmark for future commissioning for the 2023/2024 academic year.

2. Principles of Delivery

2.1 For the 2023–2024 academic year and onwards, GMCA wishes to ensure that the devolved AEB market in Greater Manchester continues to be open to high quality

providers of all kinds (including partnerships/alliances of providers and their supply chains) which want to build strong, place-based relationships with the GMCA and with the businesses and residents of Greater Manchester, in order to provide the best value and impact for GM through alignment with the wider skills and employment system. The approach must continue to build on the principle that AEB is a longer-term journey towards a skills system that helps support the Local Industrial Strategy and sectors displaying gaps and mismatches between skills supply and skills demand while at the same time supporting residents facing labour market inequalities and wider disadvantage.

2.2 To achieve this, it is proposed to continue with the existing dual approach, with a combination of grant funding agreements with anchor institutions across our place, and procured contracts for services from a wider pool of providers, including some which can offer specialist training and / or support priority cohorts of residents. Irrespective of whether the skills provider is grant-funded or procured under a contract for services, both would adhere to the same principles of delivery, including aligning provision to meet GMCA's Adult Skills objectives and themes, conforming to a place-based approach and complying to the same performance management regimes.

2.3 It should be noted that the commissioning approach which the GMCA is required to take in relation to the GM devolved AEB is set out in the Memorandum of Understanding which was entered into between (1) the Secretary of State for Education (2) the Education and Skills Funding Agency (ESFA) and (3) the GMCA back in 2019 (the MoU). Under this MoU, the GMCA is not bound to mirror the commissioning approaches (either in general terms or in relation to individual providers) that have been taken by other MCAs, GLA or ESFA. The key considerations for the GMCA's proposed approach to the GM devolved AEB were originally set out in the GMCA paper - Devolution of the Adult Education Budget, October 2018, but in summary for the 2023-2024 academic year it is proposed that:

- GMCA enters into new grant funding agreements for the 2023-2024 academic year with further education colleges based in Greater Manchester and those

Greater Manchester local authorities which currently deliver AEB funded provision, on the grounds that:

- they form part of Greater Manchester’s state-maintained system of public education and its associated asset base and infrastructure which is funded wholly or mainly from the public purse and which has Greater Manchester residents and ‘place’ as the primary focus of their activity
 - these providers cannot choose not to engage with policy changes, nor can they substantially shift their core business focus or suddenly cease operating; the FE regulatory framework and FE insolvency regime recognise the particular position/status of colleges and provide additional protection for learners which does not apply to learners in other institutions
 - the MoU between DfE, EFSA and the GMCA explicitly requires the GMCA to “*minimise the risk of insolvency of any further education institution in the CA area*”
 - they will be expected to deliver place-based provision matching the needs and priorities of their local authority area.
- Any other skills provider that wishes to deliver devolved GMCA AEB funded provision to GM residents in 2023-2024 would be required to tender for a procured contract for services.

3. Commissioning Approach

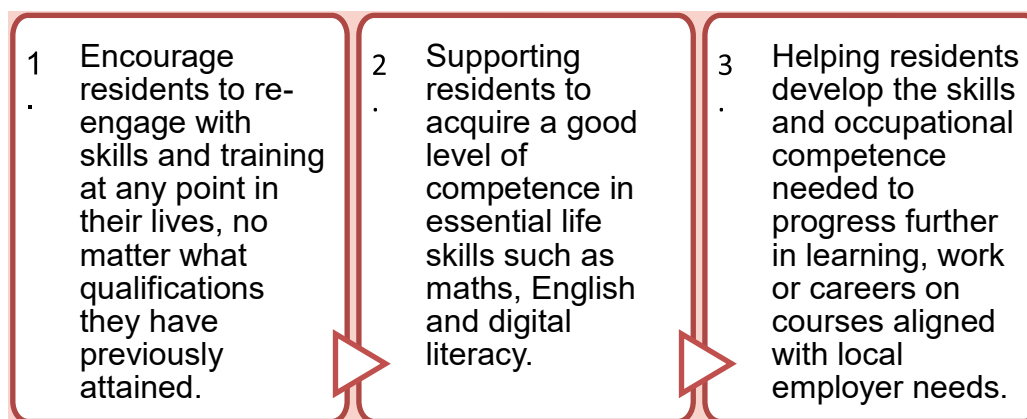
3.1 As GMCA’s devolved AEB programme is entering its fourth year of delivery for the academic year 2022 – 2023, GMCA has made progress against its original priorities of:

- Closer working with providers
- A place-based approach
- Responding to employer needs
- Addressing barriers to Adult Skills

3.2 Development work is continuing against these priorities, and substantial consultations with both providers and stakeholders have shaped the devolved AEB throughout the first 3 years of activity, resulting in an agreed set of objectives,

themes and goals for GMCA's Adult Skills programme which were set out and approved in the GMCA paper – Devolved Adult Education Budget – Proposed Priorities and Approach for 2022/2023 onwards – December 2021.

