



*Under the terms of paragraph 3 of schedule 12a of the Local Government Act 1972,  
Appendix 1 of this report is not for publication*

AGENDA ITEM 10  
REPORT TO THE TEES VALLEY  
COMBINED AUTHORITY CABINET

30 JUNE 2023

REPORT OF HEAD OF BUSINESS SOLUTIONS

ADULT SKILLS

SUMMARY

The report recommends, for approval, the allocations to be made to the adult skills providers for the 2023/24 academic year, for the Adult Education Budget and the Level 3 Free Courses for Jobs (FCFJ). The report also sets out the approach to implementing changes to funding rates, and the required procurement of the adult skills provision from the 2025/26 academic year.

RECOMMENDATIONS

It is recommended that the Combined Authority Cabinet:

- i. Approves the allocations to the adult skills providers for the 2023/24 academic year as set out in appendix 1.
- ii. Notes the approach to applying funding rate uplifts from 1 August 2022.
- iii. Notes the approach to the procurement of adult skills provision for the 2025/26 academic year, with a further report to be received to agree the procurement process and specification.
- iv. Agrees that, following the approval of the allocations set out in Appendix 1, the operational management of the Adult Education Budget and the FCFJ is handled in line with existing TVCA processes, including in year additional funding awards and reductions which shall be approved by the Group Director for Finance and Resources.

DETAIL

Funding Allocations 2023/24

1. The Department for Education has confirmed the allocations to the Tees Valley Combined Authority for the 2023/24 academic year as follows:
  - Adult Education Budget - £30,959,858 (devolved budget)
  - Level 3 Free Courses for Jobs (FCFJ)- £2,173,720 (ring-fenced grant to TVCA)

2. The allocations, for approval, to the Tees Valley adult skills providers are set out in appendix 1.

## 2023/24 Academic Year Provider Delivery Plans

3. To move to more progressive and job outcome-focused learning all providers were required to undertake a full review of current delivery and present their proposed delivery for 2023/24 to TVCA Officers prior to their final submissions for funding.

4. TVCA set out a clear set of expectations that provider Delivery Plans are required to:

- prioritise learning that is aligned to employers' skills needs and ensures every business in Tees Valley has access to a readily available and skilled workforce
- increase the number of Bespoke Employer Led Skills Programmes (BELPs)
- create a locally skilled and experienced workforce for new industries including clean growth and inward investors
- increase the number of adults accessing their entitlements (English, maths, digital, first level 2 and level 3 qualifications)
- enable those unemployed adults who are seeking work to access progressive learning in a sector that leads to employment
- support those adults who want to retrain to move into employment in priority/high demand sector
- support training in the workplace that is linked to a business need and in-work progression for those in low salaried employment
- avoid and reduce duplication of provision
- remove stand-alone employability/work preparation provision that does not lead to employment

5. Providers were also asked to reflect on their previous performance in their requests for funding to address any consistent underperformance and be more realistic as to their anticipated delivery.

6. As a result of this approach and the challenge back to providers the 2023/24 delivery plans include:

- a request to reduce allocations from 6 providers
- one north east regional college has confirmed that they do not wish to receive an allocation
- sector pathways that enable learners to progress into further/higher learning and/or employment
- a decrease in work preparation/employability provision and removing this from provider plans where this is stand alone
- an increase in Bespoke Employer Led Skills Programmes
- an increase in the Legal Entitlement provision, specifically for digital skills, maths, and level 3
- an increase in provision in priority/high demand sectors including health, care and early years childcare provision, building and construction, education, retail/warehousing and hospitality
- removal of provision due to the supply outweighing the demand
- a reduction of duplicated provision

## Funding Rate Uplifts 2022/23 and 2023/24 academic year

7. The Education Skills Funding Agency (ESFA), in supporting providers through the current economic landscape in non-devolved areas recently announced an increase in funding rates to be retrospectively applied from 1 August 2022 that includes:

- applying a 2.2% increase in provider final earnings

- applying a 20% boost on top of providers earnings for all qualifications delivered across 6 sector subject areas
- providers able to earn up to 110% of their funding allocations.

