

North Yorkshire Council

Children & Young Peoples Services

Corporate Director Meeting with Executive Members 9th May 2023

Adult Education Budget Implementation Plan and Application for Capacity Grant Funding

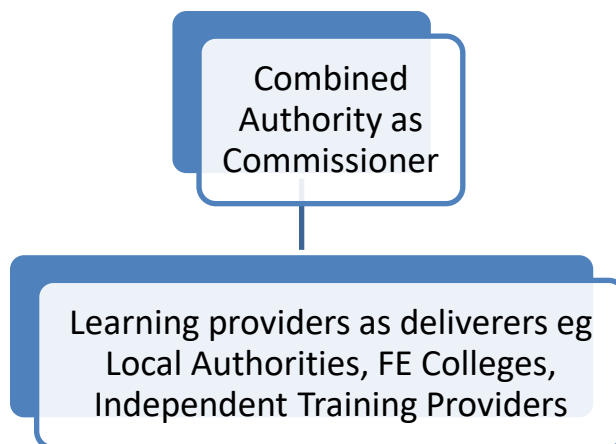
Report of the Corporate Director – Community Development

1.0 PURPOSE OF THE REPORT

- 1.1 To seek approval for the submission to Department for Education (DfE) for funding to support the submission of a business case for capacity funding to support the implementation stage prior to devolution of the Adult Education Budget (AEB).

2.0 BACKGROUND

- 2.1 The Adult Education Budget (AEB) is a key commitment of York & North Yorkshire from the devolution deal with the Combined Authority taking responsibility for the AEB commencing August 2025.
- 2.2 Devolution of the Adult Education Budget (AEB) will see the Combined Authority become the commissioner of learning provision to engage adults, aged 19 and over, and equip them with the skills needed to progress to employment, apprenticeships or other learning.
- 2.3 This provision is currently delivered by learning providers such as Local Authorities, Further Education Colleges, and independent training providers delivering provision (see below).



- 2.4 Currently in York and North Yorkshire the AEB is administered by the DfE/Education and Skills Funding Agency (ESFA). AEB has previously been devolved to other mayoral Combined Authorities such as West Yorkshire CA and Tees Valley CA.
- 2.5 The Devolution Deal for York and North Yorkshire did not specify a level of funding for AEB, however based on 2018-2019 data AEB for York & North Yorkshire was an estimated £11.2million pa. This funding supported approximately 17,000 learners with almost 10,000

learners participating in courses funded through the Education and Training strand and close to 7,000 participating in Community Learning.

3.0 AEB IMPLEMENTATION FUNDING

- 3.1 Those areas where the adult education element is planned to come into effect from 1 August 2025 are now eligible to submit a business case to Department for Education (DfE) in support of a request for implementation funding to help build capacity and capability in managing devolved AEB. The business case must be submitted **by 22nd May 2023**.
- 3.2 North Yorkshire Council (NYC) currently serves as the Accountable Body for the prospective Combined Authority (as agreed at the North Yorkshire Council and City of York Council Joint Devolution Committee meeting held on 13th March 2023) prior to the formal establishment of the Combined Authority by Parliament. Therefore, the proposal is subject to and will operate in accordance with NYC's robust Financial Management and Control systems. If the business case proposal is successful, the implementation funding will be made via a grant award by the DfE to NYC. DfE current timelines indicate a section 31 grant offer letter will be issued in September 2023.
- 3.3 The implementation funding covers the period August 2023-July 2025 and can only be accessed to fund the costs of preparatory work associated with devolution of the AEB and only where those costs cannot be met by local funding. Both DfE and MCA are expected to contribute funding towards the implementation plan ensuring the area is able to take on the AEB on 1 August 2025. Match funding provided by MCAs can be both cash and in kind. DfE will provide a maximum of 50% matched funding towards this. Eligible costs include staffing, accommodation and operating costs. Implementation funding will only be made available for new staffing costs in the implementation phase - that is those who start on or after August 2023. DfE will assess all business cases and will inform all areas of the outcome by **July 2023**.
- 3.4 A range of functions and roles are required to ensure we have the necessary strategies, systems and processes in place to commission provision and administer the fund including:
- Project Management – overseeing the implementation
 - Strategy and policy development – production of an AEB Skills Strategy for York and North Yorkshire
 - MI, Systems and Data analysis – Management and data systems in place and embedded
 - Commissioning and Procurement – development of commissioning strategy and framework
 - Legal and Compliance – All legal and compliance requirements identified and appropriate systems in place
 - Finance and Audit – ensuring payment systems are in place and adhered to, ensuring accountability to deliverers and DfE.
 - Comms and Engagement – including engaging with stakeholders and learning providers to develop strategies and systems
- 3.5 A joint York & North Yorkshire AEB Project Board will be established to oversee implementation and drive progress. It is anticipated that the Project Board will be made up of senior representatives from Finance, Procurement, Legal, Communications, Internal Audit, Strategy and Performance, ICT, Education, Delivery and Economic Policy. The

Board will also consider existing staff expertise and capacity as well as the best combination of roles and resourcing to meet the implementation stage needs including: full and part time roles, secondments from other departments or external organisations, SLAs with other LA departments and consultancy/sub contracting support.

