

North Tyneside Council

Report to Cabinet

12 May 2014

ITEM 6(a) Adult Skills Funding

Portfolio(s): Children, Young People and Learning

Cabinet Member(s): Ian Grayson

Report from Service Area

Children, Young People and Learning

Report Author:

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Tel: (0191) 643 8783

Wards affected:

All

PART 1

1.1 Purpose:

The purpose of the report is to seek approval to accept the annual funding and contracts offered by the Skills Funding Agency, the Education Funding Agency and the sub-contract offered by Barnardo's for the provision and delivery by the Authority of post-16 education, training, apprenticeships and work experience. This funding will enable the Authority to deliver a programme of skills provision that targets low-skilled, unemployed and disadvantaged young people and adults thus narrowing the gap in skills attainment and unemployment levels.

The contract period is one year from 1 August 2014 to 31 July 2015 and the aggregate contract value is £2.57 million.

1.2 Recommendation(s):

It is recommended that Cabinet:

- 1.2.1 approves the offer of funding on terms and conditions accepted by the Head of Law and Governance and the Chief Executive;
- 1.2.2 authorises the Head of Children, Young People and Learning in consultation with the Cabinet Member for Children, Young People and Learning and the Chief Executive to take all necessary steps to manage the associated funding and deliver the education and training programmes for residents; and
- 1.2.3 authorises the Head of Children, Young People and Learning to continue the negotiations with the Education Funding Agency and Barnardo's relating to the contracts available to the Authority.

1.3 Forward Plan:

28 days notice of this report has been given and it first appeared on the Forward Plan that was published on 17 March 2014.

1.4 Council Plan and Policy Framework

The Authority is committed to ensuring young people, adults and families are helped to gain the vocational and key skills to enter and/or thrive at work, secure their economic well-being and support their children's aspirations and attainment.

This report and the funding contracts on offer support delivery that makes a significant contribution to the aspirations and outcomes set out in Our North Tyneside Council Plan:

Our People – Will be supported to achieve their full potential, especially our children and young people.

Our Economy – Local people have the skills which businesses need.

The two key outcomes that will be positively affected by the funding and associated delivery are:

- The gap in educational attainment across the borough has been reduced
- Local employers find it easier to recruit the skilled workforce they need from the local area.

1.5 Information:

Background

- 1.5.1 The contracts and funding from the Skills Funding Agency (the "SFA"), Education Funding Agency (the "EFA") and the sub-contract with Barnardo's are annually renewed to all providers. In the North East all Local Authority's are in receipt of these funding streams. This offer covers the period of 1 August 2014 to 31 July 2015.
- 1.5.2 The funding offer is set by the SFA therefore no further negotiation is required. However, the funding offer from the EFA and Barnardo's that provides support for 16-18 year olds is considered low for the services to be delivered and therefore further negotiation is required to potentially increase this offer to deliver to the increasing demand for this provision.
- 1.5.3 The contracts will be paid on a unitised outcome basis, i.e. the Authority is paid up to 80% of the Maximum Contract Value (the "MCV") on the basis of the number of starts and retention in learning, the remaining 20% will be paid upon the learners' successful completion of the programme, qualification or progression into employment.
- 1.5.4 Annually the Authority's Adult Learning Alliance (the "ALA") team delivers training and learning to over 6500 part-time learners equating to between 450 and 500 full-time students. The vast majority of the learners are either unemployed or low skilled, i.e. do not possess qualifications at level 2 (GCSE equivalent), additionally 23% of learners live in the most deprived areas of the borough or have a learning difficulty or disability.
- 1.5.5 The Authority via the Adult Learning Alliance has been delivering these contracts for over 20 years. In recent years the funding has been offered with increasing focus on

qualifications, formal skills development and performance related. The Authority has responded well to these changes by improving quality and range of formal qualifications offered delivering to increasing numbers of residents.

- 1.5.6 This funding will enable the Authority to continue to provide a wide range of programmes to support residents to gain the skills and abilities to engage successfully in work, in their own self-development and learning, engage in their community through volunteering and work placements, and support their children's attainment and aspirations.
- 1.5.7 The focus of the Authority's programme is on low skilled, unemployed or disadvantaged young people and adults. A wide range of provision is offered including apprenticeships (at 16-18 and 19 plus), traineeships (pre employment support), family learning, first steps engagement to support disadvantaged adults and families, English, Maths and ICT basic skills, English for Speakers of a Second Language (ESOL), work experience, volunteering and provision for the unemployed and for adults with learning difficulties and disabilities.
- 1.5.8 The direct impact of this level of skills provision targeted to low skilled, unemployed or disadvantaged is that the Authority offers a routeway or an alternative to more formal Further Education establishments, including colleges. Many learners progress onto extended learning programmes with colleges or directly access work that they would not have been able to access prior to the learning provided.
- 1.5.9 The vast majority of the provision will be delivered by the Authority's direct delivery arm, the Adult Learning Alliance and a small proportion will be sub-contracted via the Authority's procurement processes to third party specialist providers to enable the Authority to widen the range of provision and level of support offered to residents.
- 1.5.10 Delivery will be provided by existing Authority employees who are fully funded from these funding streams and therefore is not a pressure on the Authority's Budget. Any changes in delivery will be met from the available funding.
- 1.5.11 The most recent Ofsted inspection (May 2013) graded the Adult Learning Alliance as good with outstanding features and particular attention was given to the impact of the work with unemployed adults and the achievements of adults whose prior attainment was very low.
- 1.5.12 The overall contract funding has an aggregate value of £2.57m and this is broken into a number of specific funding streams/themes:

Funding Stream	Value	Funding Body
Adult Skills Budget	£930,000	Skills Funding Agency
Discretionary Learner Support	£ 89,749	Skills Funding Agency
24+ Advanced Learning Loans	£115,782	Skills Funding Agency
24+ Advanced Learning Loan Bursary	£18,964	Skills Funding Agency
16 – 18 Apprenticeships	£223,443	Skills Funding Agency
Community Learning	£1,034,921	Skills Funding Agency
16 – 18 Study Programme	£100,000 (TBC)	Education Funding Agency
16 – 18 Study Programme	£60,000 (TBC)	Barnardo's
Total	£2,572,859	

- 1.5.13 This funding is an element of the funding provided to the Authority for skills provision and is included in the appropriate budgets published in the budget book. Whilst the funding from the SFA is a reduction on that provided for 2013/14 there is an increase in the

funding offered from Barnardo's and the EFA and we are negotiating further growth with these funding agencies. This is in line with the published national and annual Department of Business, Innovation and Skills statement. Therefore the overall reduction is approximately 5%.

1.5.14 Annual business planning takes place in the Spring/Summer term to plan staffing and delivery requirements for the Academic year 2014/15 that this funding relates to. Any changes to resource requirements will be addressed prior to the commencement of the Academic year. The key resource is tutor costs, tutors are employed on a flexible annualised hour's contract arrangement that offers a minimum level of teaching hours that is then increased as required. This provides a flexible approach to changing demand from learners and proactively provides an approach that reacts to changing funding levels. Therefore the reduction in funding does not pose an issue for 2014/15 provision related to the anticipated expenditure.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet may approve the recommendations as set out in paragraph 1.2 of this report

Option 2

Cabinet may decide not to approve the recommendations in this report and may request officers to develop alternative options.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

1. The Authority will continue to access resources and deliver provision which supports young people and adults who are unemployed and/or low skilled to develop vocational, academic and key skills to support their transition to employment, their development and their ability to sustain themselves economically and contribute to their community.
2. The programmes are high performing and judged by partners such as Northumbria Probation Service and Jobcentre plus as essential to supporting disadvantaged communities. Our provision for ex-offenders in partnership with Northumbria Probation was highly commended in the Probation Services inspection; Jobcentre Plus are similarly positive about our role as a key provider of training and support to unemployed adults in the borough; employers such as Kier are closely aligned and supportive of our delivery and training to prepare young people for work in the construction sector.
3. A lack of basic qualifications is causally linked to poorer health and employment outcomes in later life; supporting the most vulnerable residents to address their key skills has positive benefits in terms of improving the health of unemployed and under skilled people and reducing out of work benefit costs.

4. Acceptance of this funding will ensure residents in North Tyneside are not disadvantaged in terms of the levels of support available in neighbouring local authority areas.

1.8 Appendices:
None

1.9 Contact officers:

Jean Griffiths, Head of Children, Young People and Learning; tel. (0191) 643 8783.
Anthony Gollings, Finance Business Manager; tel. (0191) 643 8071.

1.10 Background information:

Follow hyperlink to:

[The Skills Funding Statement 2013-2016](#) (February 2014, Department for Business Innovation and Skills and Skills Funding Agency)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The Skills Funding Agency and Education Funding Agency will fully fund the programmes; there is no additional cost to the Authority. Other financial implications in terms of the small grant reduction for 2014/15 will be managed as described in the main body of this report.

2.2 Legal

A robust contract will need to be in place with the funding parties upon finalisation of negotiations around the funding sums for this financial year.

Any sub-contracts will be subject to the Authority's Contract Standing Orders and Financial Regulations.

2.3 Consultation/community engagement

2.3.1 Consultation has been carried out with the Cabinet Member for Children, Young People and Learning.

2.3.2 Engagement and consultation with the Partnership for Employment, Learning and Skills has been undertaken and an element of the funding will be commissioned to voluntary and community providers through the partnership.

2.4 Human rights

There are no human rights implications directly arising from this report.

2.5 Equalities and diversity

The programme is available to all eligible adults and young people resident in the borough. Eligibility varies across each element of the programme and is determined by

funding rules provided by the funding body. Disadvantaged, unskilled, unemployed and young people are able to access the provision.

2.6 Risk management

Any proposals agreed would be appropriately risk managed to ensure the Authority and any partners are not exposed to unmanageable operational risks.

2.7 Crime and disorder

A proportion of the learner cohort will be drawn from referrals from Northumbria Probation Trust and from NEET young people in contact with the Youth Offending Team, engaging them in productive training and work experience and progressing them into mainstream Further Education provision, apprenticeships and or/work will help reduce rates of re-offending.

2.8 Environment and sustainability

There are no environmental and sustainability implications directly arising from this report.

PART 3 - SIGN OFF

- Deputy Chief Executive
- Head of Service
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Strategic Manager – Strategic Services