

Report Title	Adult Skills Programmes Funding and Allocations 2024-25
Portfolio Holder	Portfolio Holder for Employment, Education and Skills
Summary of report	The paper seeks approval to accept funding from the DfE for adult skills provision, outlines the allocations approach and seeks a scheme of delegation to award contracts. A summary of data and learner information is also included relating to academic year 2022/23 as an annual reporting requirement for devolved Adult Education Budget funding.
Is this report exempt?	Yes, in part. Appendix One is exempted by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972
Is this a Key Decision	Yes In relation to expenditure or savings, it is likely to result in revenue in excess of £250,000 or capital in excess of £250,000 and to be significant in terms of its effects on persons living or working in an area comprising two or more wards or electoral divisions in the area of the Combined Authority.
Is the report urgent	No
Is this decision to be exempt from call in	No
Local Authorities affected	(All Local Authorities);
Impact and implications of this report	
Financial impact	Yes, see paragraph 4.1
Delegation (s) sought	Yes, see recommendation 2 (e)
Supporting the Corporate Plan	<div> A Fairer City Region √ </div> <div> A Stronger City Region x </div> <div> A Cleaner City Region x </div> <div> A Connected City Region x </div> <div> A Vibrant City Region x </div>
Climate Change Implications	No
Equality and Diversity implications	Yes, see paragraph 7.3

Social Value implications	Yes, see paragraph 7.4
Human Resources implications	Yes, see paragraph 7.5
Physical Assets implications	No
Information Technology implications	Yes, see paragraph 7.6
Legal implications	Yes, see paragraph 7.7
Risk and Mitigation	Yes, see paragraph 7.8
Privacy implications	No
Communication and consultation implications	Yes, see paragraph 7.10
Contact Officer(s)	Alison Gallagher Lead Officer - Skills Programmes, alison.gallagher@liverpoolcityregion-ca.gov.uk
Appendices	Yes – Appendix One ASF Allocations 2024/25 Appendix Two – AEB Data 2022/23
Background Documents	No

Liverpool City Region Combined Authority

Friday, 15 March 2024

Report of the Executive Director - Investment and Delivery and the Portfolio Holder for Employment, Education and Skills

ADULT SKILLS PROGRAMMES FUNDING AND ALLOCATIONS 2024-25

1. PURPOSE OF REPORT

- 1.1. This report seeks approval for the indicative Adult Skills Fund (ASF) funding allocations for grant funded providers for the academic year 2024/25. Members are requested to note this was formerly the Adult Education Budget (AEB). It also seeks approval for the acceptance of the grant and subsequent allocations methodology for delivery of the Level 3 Free Courses for Jobs funding that has been delegated to the Combined Authority for the 2024/25 academic year. A Scheme of Delegation is presented for approval to complete the contract award process for both funds. A summary of learner data relating to ASF delivery in 2022/23 is also provided as reported to the Department for Education (DfE) as part of the annual reporting requirement.

2. RECOMMENDATIONS

- 2.1. It is recommended that the Liverpool City Region Combined Authority:
 - a) accept the devolved Adult Skills Fund (ASF) (formerly AEB) allocation for 2024/25 academic year of £54,095,343 from the DfE and approve the maximum ASF funding allocations to Liverpool City Region grant funded providers, as summarised in Appendix One;
 - b) accept the grant allocation of £3,798,408 for FY 2024/25 and £1,264,343 for FY 2025/26 from the DfE for the Level 3 Free Courses for Jobs programme as outlined in the letter dated 31 January 2024;
 - c) note the methodology that will be applied to calculate the ASF Grant Funded and Contract for Service allocations and the Level 3 Free Courses for Jobs allocations for the academic year 2024/25 as outlined in section 4;
 - d) approve the continuation of a Facilitation Fund using ASF in 2024/25 academic year as set out in section 4;
 - e) approve delegation of authority to the Executive Director – Investment and Delivery in consultation with the Executive Director – Corporate Services and in accordance with the Scheme of Delegation outlined in section 5 of the report regarding the allocations for the Grant Funded Test and Learn Allocations, Contract for Services ASF delivery for academic year and the provider allocations for the Level 3 Adult Offer funding all for academic year 2024/25; and
 - f) note the headline data referenced in section 6 of the report relating to the last full AEB academic year for 2022/23 and reported in Appendix Two.