3.3 The proposed commissioning approach for the 2023-2024 academic year will be underpinned with these three objectives to support the priorities of GMCA and are as follows:



3.4 The Department for Education will issue a budget of circa £96 million to GMCA for the 2023-2024 academic year which will be confirmed in early 2023. A further £8 million, again subject to confirmation, will be issued for Level 3 Free Courses for Jobs (FCFJ) provision.

3.5 A substantial part of this budget is ring-fenced, as shown in the table below, leaving circa £22 million proposed for procured core adult skills activities and circa £1 million for Level 3 FCFJ. It should be noted that the figures in the table can only be finalised in early 2023 when the DfE will inform GMCA of the calculations relating to the new devolved AEB allocations for the 2023/2024 academic year.

	Core AEB	Level 3 FCFJ
Greater Manchester Allocation (based on 22/23 figure)*	£96,352,143	£8,003,808
LA Grant programme **	£1,500,000	£NIL
Allocation to grant providers (inc. continuing learners)**	£66,641,157	£7,000,000
Continuing learners Contract For Services**	£267,205	£NIL
GMCA Administration & Management Costs	£1,734,338	£NIL
Available for procurement	£26,209,443	£1,003,808
Proposed funding available for core procurement	£22,000,000	£1,000,000
Retain remaining funding for targeted commissioning using a stepped approach as work continues around the place-based approach.	£4,209,443	NA
<p>* Allocation is currently estimated in line with the current academic year's allocation</p> <p>** Allocations are indicative and are subject to the final allocation for GM and final data returns and will be settled in early 2023.</p>		

- 3.6 It is proposed to split the procured provision into different lots which are currently being finalised after a soft market engagement event with a range of skills providers in late September 2022 and the procurement process will be shared at a market engagement event in early November 2022 prior to the final invitations to competition are issued.
- 3.7 The proposed contract period term is being finalised and an approach will be proposed which will continue to support stability in the sector through what is a period of national reforms and potential policy changes which can impact upon the AEB such as the Funding and Accountability Consultation, the introduction of Local Skills Improvement Plans and the ONS reclassification review of colleges.
- 3.8 Whilst organisations may tender on a sole provider basis, it is expected that collaborative partnerships of providers and supply chain partners will remain a feature of GMCA's devolved AEB landscape. This will continue to be an important market entry opportunity for small specialist providers (including the voluntary and

community sector), ensuring an appropriate range and choice of provision is available for GM residents.

4. Procurement

4.1 The Education, Skills and Work Directorate are proposing to invite suppliers who have been successful in applying to GMCA's Education, Work and Skills Flexible Procurement System (FPS) to bid for this opportunity. This will allow for easier and quicker commissioning activity, minimise the timescale for the procurement activity and reduce administration.

4.2 Suppliers who have not been successful in applying to the FPS but are wanting to deliver GMCA's devolved AEB provision in the 2023-2024 academic year will be able to do so as part of a supply chain.

4.3 The proposed devolved AEB lotting strategy for the 2023/24 academic year will be finalised prior to the Invitation To Tender (ITT) being issued. The individual lots will include minimum and maximum contract values, in addition to the overall allocation being made available for each lot.

4.4 In order to be operationally ready for devolved AEB delivery to commence in August 2023, the following high-level timeline will apply:

- Early November 2022: Pre-ITT market engagement event and ITT issued
- Mid-December 2022: 6 week window ends for submission of applications
- Late January 2023: Moderation and negotiations with prospective providers commence
- Early March 2023: Award notices issued
- End June 2023: Contracts issued

4.5 GMCA are asked to note the proposed approach and give approval for the Education, Skills and Work team to progress the developments, and delegate authority to the Chief Executive Officer, GMCA & TfGM, GMCA Treasurer and Monitoring Officer, in consultation with the Portfolio Lead and Portfolio Lead Chief

Executive for Education, Skills, Work, Apprenticeships and Digital to take forward AEB commissioning, including the procured element, to contract award.