



West Midlands
Combined Authority

WMCA Board

Date	10 June 2022
Report title	Commissioning of Skills Delivery Programmes including Adult Education Budget, National Skills Fund and Multiply element of UKSPF
Portfolio Lead	Skills & Productivity - Councillor George Duggins
Accountable Chief Executive	Laura Shoaf, West Midlands Combined Authority email: laura.shoaf@wmca.org.uk
Accountable Employee	Dr Julie Nugent, Executive Director of Economic Delivery, Skills & Communities email: julie.nugent@wmca.org.uk
Report has been considered by	Economic Delivery, Skills and Communities Directorate – Senior Leadership Team LA/LEP Employment and Skills Officers Group WMCA Investment Panel WM FDs Group (tbc)

Recommendation(s) for action or decision

The WMCA Board is recommended to:

- (1) Agree the proposed commissioning and procurement approach for skills programmes to support ongoing delivery of adult training and education to address local and regional economic and skills needs.
- (2) Delegate authority to carry out commissioning of the specified skills funding, including any procurement activity as required, to the Executive Director of Economic Delivery, Skills and Communities, in consultation with the WMCA Section 151 Monitoring Officers, and in discussion with the Portfolio Lead.

- (3) Delegate authority for the approval of the final Multiply Investment Plan to Department of Education (DfE) by 30 June 2022, to the Skills Portfolio Lead, Councillor Duggins, and the Executive Director of Economic Delivery, Skills and Communities and the WMCA Director of Finance. The Board should note that this investment plan has been developed in conjunction with our LA/LEP Employment and Skills Officers Group and any changes post Board will be communicated.

1. Purpose

- 1.1 This paper sets out how the WMCA has secured additional skills funding to support local and regional employment and skills priorities – from £130m pa in 2019/20 to c£158m pa in 2022/23. The paper sets out the headline approach of how we intend to commission this skills funding over the next 3 years, reflecting local and regional priorities, and ensuring an agile and locally responsive approach that helps more people gain essential skills, move into good jobs, and supports our wider ambitions for inclusive green economic growth. Critically, this investment will also be considered alongside further investment in people and skills, through the UK Shared Prosperity Fund, which is being overseen by the Portfolio Lead for Economy, via the Economic Growth Board.

2. Background

- 2.1 The Adult Education Budget (AEB) for the West Midlands constituent member area was devolved to WMCA for delivery from 1st August 2019. The WMCA agreed an approach to commissioning adult education and training that aligned the mix of provision more closely to local and sectoral priorities, whilst avoiding the unnecessary destabilisation of locally based institutions (colleges and adult education providers). This included a much greater focus on using AEB to support more people move into employment, more people to gain higher-level technical skills, and more upskilling for low-skilled, low-paid people already in employment. The approach also built in more specific targeting of key client groups and geographies, in line with local authority priorities.
- 2.2 As approved by WMCA Board in January 2019, AEB funds were allocated to Further Education (FE) colleges and local authorities that deliver adult and community learning through a plan-led approach to the value of circa £90m pa. The remaining funding, circa £30m pa, was awarded to private and voluntary sector training providers through a competitive procurement process for the three-year period to July 2022 which has been extended by 6 months to January 2023.
- 2.3 In 2022, additional skills funding has been delegated from the Department of Education (DfE) to the WMCA. This funding is part of the National Skills Fund and comprises annual allocations of £10.9m 'Free Courses for Jobs' (FCfJ) focused on Level 3 technical qualifications and £11.2m 'Technical Bootcamp' funding.
- 2.4 We have also been allocated £16.7m over a 3-year period to deliver the Government's 'Multiply' programme, an adult numeracy focussed programme funded through a ring-fenced allocation of the UK Shared Prosperity Fund. The annual allocations for this are set out below.

Allocations by financial year		
2022-23	2023-24	2024-25
£5,069,133	£5,848,999	£5,848,999

- 2.5 Unlocking this allocation is subject to the approval, by DfE, of an investment plan – due for submission on 30th June. DfE’s intention is to sign off plans, put in place grant agreements and make first payments in September 2022, for delivery from the 22-23 academic year.
- 2.6 Together with the £131m Adult Education Budget, these programmes will increase our overall capacity to deliver skills and training that meet the needs of local residents and businesses. Critically, this includes our ability, working with Local Authority partners, to commission provision that meets local needs and reflects local priorities, helping more residents gain skills, move into employment, and pursue rewarding careers. Annex A outlines current levels of Adult Education Budget investment in each local area.
- 2.7 Annex B sets out some of the ways we have used devolved funds to better address local skills and employment priorities, supporting more people into jobs and to develop higher levels skills. We have done this by removing courses of low economic value, out of area providers and poor subcontracting. We have worked strategically to ensure that Local Authorities are central to commissioning decisions and also, where they are delivering through their adult education services, we have increased allocations by up to £500k per annum.