3. BACKGROUND

- 3.1. Funding for Adult Education has been devolved to the Combined Authority since academic year 2019/20. The allocation to the Liverpool City Region for the period 1 August 2024 to 31 July 2025 remains at 3.99% of the national budget which equates to £54,095,353.
- 3.2. Delegated authority was given to the Combined Authority to implement the Level 3 Free Courses for Jobs programme since April 2021 alongside devolved AEB. The funding available is also set at 3.99% of the national budget. The grant offer includes a financial year allocation for 2024/25 of £3,793,408 and for 2025/26 of £1,264,343 for delivery in the Liverpool City Region. An element of this budget relates to funding that has already been received by the Combined Authority of £1,637,240 therefore the balance of the grant will be paid as outlined in the grant offer letter dated 31 January 2024.
- 3.3. The Combined Authority are invited to note the value of the funding available for adult skills delivery and to accept the conditions of the grants in order to continue to offer the funding and opportunities to LCR residents.

4. APPROACH TO ALLOCATIONS

- 4.1. ASF allocations for academic year 2024/25 for grant funded providers are outlined in Appendix One. These are recommended initial allocations which have been calculated taking into account previous annual allocations, growth where appropriate and final delivery outturn achieved in prior years. They have also been updated to reflect a realistic split of community learning and adult skills outturn funding. Test and Learn funding is excluded from the values in Appendix One, therefore up to £150,000 additional funding will be allocated through the proposed scheme of delegation to reflect historic test and learn full year delivery.
- 4.2. New national funding rates are being introduced in 2024/25 which are being adopted for devolved provision in the Liverpool City Region. This will see the majority of rates increasing and therefore providers earning more funding per learning aim delivered. This is the first national increase in rates for many years and is welcomed within the FE sector. In order to mitigate against a reduction in learner volumes during the first year of implementation of the new rates, a cushion has been applied based on the Adult Skills allocations of each provider as a one off allowance of additional funding.
- 4.3. Providers within tolerance levels published in the Combined Authority Funding and Performance Management Rules 2024/25 will be able to apply for growth at the published performance management points during the academic year, decisions on funding changes are made by the AEB Programme Board as outlined in the AEB Assurance Framework.
- 4.4. The Combined Authority are asked to note and agree the scheme of delegation outlined in Section 5 which seeks delegated authority for decisions on ASF Contract for Services allocations with procured providers to be agreed during May 2024 for the following academic year. It will enable any current year performance to be considered ahead of the 2024/25 academic year final allocation being agreed. Test

and Learn allocations for grant funded providers for 2024/25 are included in this scheme of delegation and up to £150,000 will be awarded based on historic test and learn allocations delivered by providers.

- 4.5. Contract for Service provider discussions will take place during April with contracts issued by June 2024. All providers will be required to produce a Delivery Plan for 2024/25, which will be used to monitor and measure performance.
- 4.6. A small top-slice of the ASF annual allocation is requested to be set aside for the Facilitation Fund. This will be capped at £2.6m in line with previous years, and be used to provide the ability to:
 - Respond to additional in-year learner demand;
 - Facilitate a local skills response to economic shock;
 - Respond to any changes in the local provider base through market entry or exit;
 - Enable the Combined Authority to continue to help capacity build the local ASF provider base; and
 - Enhance the local evidence base to support future ASF investments.

Level 3 Free Courses for Jobs Funding

- 4.7. It is intended that the Level 3 Free Courses for Jobs annual provider allocations will also be considered in May 2024 in order to ensure that allocations for the 2024/25 academic year can best reflect delivery and demand during the current year. This is particularly important following the introduction of new qualifications funded through our local flex arrangements in the current year and will allow for consideration of demand and performance. The scheme of delegation outlined in Section 5 also includes a delegated authority to agree final contract allocations for all providers for Level 3 delivery. Any in year funding changes will be taken as outlined in the AEB Assurance Framework and agreed by the AEB Programme Board.

