



Overview & Scrutiny Committee

Date	12 April 2019
Report title	Scrutiny Working Group Review – Adult Education Budget
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Recommendation(s) for decision:

Overview & Scrutiny Committee recommended to:

- (1) Consider recommendations 1 - 8 as set out in paragraph 10 of the report and determine whether these should be recommended for consideration by the WMCA Skills Advisory Board.
- (2) Note that all participants in the review will have an opportunity to comment and feed in any additional thoughts prior to consideration of the report by the WMCA Skills Advisory Board, subject to the agreement of the Chair of the Overview & Scrutiny Committee and Chair of the Inclusive Growth and Productivity & Skills Working Group.

Purpose

1. To report the conclusions of the Adult Education Budget scrutiny review.

Background

2. The West Midlands Combined Authority (WMCA) will become responsible for the Adult Education Budget (AEB) for its residents from 1 August 2019. Devolved AEB will provide funding for adult skills delivery for residents (aged 19 and over) of the West Midlands' seven constituent areas (Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton). The Department for Education (DfE) have confirmed the allocation to the WMCA for the 2019/20 academic year will be just under £126m.
3. At its meeting on 25 February, Overview & Scrutiny Committee agreed key objectives for the review of the devolution of AEB, to be carried out by members of Overview & Scrutiny Committee, in conjunction with Portfolio Leads for Education and Skills from each of the constituent authorities. These were:
 - (a) To understand the current picture for Adult Education Budget - reflecting historic and national funding priorities.
 - (b) To understand the opportunity for devolution to better shape provision locally.
 - (c) To ascertain individual member views on future opportunities to improve local skills provision.
4. The review was led by Councillor Lisa Trickett, Chair of the Productivity & Skills and Inclusive Growth Working Group, and Councillor Joe Tildesley. A meeting was held with WMCA Overview & Scrutiny Committee members from each of the seven constituent local authorities, joined by their Cabinet Member for Education and Skills, to undertake a deep dive with the Director of Productivity & Skills and her team, into the use of the Adult Education Budget in each local authority area. An overview detailing what the Adult Education Budget was spent on during the 2017/18 academic year, in relation to local authority residents, was circulated in advance and discussed at the meeting.
5. The review was undertaken during March and April. Devolution of the Adult Education Budget will be implemented from August 2019 and the impact of this will be evaluated by the WMCA Skills Advisory Board.

Further Considerations

6. In June 2018, the WMCA Board agreed the West Midlands Regional Skills Plan. This sets out how the WMCA will work with local partners and providers to better deploy AEB to meet the needs of residents and businesses. This includes a greater focus on helping people into employment and delivering higher level skills in priority sectors. AEB is a significant enabler of inclusive growth through the improvement of the qualification levels and skills of residents.
7. The commissioning approach for AEB, agreed by WMCA Board 11 January 2019, was informed by a number of principles which reflect the region's ambition to move from a national funding system, driven by national priorities, to a more strategic and regionally

targeted approach, better attuned to local priorities and the needs of West Midlands residents and businesses.

8. The principles include:

- (a) Using our Regional Skills Plan (RSP) to frame priorities and guide decision making.
- (b) Engaging Local Authorities and Local Enterprise Partnerships (LEPs) in the development of AEB commissioning specifications so that provision reflects local needs and opportunities.
- (c) Operating two concurrent commissioning processes:
 - (i) Plan-led approach for WMCA area based colleges, local authorities and colleges with niche provision delivered directly to residents within the WMCA area. Allocations to be maintained at current level, based on actual delivery, in 2017/18. We do not expect significant shifts in overall allocations to individual colleges and local authorities, however, we do expect to see a change in what is delivered, to better meet local and regional needs.
 - (ii) Procurement through competition for all other providers will commence in January 2019. There will be an initial award of funding in May 2019, with the potential for a further round, to address any geographical or cohort gaps, in June 2019.
- (d) All plan-led organisations will provide three year delivery agreements to set out how they will shift more of their provision into key priority areas. This includes a statement of how they will work with local authorities and other local partners, to provide more targeted and integrated provision to support unemployed residents. Organisations will continue to deliver provision in other non-prioritised areas – we expect change to be evolutionary and to be achieved through consultation with local partners.
- (e) All provision delivered through non-West Midlands colleges and local authorities has been assessed to understand how it reflects regional and local priorities. This activity has been undertaken with key local partners, including local authorities, so that we do not lose good provision. A significant proportion of this provision has been delivered through sub-contracts, with providers from out of area often taking a significant (20%+) management fee. We are ‘repatriating’ this provision, to directly fund local delivery.
- (f) WMCA will operate an open and transparent process, communicating with both the provider base and wider WMCA stakeholders.

9. Analysis of the total provision delivered to residents through AEB in 2017/18 demonstrates that:

- (a) There is a significant amount of money spent on training for unemployed people (77% of the budget), much of which delivers generic employability qualifications at entry level and Level 1 rather than more targeted activities linked directly to jobs.
- (b) The vast majority of provision is at entry level/Level 1. The proportion of Level 3 provision (equivalent to A levels) is 1% of all enrolments and does not reflect the skills needed by the region’s economy.

- (c) There is very little provision delivered to adults in work – restricting the ability of many low-skilled, low paid residents to access training that can help them develop their skills and careers.
- (d) There is very little provision for young adults (aged 19 to 23).
- (e) There is a good general coverage of English, Maths and English for Speakers of other Languages (ESOL) provision across the region but there are communities who are not accessing this and for whom low qualification levels remain the norm.

Review Recommendations

10. The approach to AEB commissioning was widely welcomed by participants in the review. After considering the evidence and comments made by the participants, the accountable leads have reached a number of recommendations:

- **Observation**

Historically there have been a large number of providers delivering AEB funded provision, many of whom are unknown to local authorities and other local providers, and who appear not to be rooted in local communities. This raised concerns regarding efficiency, effectiveness and duplication.

