
**TEES VALLEY COMBINED AUTHORITY
DEVOLUTION OF ADULT EDUCATION BUDGET**

**Responsible Cabinet Member - Councillor Bill Dixon, Leader
Responsible Director - Paul Wildsmith, Managing Director**

SUMMARY REPORT

Purpose of the Report

1. This report seeks the consent of Cabinet to enable legislation to be made to transfer responsibility for the Adult Education Budget to the Tees Valley Combined Authority.

Summary

2. The Tees Valley Combined Authority was established on 1 April 2016 with the support of the 5 Tees Valley Councils. In September 2016 the first tranche of funding of £15m was transferred to the Combined Authority as a flexible revenue grant directed to the Tees Valley's priorities. On 4 May 2017 the inaugural mayoral elections took place.
3. The powers of the Combined Authority have been established by the devolution of powers from central government and formalised by a number of statutory instruments which prescribe and delineate the powers granted. The process followed in the making of a statutory instrument requires the consent of the local authorities within the area of the combined authority before an order can be made.
4. We have been advised via the Combined Authority that a statutory instrument has been drafted, with the purpose of devolving the Adult Education budget from the Education and Skills Funding Agency (ESFA) to the Combined Authority.
5. The Secretary of State is now seeking consent from the Combined Authority and all of the constituent local authorities to enable the process of laying a statutory instrument before Parliament to progress.

Recommendation

6. It is recommended that:-

- (a) Cabinet consents to the making by Parliament of a statutory instrument to enable responsibility for the Adult Education Budget to transfer the Tees Valley Combined Authority.
- (b) Subject to this being agreed, authority is delegated to the Managing Director, in consultation with the Leader of the Council, to give the Council's consent to the final Order being made when requested by the Secretary of State.

Reasons

7. The recommendations are supported by the following reasons:

- (a) To enable the Tees Valley Combined Authority to have responsibility for the Adult Education Budget.
- (b) Consent from the constituent councils of the Tees Valley Combined Authority is required by Government before legislation to enable this can be laid before Parliament.

Paul Wildsmith, Managing Director

Background Papers

No background papers were used in the preparation of this report

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| S17 Crime and Disorder | There are no specific impacts on Crime and Disorder |
| Health and Well Being | There are no specific implications for Health and Well Being |
| Carbon Impact | Not applicable. |
| Diversity | There are no specific diversity impacts resulting from this report. |
| Wards Affected | The report impacts on all wards equally |
| Groups Affected | The report impacts on all groups equally. |
| Budget and Policy Framework | The report does not impact on the overall budget and policy framework. |
| Key Decision | This is not a key decision |
| Urgent Decision | This is an urgent decision. The constituent Local Authorities are being asked to consent to the proposed draft statutory instrument by early July 2018. |
| One Darlington: Perfectly Placed | No specific impacts |
| Efficiency | Devolution of the budget is likely to be of benefit to local decision making |
| Impact on Looked After Children and Care Leavers | The report does not impact on Looked After Children or Care Leavers |

MAIN REPORT

Information and Analysis

Adult Education Budget

8. The Adult Education Budget is part of national skills funding that is provided to equip adults over the age of 19 with the skills and learning they need for work, apprenticeships or further learning. This includes provision for statutory elements such as a first full level 2 (equivalent to 5 GCSE's A-C), maths and English qualifications.
9. The budget includes provision for formal learning and qualifications primarily delivered by Further Education Colleges, community learning primarily delivered by Council Adult learning services, a small element of vocational learning in Sixth Forms and a wide range of learning provided by independent training providers.
10. The Adult Education Budget is currently administered by the Education and Skills Funding Agency (ESFA). The Tees Valley, and other devolution areas, sought full devolution of this funding in order to raise local skill levels, promote reform and improved performance and strengthen the links between training and local job opportunities.

11. Full devolution of this budget could take place for academic year 2019/20 which will enable the Combined Authority to allocate funding directly to skills providers, determine the outcomes to be achieved and manage performance of these providers.
12. A funding formula for calculating the size of the grant to combined authorities will take into account a range of demographic, educational and labour market factors. An indicative and working budget of £30.5m p.a. has been suggested by the Department for planning purposes. It is likely that this figure will reduce as is predicated on previous performance and allocation confirmation in the autumn statement.
13. The benefits of devolution of the budget to the Combined Authority include;
 - (a) Aligning skills provision directly to Tees Valley employers skills needs
 - (b) Implementing simpler commissioning processes for providers
 - (c) Implementing payment models directly related to outcome achievement rather than number of learners engaged and qualifications achieved
 - (d) Enabling more flexible approaches to funding awards, including lengthening the contract period
 - (e) Introducing more flexible eligibility criteria for learners
 - (f) Creating a skills funding system that rewards progression in learning
 - (g) Directly aligns adult (post 19) education to post 16 learning routeways
14. The greatest benefit to the Tees Valley in enabling devolution of this element of the skills system will demonstrate the potential for achieving greater success linked to greater alignment of skills provision directly to the future Tees Valley economic needs of business and the traction to achieve greater economic growth for future devolution.

Legislation to devolve the budget

15. The primary legislation which established Combined Authorities made provision to enable local commissioning of outcomes to be achieved from the 19+ adult skills budget.
16. The Devolution deal agreed with Government in 2016 included: “The Government will enable local commissioning of outcomes to be achieved from the 19+ adult skills budget starting in academic year 2016/17; and will fully devolve budgets to Tees Valley Combined Authority from academic year 2018/19 (subject to readiness conditions). These arrangements do not cover apprenticeships.”
17. In the intervening period joint working with the Department of Education and the Combined Authority has taken place. A decision was taken to delay the devolution of this budget to August 2019 in preparation for commissioned activity to be in place for the academic year 2019/20.

18. In November 2017 the Combined Authority Cabinet approved arrangements to continue joint working with the Department of Education and the Education Skills Funding Agency for the transition year 2018/19.
19. In order to enable full devolution of this budget a statutory instrument must be laid before Parliament.
20. On the 11 May 2018 we were advised by the Combined Authority that the Order granting the Combined Authority devolution of the Adult Education Budget will be laid before Parliament in July 2018. Before this can be done, consent from the Combined Authority Cabinet and also the constituent local authorities of the Tees Valley must be given.
21. The draft statutory instrument is not currently available as it has not yet been cleared by Parliamentary Counsel.