5. PROPOSED SCHEME OF DELEGATION

- 5.1. In line with the AEB Assurance Framework the following additional requests are made, primarily to allow for detailed discussions with providers to more accurately reflect performance and demand relating to the current delivery period, and align to the Combined Authority skills priorities.
 - 5.1.1 The Combined Authority is requested to delegate authority to the Executive Director of Investment and Delivery in consultation with the Executive Director – Corporate Services (as the Combined Authority's Treasurer) to consider and agree:
 - 2024/25 academic year allocations for the ASF Procured Contract for Services provision, the Level 3 Free Courses for Jobs delivery with the existing ASF provider base, the grant funded providers test and learn allocations, and any additional procurement awards that may result following analysis of provision;
 - any in year increases in grant offer from the DfE relating to any of the Adult Skills Programmes commissioned by the Combined Authority be

delegated for acceptance to the Executive Director for Investment and Delivery in consultation with the Executive Director – Corporate Services;

Members are asked to note that the maximum individual provider funding will be no more than £1.5m under this scheme of delegation.

- 5.1.2 The Combined Authority is also asked to delegate authority to the Executive Director of Investment and Delivery, in consultation with the Executive Director – Corporate Services, to authorise expenditure from the Facilitation Fund for academic year 2024/25. This reflects the approach taken in previous years.
- 5.1.3 The Combined Authority is asked to delegate authority to the Executive Director of Investment and Delivery in consultation with the Executive Director – Corporate Services to finalise details of all contracts and grant agreements within the total funding envelopes described in this report and those included in Appendix One, following detailed delivery plan discussions.

6. SUMMARY OF AEB DELIVERY FOR ACADEMIC YEAR 2022/23

- 6.1. There is an annual requirement to report on AEB (now ASF) delivery as part of the devolution agreement and as outlined in the National Local Growth Assurance Framework dated January 2022. The latest 2022/23 full academic year information has now been finalised and the key headlines outlined in Appendix Two.
- 6.2. Further analysis of the data will continue to understand more fully the impact of 2022/23 funding. There are a number of key areas for consideration, including volumes and achievements of learners, learners from disadvantaged postcodes, specific cohort support and learner progression. These will be considered in due course by the Employment, Education and Skills Portfolio Board.

7. IMPACT AND IMPLICATIONS

7.1. Financial

The Adult Skills Fund (formerly AEB) allocation for the Liverpool City Region for the period 1 August 2024 to 31 July 2025 remains at 3.99% of the national Adult Skills Fund budget, which equates to £54,095,353.

The Level 3 Free Courses for Jobs grant offer for financial year 2024/25 is £3,793,408 and for 2025/26 is £1,264,343. This will be converted into an annual academic year budget for contracting purposes.

7.2 Supporting the Corporate Plan

A Fairer City Region

Delivery of these programmes enables adults to access support in improving educational attainment and acquiring the skills and knowledge needed to enter, sustain and progress in employment and improve the life chances and aspirations of residents as a result.

7.3 Equality and Diversity

The ASF aims to improve opportunities for people who are in need of new skills. Many potential ASF learners also have protected characteristics. The ASF programme including locally developed flexibilities will support a range of under-represented groups, particularly the most disadvantaged residents, including those without basic skills, unemployed people, over 50s, single parents, black and minority ethnic groups and people with disabilities and long term health conditions.

The AEB data for 2022/23 is headlined in Appendix Two, showing the impact and reach of funding into learner cohorts and the support for learners with specific characteristics and those from disadvantaged postcodes. A breakdown by Local Authority area will be provided to individual Local Authority Officers during April 2024.

The mix and balance of provision can differ year on year depending upon the curriculum offer and supply chain delivering, and officers continue to agree formal delivery plans with all providers in advance of the academic year to ensure the Combined Authority priorities continue to be met.

Colleges, Local Authorities and providers delivering devolved ASF funded provision are expected to report on equality and diversity impact measures. These focus on narrowing gaps in skills participation and achievement for black and minority ethnic groups, under-represented genders in particular sector subject areas, and learners with learning difficulties and/or disabilities.

7.4 Social Value

The social value impacts of delivery are captured annually from providers to help understand the positive outcomes associated with delivery of the adult skills programmes. For ASF providers specifically, a formal template is completed to enable the collation of these measures and these are reported to the Employment, Education and Skills Portfolio Board. Social value is also included in the evaluation of tenders for skills delivery.

7.5 Human Resources

The Combined Authority will need to continue to ensure that it has sufficient capacity to undertake a range of essential planning, contract monitoring/performance management and assurance functions as the Skills Programmes are commissioned through the Investment and Delivery Directorate.

