



Skills & Employment Committee

21 October 2024

Title:	Future Commissioning for the Adult Skills Fund
Lead Member:	Cllr Lucy Nethsingha
Public Report:	Yes
Key Decision:	Yes –KD2024/061
Voting Arrangements:	A simple majority of voting members

Recommendations:

A	The Committee is asked to note CPCA's approach to commissioning adult skills for 2025 and beyond.
B	The Committee is asked to recommend that the Combined Authority Board approves the transitional commissioning plan for private and third-sector providers for delivery from 1.8.25 and beyond as set out in section 3.6 of this report.
C	The Committee is asked to recommend that the Combined Authority Board agrees to the development of an Adult Skills Commissioning Strategy 2025 - 2028

Strategic Objective(s):

The proposals within this report fit under the following strategic objective(s):

x	Achieving ambitious skills and employment opportunities
x	Achieving good growth
	Increased connectivity
x	Enabling resilient communities
x	Achieving best value and high performance

1. Purpose

1.1	Inform the Committee about current and future plans for the commissioning of adult skills and what key drivers are shaping the change needed for the future.
1.2	To seek the Committee's recommendation to the CA Board for a new Adult Skills Commissioning Strategy 2025 – 2028 and approval for transitional commissioning arrangements.

2. Proposal

2.1	For the Combined Authority to implement transitional commissioning arrangements as soon as possible for private and third sector providers using a Dynamic Purchasing System.
2.2	For the Combined Authority to work with partners and stakeholders to develop a new Adult Skills Commissioning Strategy 2025-2028

3. Background

3.1	<p>Under orders from the Local Democracy, Economic Development and Construction Act 2009, adult education functions from the Apprenticeships, Skills, Children and Learning Act 2009 were transferred from the Secretary of State for Education to Cambridgeshire and Peterborough Combined Authority from August 2019. A recurrent ring-fenced budget of approximately £12m per academic year has been transferred to the Combined Authority to discharge the transferred duties.</p>
3.2	<p>The Combined Authority has adopted a dual approach for commissioning the devolved AEB to date; this involves a combination of grant funding agreements for Colleges and Local Authorities and procured contracts for services for private and third-sector training providers. The current <i>AEB Commissioning Strategy 2020-2025 V2</i> is published on the Combined Authority website. While some changes have been made to the strategy since its original publication, annual commissioning arrangements have been agreed via the Skills and Employment committee and against the backdrop of the overarching strategy.</p>
3.3	<p>The <i>AEB Commissioning Strategy 2020-25 V2</i> needs to be updated. It needs to be rewritten to be current and valid and provide a clear and consistent methodology and approach to how the Combined Authority commissions adult skills funding for the future.</p> <p>It is proposed that a new three-year strategy, titled Adult Skills Commissioning Strategy 2025-2028, be written and implemented in the Spring of 2025. Various changes to national policy in the adult skills space, pending changes to the Public Procurement Act, and the CA's ambitions for continuous improvement mean that a revised Commissioning Strategy is needed, and now is the time to do it. This is explained in detail below.</p>
3.4	<p>Setting and implementing a new approach for commissioning Adult Skills will take time. Existing contracts are due to end on 31.7.25, and so transitional arrangements are needed to ensure stability across the provider base.</p>
3.5	<p>The new strategy will provide a detailed plan for how the CA will manage existing grants and contracts and, importantly, how it will develop a dynamic marketplace. This will enable the CA to work much more agilely, better respond to emerging needs, and manage skills funding more efficiently. The CA will also use this opportunity to refresh the work's underpinning principles and the policies and procedures in place to allow all parties to manage skills funding and delivery effectively.</p> <p>Underpinning principles will include things like the fairness, reasonableness, and proportionality of the requests of the providers through consideration of the entirety of that provider's overall business.</p> <p>Ensuring that all providers are given an equal opportunity to compete for funds in any competitive process and making sure that the commissioning approach is aligned to other skills funding that providers may operate with.</p> <p>In addition, the CA will continue to consult with representative providers on its approaches to funding and performance management rules, funding rates, and formulas. The CA will refresh and revise policies within the strategy and will continue to:</p>