- 3.6 A business case has been produced by officers in accordance with DfE requirements and is appended to this report for consideration. Outstanding work is required on the nature and extent of match-funding allocations following submission of the business case and a report will be submitted to the next Devolution Joint Committee addressing these matters, prior to acceptance of any grant funding offer from DfE.

4.0 CONSULTATION UNDERTAKEN

- 4.1 The funding proposal contained within this report has been determined through consultation with finance colleagues as well as other MCAs who have completed the implementation stage and are now delivering AEB in their areas and has informed recommended staffing levels, functions and costings.

5.0 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 City of York and North Yorkshire Councils committed within the devolution deal to devolving Adult Education Budget from 1 August 2025 and to meet the necessary investment readiness requirements. Should external capacity funding not be secured, the cost of meeting the commitments within the deal will fall upon the constituent councils and Combined Authority, once created.
- 5.2 If insufficient resources are identified there is a risk that readiness conditions will not be met and the Combined Authority will not be in a position to manage the AEB as of August 2025.

6.0 FINANCIAL IMPLICATIONS

- 6.1 Until the Mayoral Combined Authority is created by statute, estimated in November 2023, this work is at risk, however advice from existing MCA's is that work needs to start early in order to be ready for AEB devolution in August 2025. Agreement is in place with City of York to share these risks. The estimated costs of delivering this implementation stage over two years is £976k. It is proposed, therefore, to request £486k from DfE to be matched by £490K over this two year period. It is anticipated that £150K of this will be cash from the Combined Authority with the remaining £340K from staff in kind from existing roles within both North Yorkshire and City of York Councils and the Local Enterprise Partnership.
- 6.2 A report requesting the cash and in-kind funding will go forward to the next meeting of the Devolution Joint Committee, however as this is after the deadline for this submission, a report has been presented to the Chief Executives on 9th May detailing the funding and staffing requirements for the Implementation stage. The Chief Executives have agreed to proceed with the business case application on the basis of a combination of cash (CA) and in kind contributions and that the report is presented to the next scheduled Devolution Joint Committee meeting before any resultant offer of funding is accepted.

- 6.3 A full break down of costs, roles and functions are outlined in appendix A. This also includes an indication of DfE funded items and match funded items within the costings.
- 6.4 Should implementation funding not be secured, the full cost of preparing for devolution of AEB funding will fall upon North Yorkshire Council, City of York Council and the Mayoral Combined Authority once in place.

7.0 LEGAL IMPLICATIONS

- 7.1 No legal implications have been identified. The submission of the business case will be conducted in accordance with North Yorkshire Council's processes and procedures.

8.0 EQUALITIES IMPLICATIONS

- 8.1 An Equalities Impact Screening assessment has been undertaken and no adverse implications have been identified. This report relates solely to the submission of a business case to access funding from Department for Education. Subsequent use of those funds will be subject to further assessments where appropriate and will be conducted in accordance with relevant legislation and with consideration of the policies of the York and North Yorkshire Mayoral Combined Authority which will then be in place.

9.0 CLIMATE CHANGE IMPLICATIONS

- 9.1 A Climate Change Impact Screening assessment has been undertaken and no adverse implications have been identified. This report relates solely to the submission of a business case to access funding from Department for Education. Subsequent use of those funds will be subject to further assessments where appropriate and will be conducted in accordance with relevant legislation and with consideration of the policies of the York and North Yorkshire Mayoral Combined Authority which will then be in place.

10.0 RISK MANAGEMENT IMPLICATIONS

- 10.1 Potential risks are negligible at application stage. If the application is successful and a grant offer letter received, consideration can then be given to the specific terms and conditions of the grant and any further potential risks and mitigations considered.
- 10.2 At delivery stage, a programme team incorporating North Yorkshire Council, City of York Council and the York and North Yorkshire LEP will manage implementation of this project. Risks will be managed through this programme team feeding up to the devolution risk register. Failure to access funds will place significant financial burdens on North Yorkshire Council and City of York Council.
- 10.3 Significant reputational risk would be incurred if York and North Yorkshire did not secure adequate resources and were unable to devolve the funding in August 2025, as agreed in the devolution deal.