7.6 Information Technology

The management, monitoring and payment of ASF funded programmes is driven by the internal IT system built for this specific purpose and known as the Devolved Area Payments System. This allows for performance oversight, triggers monthly payments by using Individualised Learner Record (ILR) data and allows for rolling reconciliation. Any change to programme eligibility including additional or revised local flexibilities may require a corresponding system change. The system is also utilised to release payments relating to Free Courses for Jobs delivery.

The Combined Authority continues to work closely with the DfE and the Education and Skills Funding Agency (ESFA) to plan for the data requests and validation rules that will be required to monitor and understand the impact of skills funding using the ILR system. The costs of any changes to local systems will be contained within the 2% management budget.

7.7 Legal

The Legal team provide the required advice and support in ensuring appropriate terms and conditions are included in the contractual and grant documentation of all the skills programmes and the issuing of contracts. They also provide ongoing support in any actions undertaken with providers during the delivery period. Given the purpose of ASF grant funding and its ultimate beneficiaries (adult learners), it is unlikely that it will constitute subsidies under the Subsidy Control Act 2022, which came into force on 4th January 2023, however this is kept under review by the Legal team.

7.8 Risks and Mitigation

Specific risks and mitigation of identified risks relating to this report are highlighted as follows:

Risk	Mitigation
New national funding rates are being adopted for the 2024/25 academic year. This may impact on the in year offer to ensure affordability of the curriculum offer by individual providers.	Modelling of the impact on existing allocations using the new funding rates has taken place across all providers. The majority of providers will benefit from an increase in rates. Providers that would be impacted by a reduction in rates have been made aware of this in 2023 allowing a lead in time for any change in the current offer to reduce the financial impact.
The 2024/25 grant funding offer from the DfE includes revised funding lines including the introduction of 'Tailored Provision' which will incorporate historically separate lines of funding. There will be a need to protect these funding lines in the short term to avoid any hiatus in delivery	Offers made to providers for Tailored Provision will include 'of which' provision to protect historical funding lines in the short term including community learning, test and learn, learner support and potentially non-regulated learning aims funding. This will be reviewed ahead of 2025/26 allocations.
Free Courses for Jobs Provision is underdelivered due to restrictions on the local qualifications that are fundable.	The Level 3 programme is a national offer delegated to the Combined Authority with currently a cap on 50% of funding that can be spent on locally approved qualifications. All other qualifications must be included in the national list. There is an opportunity to have this cap lifted by achievement of specific targets regarding current programme delivery and it is expected these will be reached, allowing for further future

	flexibility.
New funding rates are likely to result in fewer enrolments as there is no increase in budgets.	The overall increase in learning funding rates will in all probability mean that fewer learner enrolments will be affordable in 2024/25 than in earlier academic years. Close provider management will be required to ensure affordability and maintain a curriculum offer throughout the academic year. Performance Management Points will become more competitive and funding will need to be focussed on the areas of highest priority to the Liverpool City Region. All unspent funding in 2024/25 will be reconciled to maximise the funding available to learners.

7.9 Privacy

There are no privacy impact implications associated with this report, however, officers continue to monitor this through the delivery of the skills programmes and the collation of learner data. The Combined Authority has the required Data Sharing Agreement in place for each Skills Programme with national bodies including the DfE.

7.10 Communication and Consultation

A full communications approach has been embedded within the various business cycles of delivery, and is particularly well developed as ASF approaches the sixth year of devolved delivery. This includes ongoing engagement of providers, Colleges and constituent Councils. A forward plan of activity, including regular provider roadshows including on-boarding and off-boarding, weekly e-bulletins and regular performance management meetings is in place.

Individual grant funded provider meetings take place each January in advance of the following academic year to review prior year outturn, current year performance and priorities and future year policy approaches and allocation methodology.

All providers have to submit an annual Delivery Plan ahead of the new academic year which are agreed in advance with the Combined Authority.

The BeMore Portal continues to be developed to include ASF opportunities which is accessible to providers and residents.

8. CONCLUSION

- 8.1. This report presents for approval the adult skills programmes grant funding allocations for acceptance by the Combined Authority as outlined in the body of the report. It seeks approval to award ASF Grant Funded provider allocations as outlined in Appendix One, and approval for the scheme of delegation proposed in Section 5. It invites the Combined Authority to note the headline data included in the

annual return to DfE as part of the devolution agreement as outlined in Appendix Two.

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Appendices:

Appendix One – ASF Allocations 2024/25 – *exempt from publication*

Appendix Two – AEB Data 2022/23

Background Documents:

None