	<ul style="list-style-type: none"> • Publish a conflict of interests’ policy for the allocation of relevant funds that includes: <ul style="list-style-type: none"> ○ requirements on all those involved in decision-making and all those receiving funding from this budget to declare and record actual and perceived conflicts of interest; and ○ appropriate external checks, including an internal monitoring process and external input to decisions. • Publish in advance of the start of the funding year (traditionally 1 August) conditions of funding against which providers should deliver. This will be published on the CPCA website in a manner that recognises accepted web accessibility standards, and which allows for the content to be: <ul style="list-style-type: none"> ○ downloadable; and ○ published in such a way that search engines can index it. • Consider the ESFA’s adult skills funding key milestones when communicating funding plans and allocations, including methodologies. This will help those providers that may receive adult skills funds from both the ESFA and the CA to plan their overall adult provision staffing and delivery and to manage their business model and income appropriately and efficiently to ensure value for money. • Ensure that providers have a point of contact to discuss their delivery, payments, or funding arrangements. • Identify how and to whom providers can complain if they believe they have grounds to do so. • Conduct appropriate due diligence in establishing which providers will deliver Adult Skills-funded provision, complying with the Public Contracts Regulations 2015, as appropriate. • Have a clear commercial strategy to undertake legally compliant exercises and implement contract/performance management regimes. • Have clear market entry arrangements that are available to potential providers. • Have a clear funding reduction and/or exit requirements strategy.
3.6	<p>While work is underway to develop the new commissioning strategy, ‘business’ must continue as usual, and transitional commissioning must take place to ensure continuity of services beyond 31.7.25 when all existing grant funding agreements and contracts for services for the delivery of AEB will end. The CA has no option to extend current contracts and agreements.</p> <p><u>Transitional Commissioning Plan</u></p> <p>The Committee is therefore asked to recommend that the CA Board approves and note the following approach for commissioning adult skills provision for delivery from 1 August 2025 for private and third-sector training providers:</p> <p>Private and third-sector training providers:</p> <ol style="list-style-type: none"> a) The CA will establish a Dynamic Purchasing System (DPS) and tender for and commission the Adult Skills Fund (previously AEB) for private and third-sector training providers. The contract notice will be issued before February 24, 2025. This is the current deadline for any new DPS systems to be established nationally due to the changes coming into force to the Public Procurement Act on February 25. b) Services contracts will be offered for up to 3 years, depending on the provision type commissioned. c) Future commissioning/tendering processes will comply with the Combined Authority Standing Orders and Public Contract Regulations Act 2015. d) Commissioning arrangements will be congruent with the Combined Authority’s Devolution Agreement and Memorandum of Understanding with the DfE. e) The services commissioned (skills delivery) will continue to align with regional priorities as set out in the Skills and Employment Strategy, the Local Skills Improvement Plans, and the emerging Local Growth Plan.
3.7	<p>Grant Funding Agreements:</p> <p>The CA is currently considering its options regarding existing Grant Funding Agreements, which will expire in July 2025. It will aim to resolve this as soon as possible and before the end of November 24. An update will be brought to Committee in December/January.</p>