3. Proposed approach to commissioning and procurement of skills funds

3.1 To bring maximum coherence across delivery, we intend to, as far as possible, commission provision collectively. This should simplify arrangements for our colleges, universities, voluntary and independent training providers, reduce the volume of tendering and remove duplication of provision. This will maximise the impact we are able to achieve and improve value for money from public funds.

3.2 Our approach is therefore two-fold:

- We will grant-fund Further Education colleges and Local Authority Adult and Community Providers, where conversations focus on delivering to a small set of locally and regionally determined priorities, including basic education, higher level skills and pathway provision. This will be to an overall value of circa £115m pa comprising AEB, Adult and Community Learning, Free Courses for Jobs, and technical bootcamps¹.
- We will procure funds competitively from a wider range of private and voluntary sector providers, universities, and other training providers. This will be to an overall value of circa £42m pa, comprised of:
 - £30m AEB
 - £5m Free Courses for Jobs – Level 3
 - £3m Technical Bootcamps
 - £4m Multiply

This will include both competitive and restricted processes utilising open tenders and existing procurement frameworks as appropriate.

3.3 The approach to each has been reviewed through the single assurance framework (SAF) process in line with low-risk funds.

¹ We anticipate Multiply being included but until we receive the detailed grant agreement from DfE we are unable to confirm the route to market.

- 3.4 Our approach includes a clear focus on understanding and addressing local priorities – as shaped by Local Authorities, employers, community organisations, colleges and other providers. This includes a focus on supporting people to enter and progress at work, on providing a strong adult and community learning offer, on tackling digital exclusion, and on addressing the skills needs of key sectors and clusters. This list is not exhaustive and we are able to flex provision in-year to meet new and emerging needs. We are also keen to support growth, reviewing performance closely on an ongoing basis in order to re-allocate funds to areas of greatest need and demand.
- 3.5 Through AEB, we will commission:
- Basic education, which will include an educational offer up to and including level 2, that supports residents to progress to vocational qualifications at level 2.
 - A higher-level skills offer, which includes Level 2, 3 and in some cases 4, that provides clear progression routes to enable more residents gain higher level qualifications at levels 3 and above.
 - An employment training offer that supports residents into employment and meets employer needs.
 - A community-based learning and training offer that engages disadvantaged communities and provides a mix of qualifications and personal support to move people towards and into the job market. And in addition, reduces dependency through improved health and wellbeing outcomes, and promotes active citizenship.
- 3.6 Through Free Courses for Jobs, we will commission a broad offer of full Level 3 provision, offering clear progression and upskilling for residents in or out of work, delivered flexibly to respond to the needs of employed learners.
- 3.7 Through Multiply we will commission additional adult numeracy provision that complements existing AEB provision, and enables more adults to achieve maths qualifications, improves labour market outcomes, and increases adult numeracy skills among residents. Provision will align to the menu of interventions set out by government and be informed both by the regional evidence base on adult numeracy need and discussions with the LA/LEP Employment and Skills Officers Group. On this basis, we propose that the focus of our activity should be on:
- supporting in-work progression.
 - partnering with the housing and VCS sectors to trial innovative approaches to engaging the hardest to reach learners.
 - working with universities to test out new models of tutoring support for adult learners studying with a range of providers and/or Local Authorities, as a means of building workforce capacity.
- 3.8 Our approach to Multiply and broader skills spending, including AEB, will be set in the context of wider local discussions around UK Shared Prosperity Fund (UKSPF), to ensure that we optimise the potential of complementary funding streams in addressing local priorities.
- 3.9 Across our offer, we aim to commission a rich network of skills providers, committed to delivering outcomes for residents, communities and businesses. This includes providers who can deliver at scale and implement new provision, niche and specialist providers which can innovate and deliver new technical training provision, and providers who are local and have strong relationships with local communities and employers.

