

## Adult Education Budget (AEB) Devolution – Combined Authority Progress

### Background:

What the AEB is...	What the AEB is not...
<ul style="list-style-type: none"> <li>• Community learning – non-formal courses (such as employability skills) predominantly run by local authorities</li> <li>• Post-19 education</li> <li>• Non-apprenticeship part of the adult skills budget – primarily the funding of qualifications such as basic English and Maths</li> </ul>	<ul style="list-style-type: none"> <li>• 16 – 19 education</li> <li>• Apprenticeships</li> <li>• Traineeships</li> </ul>

Devolution of the AEB was highlighted as a significant step towards a more localised adult skills system which is responsive to local need. For example, if a town in the Combined Authority (CA) geography had a rapid increase in migration, the CA could move quickly alter provision to dedicate more funds to courses (such as ‘English as a Second/Other Language’) which aid integration.

A shift away from the national funding of skills could also enable the responsible authority to address local skills gaps and shortages, therefore future-proofing the local economy. The CA could utilise local data to build up a comprehensive picture of skills needs before modifying strategies and provision accordingly.

Devolution of the AEB to the CA was initially scheduled for the 2018/19 academic year, however this has now been pushed back until September 2019. In order to assume responsibility for AEB, the Combined Authority will need to assure the Secretary of State that it is adequately prepared. Readiness of the CA will be ascertained through a self-assessment which will articulate the steps, strategies and processes Cambridgeshire and Peterborough have put in place to date and intend to implement ahead of 2019.

### COMPARING ANTICIPATED AEB ALLOCATIONS:

Shadow budget calculation for Cambridgeshire and Peterborough CA = **£12.099m**

Estimated AEB allocation for the Greater London Authority = **£400m**

Estimated AEB allocation for Greater Manchester Combined Authority = **£80m+**

### Governance:

Leaders of the Combined Authority have been informed of AEB progress on the following occasions:

- **October 2017** – Informal cabinet update: Informal cabinet gives politician’s and officers the opportunity to discuss and refine papers before they are finalised. This represented an introductory AEB session, where Leaders were informed of the scope and purpose of the budget as well as the procedural readiness elements.

- **November 2017 – CA Board:** public report went to the CA Board in November for approval. This report noted the steps taken to progress AEB devolution and also obtained approval to pursue the ‘transitional’ option for the 2018/19 academic year. The need to pursue this option was evidenced by the lack of dedicated officer resource and specialist FE knowledge. Consequently, the Board agreed to allocate £40,000 towards preparations, with the paper suggesting that there are likely to be further financial implications in future.

Furthermore, “AEB Devolution” is to become a standing item on the CA Board agenda to ensure appropriate political oversight; reinforcing the CA’s commitment to sound governance. This will align CPCA’s governance with the timeline for major decisions associated with evidencing AEB readiness, for example:

- *Funding strategy and funding policy*
- *Commissioning strategy*
- *Procurement*

This will be presented in the form of bi-monthly update papers, enshrining public accountability and transparency in the CA’s AEB devolution preparations. It is hoped that in turn, this will enhance trust and openness between the CA, providers and learners.

#### **Progress to date:**

Initially, devolution preparations largely relied on the expertise from staff in constituent local authorities. This has involved several officers from across the partnership engaging with the Department for Education and the Education and Skills Funding Agency. However, this arrangement was not sustainable due to potential conflicts of interests – with some Local Authorities also being providers.

Subsequently, officers ensured that the CA had adequate resources attached to this work programme and that necessary approvals were obtained. This included two successful business cases to the Department for Education for implementation funding worth around £200,000. This has been used to employ a dedicated Programme Manager who has overseen the CA’s readiness preparations.

The CA has begun the process of engaging with providers and is holding an initial devolution workshop on 24<sup>th</sup> May.

#### **Evidencing readiness:**

On the 17<sup>th</sup> May, the Combined Authority submitted the following evidence as a demonstration of readiness:

- **Governance** – including the CA constitution and audit committee oversight of the financial implications
- **Financial** – includes demonstrable accountability with Local Audit and Accountability Act
- **Procurement** – a draft commissioning strategy is currently in development
- **Contracting and funding agreements** -- Draft financial grant memorandum and contract for services are being developed
- **Payments** – evidence of ability to make payments to providers
- **AEB policy** – includes a funding strategy which is currently in development
- **Provider management** – includes assessment of provider performance, this is in development

**Implications for constituent authorities:**

The Combined Authority have received a draft Statutory Instrument (SI) for the devolution of powers which will enable adult skills commissioning to transfer to the Mayoral Combined Authorities. This will require constituent council consent, however there are no financial implications associated with the SI.

Chief Executives were given notice of the need for a SI on 2<sup>Nd</sup> March 2018, and there have been subsequent project meetings with Monitoring Officers since. The SI requires approval by 31<sup>st</sup> May 2018

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