3.8	Key Drivers for Change:
3.9	<p>Skills & Employment Policy: Skills and employment policy at a national level is going through a rapid period of change and development. This must be incorporated within a future Adult Skills Commissioning Strategy. Key considerations will be:</p> <ul style="list-style-type: none"> • The development and implementation of Skills England • The consolidation of adult skills funding to MCAs • The creation and implementation of new ‘Work, Health and Skills Plans’ led by Regional Mayors • The Post 16 qualification reform • The introduction of the new Growth and Skills Levy • The introduction of the Youth Guarantee • The introduction of the national supported employment programme (Universal Support) • The next steps for the Local Skills Improvement Plans (LSIPs) and work with designated Employer Representative Bodies (ERB) • The MCAs deeper involvement in Post 16 Skills Capital • The MCAs responsibilities to deliver regional careers hubs and provision linked to the Careers and Enterprise Company • The Local Growth Plan • The National Industrial Strategy • Business, Trade and Inward Investment priorities • Migration policy • Work with trade unions regarding workforce development
3.10	<p>Deeper Devolution: In 2025-26, the Combined Authority expects three funding streams associated with adult skills to be consolidated into one. The Adult Skills Fund (ASF—previously AEB), Free Courses for Jobs (FCFJ), and Skills Bootcamp funding should become one Adult Skills Fund. A future commissioning strategy must consider this.</p>
3.11	<p>Public Procurement Act: In Feb 2025, the Public Procurement Act changes will come into force. <i>The Transforming Public Procurement</i> program aims to improve the way public procurement is regulated to:</p> <ul style="list-style-type: none"> • create a simpler and more flexible commercial system that better meets our country’s needs while remaining compliant with our international obligations • open up public procurement to new entrants such as small businesses and social enterprises so that they can compete for and win more public contracts • embed transparency throughout the commercial lifecycle so that the spending of taxpayers’ money can be properly scrutinised. <p>These changes bring new opportunities for the Combined Authority to consider new ‘Open Frameworks’ and ‘Dynamic Markets’ for commissioning providers of adult skills provision across the region. Publishing a new Adult Skills Commissioning Strategy, that considers these new methods for commissioning will enable the CA to be more innovative in its approach.</p>
3.12	<p>Single Assurance Framework (SAF): Under the Best Value Notice, which was issued by the Department for Levelling Up, Housing and Communities (DLUHC) in January 2023 (and has now been lifted Sept 24), the Combined Authority worked to address the identified need for ‘a robust and transparent process for managing decision making associated with funding arrangements within the Cambridgeshire & Peterborough Combined Authority (CPCA).’ This prompted the creation of the Single Assurance Framework (SAF), which was approved by the Combined Authority (CA) Board in September 2023 and implemented in May 2024.</p> <p>The SAF is a set of systems and processes that allow the CPCA to make evidence-based investment decisions and consider the investment proposal against the risk, alignment to strategy and benefits/impacts. It ensures focused investment that supports the delivery of objectives, provides robust governance and assurance, and fosters new collaborative ways of working between all areas delivering change.</p>

	Plans for future adult skills commissioning must also consider SAF, which must be incorporated into the new Adult Skills Commissioning Strategy.
3.13	The CA intends to continue working jointly with providers on revising, developing, and delivering a new Commissioning Strategy for adult skills. This will occur through business-as-usual engagement, additional roundtable events, and workshops
3.14	Current contracting arrangements will continue as usual and in line with existing guidance.

4. Appendices

4.1	No appendices
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Financial Implications

5.1	There are no significant financial implications to the Combined Authority's budget as the adult skills funding is already ring-fenced. The Combined Authority expects to continue receiving its Section 21 funding letter from the DfE in January 2025. The expectation is that it will remain at c£12m per annum but will also mention the DfE's intention to consolidate funding for free courses for jobs and skills bootcamps either in-year or for 2026-2027.
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Legal Implications

5.2	Future commissioning/tendering processes will comply with the Combined Authority Standing Orders and Public Contract Regulations Act 2015. Commissioning arrangements are congruent with the Combined Authority's Devolution Agreement and Memorandum of Understanding with the DfE.
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Public Health Implications

5.3	No public health implications
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Environmental & Climate Change Implications

5.4	No environmental or climate change implications
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Other Significant Implications

5.5	No other implications
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Background Papers and Publicly available web links

5.6	AEB-Commissioning-Strategy-2020-25-v2 (cambridgeshirepeterborough-ca.gov.uk) AEB devolution: 2022 to 2023 - GOV.UK (www.gov.uk) Devolution: memorandum of understanding and supplementary agreement - GOV.UK (www.gov.uk)
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