- 3.10 Through our commissioning approach, we anticipate purchasing the following outcomes:
- an increased number of unemployed residents progressing into sustainable employment.
 - an increased number of residents increasing their skill levels up to Level 3 and above.
 - an increased number of employed residents (on benefits) progressing into higher paid roles.
 - training an increased number of residents in high skills needs areas to respond to employer needs.
 - engaging more residents from disadvantaged communities into formal learning opportunities and progressing them into further education or sustainable employment.
 - increased adult numeracy skills across the population and increased in participation in numeracy courses.
- 3.11 The Board is asked to agree to the approach outlined and to delegate authority to carry out commissioning and procurement for 2022/2023 and further activity during the contract term as may be required, to the Executive Director of Economic Delivery, Skills and Communities, in consultation with the Section 151 Monitoring Officers, and the Portfolio Lead.
- 3.12 Both AEB and Multiply are progressing through the Single Assurance Framework (SAF) process and the detailed business cases will be reviewed at Investment Board. They have been categorised as low risk through the assurance checks.
- 3.13 In light of the extremely tight timescale for developing and approving our Multiply investment plan, the Board is also asked to delegate approval for the investment plan to the skills portfolio lead, Councillor Duggins, in conjunction with the LA/LEP Employment and Skills Officers' Group.

4 Local Collaboration

- 4.1 We have worked collaboratively with our Local Authority partners and other stakeholders to ensure that this skills commissioning exercise will address local economic needs and business priorities through a place-based approach for our local communities.
- 4.2 Collaboration with our Local Authorities, Colleges West Midlands, the West Midlands Provider Network and ACLA has been crucial in successfully delivering the Adult Education Budget and improving the outcomes and impact of provision. We will continue to work in close partnership to maximise impact and value for money. We will strengthen employer and sector body collaboration to ensure provision is increasingly aligned to economic and employer needs. We will continue to work with DfE to share best practice and ensure we can maximise the impact and alignment of national and regional programmes.
- 4.3 Evidence of partnership working with local education provider, employers, voluntary and community sector organisations, Job Centres and others is critical in securing DfE approval for the Multiply investment plan. We are currently consulting with individual Local Authorities, delivering provider events, and engaging with a wide range of stakeholders via existing meetings and channels. This approach will ensure that new provision meets local needs and reflects local priorities.

4.4 We have previously been part of a successful Overview and Scrutiny Committee review and are currently engaged in a follow-up review that will provide further opportunity for local oversight of our skills offer. In addition, we would be happy to engage with individual Local Authority Cabinet and Committee meetings to explore how we can better meet local needs.

5 Financial Implications

- 5.1 The overall funding for each programme covered in the paper is as follows,
- AEB £131m for the academic year 2022-23
 - Free Courses for Jobs £10.9m for the academic year 2022-23
 - Technical Bootcamps £11.2m for financial year 2022-23
 - Multiply £16.7m over three financial years 2022-25
- 5.2 Circa £115m of the 2022-23 AEB funding will be allocated to Further Education colleges and Local Authority Adult and Community Providers via grant funding. The remaining funding (circa £42m pa) will be delivered through procurement activity split as follows:
- £30m AEB
 - £5m Free Courses for Jobs – Level 3
 - £3m Technical Bootcamps
 - £4m Multiply
- 5.3 An element of the AEB budget is retained to support WMCA costs of delivering activity for AEB, the Free Courses for Jobs, Multiply and NSF Technical Bootcamp funding.
- 5.4 The WMCA is able to use £300k of their Multiply funding allocation for administrative expenditure, including for the development of the investment plan, procurement, contract management, data collection, and monitoring and evaluation.

6 Legal Implications

- 6.1 WMCA have a statutory duty in regards to adult education, and are the accountable body responsible and accountable for funding monies allocated to them for adult education related training in the WMCA area. As such the funding streams impose terms and conditions on WMCA that have to be met and complied with. Failure to do so could result in the funding becoming repayable in whole or in part to the funding stream i.e. underspend.
- 6.2 Some of the obligations placed on WMCA by the funding stream cannot be directly met by WMCA and have to be “flowed down” to the service providers via the terms and conditions in their contracts/agreements.
- 6.3 Legal will need to provide advice to this client on the risks associated with entering into any funding agreement.
- 6.4 Contracts/agreements for the delivery of the services will need to be drafted by legal to ensure any risks and service delivery elements required are passed down in the contract/agreement with the service providers to minimise risk to WMCA and to ensure that the service providers do not put WMCA in breach of those funding agreements.

7 Equalities Implications

- 7.1 The activities of the portfolio are reflected in the WMCA Equalities Scheme and a specific Equalities Impact Assessment for AEB, FCFJ and Multiply funded provision will be carried out.