11.0 HUMAN RESOURCES IMPLICATIONS

As detailed in the report, there are implications for existing staff resource as match funding, whilst there is also a requirement to recruit additional specialist posts to drive implementation.

12.0 REASONS FOR RECOMMENDATIONS

12.1 The submission of the business case to DfE will enable capacity funding to be drawn from DfE to support the implementation stage of the devolution of the AEB. Without funding from DfE the Combined Authority, City of York and North Yorkshire Councils will need to fund the implementation costs from existing budgets and staffing, creating both financial and capacity issues.

13.0 RECOMMENDATION(S)

13.1 That an application for grant funding as set out in the business case at Appendix A be approved for submission to the Department for Education (DfE) to support the implementation stage prior to devolution of the AEB from August 2023-July 2025.

13.2 That it be noted that prior to seeking acceptance of any grant funding, a full report will be submitted the next meeting of the Devolution Joint Committee providing additional detail and seeking approval of the requisite match-funding element of the proposal.

APPENDICES:

Appendix A – **AEB Implementation Stage Staffing and Resources**

BACKGROUND DOCUMENTS:

- [Devolution Joint Committee Minutes - 13 March 2023](#)
- [Adult Education Budget \(AEB\) Funding Rules 2022 to 2023 \(Guidance\)](#)
- [York and North Yorkshire Devolution Deal 2023](#)

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15 May 2023

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Presenter of Report – James Farrar, COO YNYLEP

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.

PLEASE ALSO NOTE THAT IF ANY REPORTS / APPENDICES INCLUDE SIGNATURES THESE MUST BE REMOVED / DELETED PRIOR TO SENDING REPORTS / APPENDICES TO DEMOCRATIC SERVICES. Appendices should include an Equality Impact Assessment and a Climate Impact Assessment where appropriate

Appendix A – AEB Implementation Stage Staffing and Resources

Job Title	Post Holder	DfE/ Match	FTE	Grade	SCP in 23/24	23/24 EST BUDGET £'s	24/25 EST BUDGET £'s	25/26 EST BUDGET £'s	TOTAL EST BUDGET £'s
Implementation and Management									
Implementation/AEB Manager	New role	DfE	1.0000	N	42	45,095	71,082	24,405	140,582
Management - COO	LEP	Match	0.1000	AD2	65	9,203	14,218	4,882	28,303
Management	NYC	Match	0.1000	AD2	65	9,203	14,218	4,882	28,303
Management	COYC	Match	0.1000	AD2	65	9,203	14,218	4,882	28,303
Management - Head of Strategy	LEP	Match	0.1000	SM1	49	5,575	8,614	2,957	17,146
Policy & Strategy Development									
Skills Policy and Strategy									
Manager	New role	DfE	1.0000	N	42	45,095	71,082	24,405	140,582
Head of Strategy	LEP	Match	0.1000	SM1	49	5,575	8,614	2,957	17,146
Policy and strategy support	COYC	Match	0.2500	N	42	13,938	21,534	7,393	42,865
Policy & strategy support	NYC	Match	0.2500	N	42	13,938	21,534	7,393	42,865
MI & Data									
Mi & Data Officer	New role	DfE	1.0000	L	34	37,722	59,710	20,500	117,932
MI & Data Analysis	NYC/COYC/LEP	Match	0.5000	L	34	18,861	29,855	10,250	58,966
Finance, Legal & Compliance									
Legal & compliance support	COYC/NYC	Match	0.1000	M	40	5,575	8,614	2,957	17,146
Finance/audit support	COYCC/NYC	Match	0.2000	L	36	11,150	17,227	5,915	34,292
Commissioning & Procurement									
Commissioning & Procurement Officer	New role	DfE	0.5000	L	36	19,782	30,562	10,493	60,837

Comms & Engagement										
Comms & engagement	NYC/COYC/LEP	Match	0.5000	J	29	16,557	25,580	8,526	50,663	
Staff sub total						266,471	416,661	142,798		
Add overheads @ 15%	NYC/COCY/LEP	Match				39,971	62,499	21,420	123,889	
Consultancy/Sub contracting										
Skills & commissioning strategy		DfE				10,000	4,000	0	14,000	
Data analysis & systems development		DfE				8,000	4,000	0	12,000	
TOTAL						324,442	487,160	164,217	975,819	
Match									489,887	
DfE									485,932	
TOTAL						975,819				