8. This is in advance of the new funding rates and bands to be implemented in the 2024/25 academic year.

9. Approaches to supporting providers in other MCAs/GLA areas have included:

- up to 13.5% increase of all funding rates
- 10% increase of funding rates linked to legal entitlements
- bonus payments of up to 10%.

10. TVCA has considered the ESFA's approach, along with the concerns raised by TVCA funded providers about the increased costs to deliver skills programmes in the current economic climate, as well as the challenges in recruiting and retaining qualified staff in the sector, and the fact that funding rates for adult skills provision have not increased in the last 10 years.

11. TVCA have mitigated this to some extent with implementing a 10% increase of the funding rates for English, maths and digital qualifications from August 2022.

12. In addition to this, TVCA has introduced Bespoke Employer Led Skills Programmes with individualised funding rates. However, this does not go far enough to address the provider concerns and given the recent national announcements.

13. It is therefore proposed to implement the following changes for the 2022/23 (applied retrospectively from 1 August 2022) and 2023/24 academic years:

- fully fund all learners who access ESOL provision. Approximately 40% (720) of ESOL learners are not eligible to access free provision and therefore this is a barrier to learning for some individuals
- 20% boost in funding rates for specific qualifications, delivered face to face, and in sector priority areas (Health and Social Care, Engineering, Manufacturing, Building and Construction, ICT/Digital, Transport and Logistics)

with the expectation that this funding will continue to improve quality and drive increased achievement rates and employment outcomes.

## **Approach to Procurement for the 2025/26 academic year**

14. In 2021 the TVCA established through an open procurement process, a Skills Framework of providers to deliver adult skills funded programmes for 3+1 academic years (from 2021/22 to 2024/25).

15. As we are approaching the third academic year of this framework, it is the intention that the TVCA will continue to fund the existing providers for the 2024/25 academic year, subject to available funding, and continued provider quality and performance.

16. The funding for the 2024/25 academic year will support the continuation of learners from the 2023/24 academic year as well as new learner starts, with the condition that they will need to have completed their learning by 31 July 2025.

17. TVCA will commission a deep dive analysis of the adult skills data collated via the Individualised Learner Record (ILR) over the last 3 full academic years, to inform:

- the approach to the procurement process
- the approach to future funding model that is more outcome focussed.

18. In addition to this, TVCA will also commission a review of the Community Learning and Learning for Inclusion provision which will commence in this academic year. The outcomes of which will inform any necessary changes from the 2023/24 academic year and beyond.

## **FINANCIAL IMPLICATIONS**

19. The devolved AEB for the 2023/24 academic year has been confirmed by the



Department for Education and is £30,959,858.

20. The grant ring-fenced budget for 2023/24 academic year, for the Level 3 Free Courses for Jobs (FCFJ) from the Department for Education has been confirmed and is £2,173,720.
21. The recommendations for the provider funding allocations are set out in Appendix 1.
22. The increase in funding rates will be managed within the overall funding envelope.
23. As previously agreed, providers will be paid a profile payment of 8% of their allocation for August and September and thereafter move to a payment model based on actual earnings.

## LEGAL IMPLICATIONS

24. All arrangements made under the funding allocations described in this Report have been made in line with the Public Contracts Regulations 2015 and the Tees Valley Combined Authority Contract Procedure Rules, as applicable.

## RISK ASSESSMENT

25. A project risk register is in place for the implementation of all Adult Skills Funding is regularly reviewed and updated.

## CONSULTATION & COMMUNICATION

26. Continued communication and consultation have been undertaken that has included the Tees Valley Management Group, Tees Valley Local Authority Chief Executives, Education Employment and Skills Advisory Group, Education, Employment and Skills Portfolio Lead, and skills providers.

## EQUALITY AND DIVERSITY

27. The equality and diversity impact of the specific skills programmes funded through this budget are recorded and are embedded into the individual provider programmes. All training funded by AEB and Level 3 Adult Offer is open to all Tees Valley residents aged over 19 and 24+ regardless of special characteristics.

**Name of Contact Officer:** Shona Duncan  
**Post Title:** Head of Business Solutions  
**Telephone Number:** 07881617889  
**Email Address:** [shona.duncan@teesvalley-ca.gov.uk](mailto:shona.duncan@teesvalley-ca.gov.uk)