Recommendation 1

Through the commissioning process, WMCA should:

- (a) ensure that all providers in receipt of AEB demonstrate an understanding of the communities that they are delivering to;
- (b) ensure that all providers in receipt of AEB demonstrate a commitment to collaborate with other providers and the local authority to deliver the best service for communities;
- (c) ensure that the potential for duplication of activity is limited; and
- (d) consider reducing the number of providers operating in the region.

- **Observation**

There is a lack of information on the impact of AEB in terms of the progression of learners when they have completed a course.

Recommendation 2

- (a) WMCA to develop a method of tracking learner destinations in relation to AEB in order to demonstrate the impact of devolution. This methodology should include the voice of the learner; and
- (b) WMCA to set clear, measurable targets to demonstrate the impact of AEB.

- **Observation**

AEB funded provision is often delivered as a discrete course rather than as part of an individual's journey into employment and further learning.

Recommendation 3

AEB should be deployed as part of a pathway into employment with its role in relation to other funding streams and programmes clearly identified.

- **Observation**

There is a limited amount of funding spent on courses in subjects directly related to employment and a large amount of funding spent on employability courses, with concerns raised regarding individuals that have completed multiple employability programmes.

Recommendation 4

- (a) WMCA should increase the amount of provision delivered in priority skills sectors; and
- (b) WMCA should ensure that all AEB funded employability courses add value to an individual's journey into employment.

- **Observation**

There are gaps in provision to support learner journeys for those individuals with additional needs and a potential opportunity for AEB to support this for those aged 19+.

Recommendation 5

WMCA to work with local authorities to understand the potential role of AEB in supporting learners with additional needs and shape provision to respond to this.

- **Observation**

The distribution of AEB funding across local authority areas does not align with data on local needs in all cases. This is due to historic patterns of spend determined by a range of factors including capacity of local providers, sub-contracting behaviour, etc.

Recommendation 6

WMCA to consider how the distribution of AEB funding can be adjusted over time to better align with patterns of need across the region.

- **Observation**

A number of barriers to learning were identified including childcare, cost of travel, flexibility of provision in terms of the length of courses and time of day delivered and also delivery venues - with the need for community based provision as a first step into learning.

Recommendation 7

- (a) WMCA to consider how AEB can be used to address these barriers, particularly through the innovation strand of its commissioning approach; and
- (b) WMCA to explore how other sources of funding (eg. travel subsidies) can be connected with AEB funded provision to support learners to access courses.

- **Observation**

It was noted that WMCA is currently undertaking a review of English for Speakers of Other Languages (ESOL) which is highlighting the need for greater flexibility of provision and the opportunity to explore a more contextual approach to ESOL.

Recommendation 8

AEB funded ESOL provision to develop a contextual element so that residents are supported to develop the vocabulary required to enter employment in priority skills areas.

Financial Implications

11. There are no direct financial implications arising out of the recommendations contained within this report.

Legal Implications

12. There are no direct legal implications arising out of the recommendations contained within this report.

Equalities Implications

13. Investment in skills is vital for supporting the poorest and promoting social mobility. The report recommendations will help bridge the regional skills equality gap by improving understanding of and encouraging alignment with local needs, supporting learners with additional needs, improving ESOL provision and by addressing issues such as childcare and travel costs which are recognised as key barriers for a number of protected characteristics and people from lower socio-economic backgrounds.

The report proposes to set measurable targets to demonstrate the impact AEB and these will need to have specific measures around reducing the gaps for harder to reach groups. The focus on in-work skills development is also key. Women, BME people and people from lower socio-economic backgrounds are much more likely to occupy low productivity sectors and are likely to be left out. Reference to ESOL provision would also support the significant number of newer arrivals whose lack of basic language skills trap them in a cycle of low employment and poverty. It is important that the targets set to demonstrate the impact of AEB aim to reduce the gaps for harder to reach and lower income groups.

Inclusive Growth Implications

14. By applying the four inclusive growth tests, there are a number of implications to the implementation (or not) of the above recommendations, which fall under three of the four of those tests:

Locking in wealth:

- by understanding the needs of communities and delivering adult education in a way that suits them, there is likely to be some commissioning of community level organisations to deliver ESOL and other areas of adult education - thereby investing into the wealth of places via its community infrastructure;
- Aligning investment with need will help to ensure that people who need better jobs (and the higher incomes associated with those jobs) can get them, enabling them to build wealth, both as an individual and in a neighbourhood context;
- Investment in education is, in itself, locking in wealth into individuals;

Sharing Power:

- The recommendation to implement better destination tracking as part of the AEB devolution is ensuring that the transfer of powers from central Government to the region actually results in better outcomes for the people learning new skills;

Universal design:

- Ensuring that AEB is part of a fluid life pathway, rather than a discrete service, will result in a service design that is designed around the needs of diverse people, rather than of individual institutions. This is also true of the recommendation relating to adapting ESOL so that learners can develop the relevant vocabulary for their desired employment context/sector.
- Targeted AEB at learners with additional needs will help to ensure that those people – who have poorer health and employment outcomes than citizens without those needs – will have greater opportunity to live better lives. Being deliberate about this is more likely to result in success than a blanket, universal offer.
- Addressing the wider barriers to accessing education opportunities will make it more likely that people affected will be able to access those opportunities.

Geographical Area of Report's Implications

15. Devolution of the Adult Education Budget relates only to the constituent member areas. In non-constituent member areas, AEB will continue to be deployed through the national funding system.

Other Implications

16. There are no further specific implications arising out of the recommendations contained within the report.