8 Inclusive Growth Implications

8.1 The inclusive growth implications of commissioning the skills delivery include:

- The headline outcome of the Education and Learning element of the Inclusive Growth Framework is 'Increased skills levels' among the WMCA population. The commissioning outcomes listed above are consistent with that outcome. As provision is delivered, it will be important to assess the profile of beneficiaries and the impact of their improved skills – including whether their income increases (the headline outcome of the Inclusive Economy fundamental).
- It will be important for commissioned provision to boost economic missions held within the wider Inclusive Growth Framework – for example, by investing into skills that will enable people, institutions and businesses to decentralise and decarbonise the region's energy systems, and to boost climate resilience.
- Finally, the focus on collaborative design and delivery of the provision is consistent with the Power, Influence and Participation fundamental – notably, there is a chance to work directly with grassroots providers to co-design provision, ensuring that people in excluded communities receive investment that works for them.

9 Geographical Area of Report's Implications

9.1 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. The delegated Free Courses for Jobs and Multiply programmes relate only to the constituent member areas. In non-constituent member areas Free Courses for Jobs will continue to be deployed through the national funding system. Non-constituent areas will receive a separate Multiply allocation. The Technical Bootcamp programmes relate to the three LEP areas.

10 Other Implications

None

11 Schedule of Background Papers

[Adult Education Strategy 2022-25](#)

[Multiply Investment Prospectus](#), [Technical Guidance](#), and [Investment Plan Template](#)

Annex A: Adult Education Budget Investment Local Authority Split

The table below shows the current Local Authority split of the Adult Education Budget, based on historical patterns of delivery. Provision is deliberately responsive however, and funding may shift in year to meet demand.

	Birmingham	Solihull	Coventry	Dudley	Sandwell	Wolves	Walsall
Grant AEB							
Total £101,434,994	£53,402,841	£3,344,010	£9,424,030	£6,384,020	£11,146,703	£9,525,364	£8,208,026
AEB Procured							
Total £31,599,996	£14,024,897	£1,589,495	£3,301,559	£3,012,179	£3,679,073	£2,896,141	£3,096,652
All AEB							
£133,034,990	£67,427,738	£4,933,505	£12,725,589	£9,396,199	£14,825,776	£12,421,505	£11,304,678
% Split	50.68%	3.71%	9.57%	7.06%	11.14%	9.34%	8.50%

Annex B: Addressing local skills and employment challenges through devolved skills funding

Since our first devolution deal, we have secured over £0.65bn for the region, including:

- £520m Adult Education Budget
- £19.5m of National Skills Funding for level 3 qualifications
- £27.2m for Skills bootcamps
- £8m for employment support programmes
- £2m for Community Renewal Fund projects
- £32m through our Apprenticeship Levy Transfer Scheme
- £45m as part of our Skills Deal

We have worked closely with our Local Authority Officers Group to ensure that this funding is used to shape employment and skills programmes that reflect local priorities and complement other local activities. As a result, skills training is now more strategically aligned to regional and local economic need – with a greater focus on getting more people into jobs, developing more higher-level skills, and being more responsive to employer needs. Local Authorities are also better placed to influence provision in their local areas. Since devolution, we have seen:

- 20% increase in provision supporting residents into jobs through training.
- Increased vocational ESOL provision
- Level 2 provision maintained, with greater sector mix and direct route into jobs.
- Seven-fold increase in Level 3 provision, while cash investment in level 3 provision has risen from £4.4m pre-devolution, to £13.9m in 20/21.
- 33% increase in provision aligned to regional priority sectors in construction, manufacturing, digital and business and professional services – including a 66% increase in new digital courses. £7.3m spent on construction training compared with £4.8m pre-devolution. 1,150 business and professional learners at level 3, compared with 150 pre-devolution.

Devolution has also enabled us to make significant additional investment in each Local Authority, including:

- New rail, construction and electric vehicle training at **Wolverhampton** College, supported by an additional £2m pa AEB.
- New dedicated construction plant training facility in **Solihull**, through a partnership between Solihull College and RMF supported by £2m pa AEB.
- In **Dudley**, new green technologies and retrofit training, alongside the launch of a new Institute of Technology delivering new higher-level skills training supported by AEB.
- Significant increases in higher level skills training delivered to adults by **Walsall** College tackling the lack of higher-level skills in the resident population. A new electric vehicle training centre and a youth hub co-located at the college site.
- New pre-employment training offering with a range of SWAPS delivered by **Sandwell** College through an additional £0.5m AEB alongside innovative returneeship programmes delivered by Release Potential and a focus on training local people to work on development of Aquatics Centre.
- Significant growth in digital skills training in **Birmingham**, both through £3m AEB delivery by specialist provider Netcom and through a range of new providers delivering skills bootcamps to residents, providing the skills for the growing tech jobs market
- Significant increases in sector work-based training in **Coventry** with new programmes delivered by the Local Authority and Pet XI in particular, plus £1m investment in training supporting residents to access opportunities linked to City of Culture.