

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

21 JUNE 2018

REPORT OF SENIOR MANAGEMENT TEAM

CABINET DECISION

Leader of the Council – Councillor R Cook

TEES VALLEY COMBINED AUTHORITY (ADULT EDUCATION FUNCTIONS) ORDER 2018

1. Summary

The purpose of this report is to seek Cabinet consent in principle to the making of the [Tees Valley Combined Authority (Adult Education Functions) Order 2018] in order to enable the devolution of statutory duties regarding the provision of adult education currently held by the secretary of state for education and the associated adult education budget (AEB) to the Tees Valley Combined Authority (TVCA). These powers will support TVCA in delivering its aim of furthering the sustainable growth of the Tees Valley.

2. Recommendations

It is recommended that Cabinet:-

- (a) Consent in principle to the making of the Tees Valley Combined Authority (Adult Education Functions) Order 2018
- (b) Agree a delegation to the Director of Culture, Leisure and Events to give final consent to the Regulations, once requested by the Secretary of State.

3. Reasons for the Recommendation(s)/Decision(s)

- (a) The benefits of devolution for Tees Valley and the Combined Authority include enabling greater flexibility and responsiveness to demand for skills from both employers and learners.

4. Members' Interests

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council's code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she must then, **in accordance with paragraph 18** of the code, consider whether that interest is one which a member of the

public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest and the business:-

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or
- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code)

Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

Disclosable Pecuniary Interests

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.

Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code)

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RECOMMENDATIONS

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DETAIL

1. The Tees Valley Combined Authority ('TVCA') was established on 1 April 2016 with the support of the five Tees Valley Councils. 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 legislation which established Combined Authorities made provision to enable local commissioning of outcomes to be achieved from the 19+ adult skills budget.
2. 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."

3. The Adult Education Budget (AEB) is an element of national skills funding. The Regulations to enable the transfer of the AEB are now being drafted, and the constituent authorities of the TVCA are being asked to consent to these Regulations being progressed before they are considered by Parliament. Generally 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. TVCA have already considered these powers and approved acceptance at its cabinet meeting on [1st June 2018]. TVCA and DFE are now consulting with the constituent authorities, including Stockton-on-Tees Borough Council, to request that they all consent to the making of the new Regulations.

WORK TO DATE

4. 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.
5. The draft Regulations are not publicly available as they have not been cleared by JCSI Counsel (the lawyers that support the parliamentary committees), consequently at this stage Cabinet are asked to agree “in principle” along with a delegation to the Director of [Children’s Services] to confirm the consent once the regulations are published. It is anticipated that, like previous similar legislation, the Order will be succinct and merely confirm the devolution of the adult skills budget. On that basis, it seems unlikely there will be any particular concerns in terms of the wording of the proposed legislation that would require a referral back to Cabinet.

THE ADULT EDUCATION BUDGET (AEB)

6. The AEB is an element 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.
7. The budget includes provision for formal learning and qualifications primarily delivered by Further Education Colleges, community learning primarily delivered by the Council’s Learning & Skills Service, a small element of vocational learning in Sixth Forms and a wide range of learning provided by independent training providers.
8. The Adult Education Budget is currently administered by the Education and Skills Funding Agency (ESFA). 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.

DEVOLUTION OF THE AEB

9. 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.

10. 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.

BENEFITS OF DEVOLUTION

11. The suggested benefits of devolution for 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
12. Potentially, 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

COMMUNITY IMPACT IMPLICATIONS

13. The local community will be benefit from in supporting the TVCA in delivering its aim of furthering the sustainable growth of the Tees Valley.

FINANCIAL IMPLICATIONS

14. There would be no direct financial impact on the Council at this stage. The regulations once passed will transfer financial delegation of the Adult Education Budget from the Secretary of Sate for Education to the Combined Authority from August 2019. The current indicative budget is £30.5m p.a.

LEGAL IMPLICATIONS

15. This report is to gain consent for the duties under the Apprenticeship, Skills, Children and Adult Learning Act 2009 and associated AEB to be transferred from the Secretary of State to TVCA.
16. In the event that all of the Tees Valley constituent authorities do not agree to consent to the Regulations, they would unable to proceed. Each of the constituent authorities are in the process of considering this decision via their own formal processes.
17. There are no direct equalities implications arising in relation to this report.

RISK ASSESSMENT

18. This proposal is categorised as low/medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

COUNCIL PLAN POLICY PRINCIPLES AND PRIORITIES

19. This report impacts on the Policy Principles in the Council Plan relating to Creating Economic Prosperity.

CORPORATE PARENTING IMPLICATIONS

20. None.

CONSULTATION INCLUDING WARD / COUNCILLORS

21. None.

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Education related: No

Background Papers: None

Ward(s) and Ward Councillors: All

Property: None