
Cabinet

10th April 2018

Name of Cabinet Member:

Cabinet Member for Policy and Leadership – Councillor G Duggins

Director Approving Submission of the report:

Chief Executive

Ward(s) affected:

All

Title:

Implementation of Devolution Agreement – Adult Education Budget (AEB)

Is this a key decision?

Yes – Approval is being sought to transfer powers to the West Midlands Combined Authority.

Executive Summary:

A report outlining the process to be followed and seeking consent to the making of an order required to enable full devolution of the Adult Education Budget (AEB) to the West Midlands Combined Authority (WMCA).

Recommendations:

Cabinet is recommended to:

- (1) Approve the transfer of functions to WMCA as set out in the report to ensure the successful devolution of the Adult Education Budget in 2019.
- (2) Consent on behalf of the City Council to the making of an Order giving effect to this transfer.
- (3) Delegate authority to the Chief Executive, following consultation with the Leader of the Council, to approve the final draft Devolution Order in order to meet the timetable for agreement as set out in the report.

List of Appendices included:

None

Other useful background papers:

None

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

Report title: Implementation of Devolution Agreement - Adult Education Budget (AEB)

1. Context (or background)

1.1 To seek approval for consent to an order being made to transfer functions from central government to the WMCA enabling the devolution of the Adult Education Budget (AEB).

1.2 Background

1.2.1 The West Midlands Combined Authority's first Devolution Deal was formally agreed by the Combined Authority Shadow Board on 17th November, 2015. The agreement included the transfer of adult skills funding (Adult Education Budget - AEB) to the WMCA and the subsequent Order establishing the Combined Authority contained details of a number of Adult Education powers although it did not deal with the devolution of funding. In order to prepare for devolution, the Combined Authority is required to meet a series of readiness conditions including the transfer of the Secretary of State for Education's statutory duties in relation to the provision of further education for adults.

1.2.2 The principal purpose of AEB is to engage adults in learning that supports wider economic and social priorities. Devolution of AEB will only be applied within constituent member areas, and the indicative budget will be approximately £112m for 2019/20 based on current spend on residents.

1.2.3 The Order, to be received in draft by 19th March 2018, will set out the details of AEB functions that will be transferred to the WMCA with the agreement to devolve the budget. DfE have been clear that the Order will not cover apprenticeships, adult offender learning or provision for people aged 16 -18. Subject to these exceptions, it is proposed that the following functions contained in the Apprenticeships, Skills, Children and Learning Act (ASCAL) 2009 will transfer to the WMCA in relation to constituent member areas:

1. S86 – Duty to provide appropriate 19+ Further Education (not to include apprenticeships, prisoner education or traineeships).
2. S87 – Duty to provide appropriate FE to 19+ learners who do not have certain specified qualifications
3. S88 – Duty to ensure that provision is free for relevant learners who do not have certain specified qualifications

1.2.4 The following powers will be exercised concurrently with the Secretary of State:

1. S90 – Duty to encourage learner and employer participation in education and training of people aged 19+ (except those in adult detention) (to be exercised concurrently with the Secretary of State)
2. S115 – Duty to consider/have regard to the needs of 19+ learners with Special Education Needs (other than those aged 19-25 with Educational Health Care plans, who will remain the responsibility of the LAs as they are treated as 16-18 year old learners).
3. S122 – Power to exchange information with providers to enable provision of 19+ FE (to be exercised concurrently with the Secretary of State).

2. Options considered and recommended proposal

2.1 The City Council could not approve the transfer of functions and refer the matter back to WMCA for consideration; this is not recommended as it will impact upon the timeline as outlined below.

2.2 The recommendations proposed allow final approval of the draft order by the Chief Executive following consultation with the Leader of the Council.

3. Results of consultation undertaken

3.1 A formal consultation was undertaken when the original scheme for the creation of the West Midlands Combined Authority was being considered. The Devolution deal at this stage included the transfer of adult skills funding.

4. Timetable for implementing this decision

4.1 Mayoral Combined Authorities (MCAs) are required to provide the Department for Education (DfE) with consent to the draft Order by the end of April 2018 to meet the necessary timescales to enable full devolution in 2019/20. The Order will need to be laid before Parliament by the end of June 2018 and made in November 2018 to meet the timescales to commission for the 2019/20 academic year

5. Comments from Director of Finance and Corporate Services

5.1 Financial implications

5.1.1 The Adult Education Service is budgeted to receive Adult Skills income of £5.4M in 2017/18 financial year, which relates to the duties set out in 1.2.3. This includes the duty and budget for delivery of the government's commitment to statutory entitlements for fully funded qualifications at Levels 2 and 3, English and Maths, and the future digital entitlements for learners. The statutory entitlements are not time-bound, and the WMCA's AEB Funding Policy where it will be clearly stated that if demand exceeds availability some learners may have to wait to the following academic year.

5.1.2 The original Devolution Agreement (November 2015) set out a 3 stage Devolution process which began with Outcome Agreements in the first year to the implementation of a funding formula in the 3rd year. Without seeing further detail on the funding factors that would be included in a formula it is not clear whether a formula would deliver more or less funding for Coventry. Benchmarking information, however, indicates that Coventry is a well-funded Adult Education Service, so there is a risk that the budget could reduce under a Combined Authority Funding formula. It will also be key to understand whether there will be any topslicing of the budget to fund running costs of WMCA before allocation to Local Authorities.

5.1.3 Funding changes will obviously have an impact on the level and types of provision, and course charging arrangements where appropriate. In addition, as part of the City Council the Adult Education Services makes a contribution towards the infrastructure costs of the council (e.g. centralised charges and overheads). The level of this contribution may be at risk if funding levels change.

5.2 Legal implications

5.2.1 Section 105(b) of the 2016 Cities and Local Government Devolution Act states that to allow Secretary of State to make an order for the devolution of functions, consent also has to have been given by each appropriate authority which for these purposes are the Combined Authority and the constituent authorities of that Combined Authority.

6. Other implications

6.1 How will this contribute to achievement of the Council's Plan?

No significant impact is identified from the proposals

6.2 How is risk being managed?

The Combined Authority as a statutory organisation and its members would be required to manage the risks associated with its activities.

6.3 What is the impact on the organisation?

The impact on the City Council will include a transfer of functions to the WMCA in relation to the Adult Education Budget.

6.4 Equalities / EIA

These aspects of the Devolution Agreement are reflected in the WMCA Equalities Scheme.

6.5 Implications for (or impact on) the environment

There are no environmental implications currently.

6.6 Implications for partner organisations?

The proposals require partnership working and agreement with the other local authorities.

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