

<b>Report title</b>	Implementation of the Devolution Agreement for the Adult Education Budget	
<b>Decision designation</b>	AMBER	
<b>Cabinet member with lead responsibility</b>	Councillor John Reynolds City Economy	
<b>Corporate Plan priority</b>	Place - Stronger Economy	
<b>Key decision</b>	Yes	
<b>In forward plan</b>	Yes	
<b>Wards affected</b>	All Wards	
<b>Accountable Director</b>	Meredith Teasdale, Director of Education	
<b>Originating service</b>	Adult Education Service	
<b>Accountable employee</b>	Joanne Keatley	Head of Service for Adult Education
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<b>Report to be/has been considered by</b>	Place Directorate	19 March 2018
	Leadership Team	
	Strategic Executive Board	27 March 2018

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### Recommendations for decision:

The Cabinet is recommended to approve:

1. The making of a draft Devolution Order that will transfer powers to the West Midlands Combined Authority for Adult Education Budget functions and funding from the 2019-2020 academic year.
2. The delegation of necessary powers to the West Midlands Combined Authority to approve the final draft Devolution Order.
3. That the Managing Director, following consultation with the Leader, be authorised to give any necessary consent on behalf of the Council to the making of the Order and to take any necessary or consequential action to approve the final draft Order.

## **1.0 Purpose**

- 1.1 To provide Cabinet Members with the necessary information to consent to the making of the draft Parliamentary Orders that will transfer functions and funding to the West Midlands Combined Authority (WMCA) for the Adult Education Budget from 2019-2020.

## **2.0 Background**

- 2.1 The journey to full devolution of the Adult Education Budget is at a critical point and, whilst not all facts are known, decisions to move forward need to be made.
- 2.2 The next stage is for the Orders to be laid before Parliament prior to the July recess and local authorities are being asked to consent to the Order being made.
- 2.3 Local Authorities are being asked to give delegated powers to the WMCA Section 151 Officer together with the WMCA Monitoring Officer and Portfolio Lead Member to approve the final draft Orders to meet the timetable for agreement set out in the report.
- 2.4 The WMCA's first devolution deal was formally agreed by the Combined Authority Shadow Board on 17 November 2015.
- 2.5 The agreement included the transfer of adult skills funding, known as the Adult Education Budget (AEB) to the WMCA.
- 2.6 To fully devolve the functions and funding for the Adult Education Budget a Devolution Order is required. The following functions will transfer to the WMCA when the transfer of powers, provided in the Order, is complete. These functions are contained in the Apprenticeships, Skills, Children and Learning Act 2009:
- Duty to provide appropriate 19+ Further Education (not to include apprenticeships, prisoner education or traineeships)
  - Duty to provide appropriate Further Education to 19+ learners who do not have certain specified qualification
  - Duty to ensure that provision is free for relevant learners who do not have certain specified qualifications

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

- Duty to encourage learner and employer participation in education and training of people aged 19+
- Duty to consider/have regard to the needs of 19+ learners with Special Education Needs
- Power to exchange information with providers to enable provision of 19+ Further Education.

2.7 The timeline for achieving full devolution of the Adult Education Budget is:

- Mayoral Combined Authorities and its constituent authorities are required to provide the Department for Education with consent to the draft Order by the end of April 2018.
- The draft Order will need to be laid before Parliament by the end of June 2018
- The Order will be made in November 2018.
- If these timescales are met full devolution will take place for 2019-2020 academic year.

2.8 The Adult Education Budget is important to the City of Wolverhampton. Its principal purpose is to engage adults in learning that supports wider economic and social priorities. The combined indicative budget for constituent members will be approximately £112.0 million for 2019-2020. Wolverhampton will receive circa £9.0 million. City of Wolverhampton College will receive circa £6.0 million and City of Wolverhampton Council will receive circa £3.0 million which is delivered by Adult Education Wolverhampton.

### **3.0 Progress**

- 3.1 The progress of devolution of the Adult Education Budget has already been delayed by one year and was meant to be fully devolved for the 2018-2019 academic year. This delay was attributed to several factors including the unexpected general election and the impact of Brexit on Government focus.
- 3.2 The challenging timelines laid out in this report are widely acknowledged but if they are not met devolution of the Adult Education Budget will be delayed a further year. This could be reputationally damaging to central and local Government departments involved.

### **4.0 Evaluation of alternative options**

- 4.1 An alternative option is not to provide consent to the WMCA for the Order to be made or to delegate final sign-off of the Order. The impact of this option would be to potentially derail the devolution of the Adult Education Budget and delay the process for a further year.

### **5.0 Reasons for decision**

- 5.1 The recommendation is for the Cabinet to give consent to both the making of the Order and the delegation of authority to sign-off the draft final Order. Giving consent will provide the Department for Education with the authority it needs to meet the challenging timelines to ensure the Adult Education Budget is fully devolved by the 2019-2020 academic year
- 5.2 It is not recommended that the consent is withheld as this may prevent the WMCA from achieving full devolution for the 2019-2020 academic year. There is a risk of reputational damage to the WMCA and its constituent members if the process slips a further year.

## **6.0 Financial implications**

- 6.1 Colleges and Local Authority Adult Education providers currently receive their funding as a grant from central Government. This arrangement is set to continue post devolution but is likely to be reviewed after a few years.
- 6.2 There are some financial risks associated with the devolution of this funding however at this stage it is extremely difficult to quantify these as the approach to funding going forward under devolution has not been made clear. For 2017-2018 academic year Wolverhampton Council has been awarded £3.2 million grant for the delivery of Adult Education services including £2.5 million of employee costs; £2.1 million contracted employees and £400,000 temporary employees. The service is also delivered over a number of buildings. Any changes to grant would have financial implications for employee budgets and the use of buildings, although these cannot be quantified until the approach has been established.
- 6.3 It is possible that the current grant system could be removed and replaced by contracts to deliver services. This would increase the financial risk for providers as contracts would need to be commissioned and there would be no guarantee of success in securing an equivalent value. Contracts could also be performance or delivery based increasing financial and reputational risk further if the triggers for payment are not met.
- 6.4 Further to the above the West Midlands Combined Authority will not receive any additional funding to govern, lead and manage the Adult Education Budget when it is devolved. It is not clear how the WMCA will fund the infrastructure required to carry out this task. The Adult Education Budget received by the WMCA, based on learner residency, could, therefore be top sliced which would further reduce funding to providers for delivery.
- 6.5 If devolution was not achieved for the 2019-2020 academic year, there are no immediate financial implications for the City of Wolverhampton. Funding has been stable during the past two financial years whilst waiting for devolution to take effect. If devolution were delayed a further year it would be reasonable to expect this stability to continue in the short to medium term. It is considered reasonable that any proposed amendments to funding proposals will be consulted on and therefore this may help mitigate the risks stated above.

[ES/22032018/N]

## **7.0 Legal implications**

- 7.1 The relevant legislation and implications are set out in the body of the report.
- 7.2 Devolution of the Adult Education Budget will mean that the WMCA will have the duty and responsibility to deliver 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, free of charge.

- 7.3 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.

[TC/12032018/B]

## **8.0 Equalities implications**

- 8.1 In compiling this report officers have completed a stage one equality screening exercise. Following this exercise, members are assured there is no reason not to approve the recommendations from an equalities perspective. The funding for Adult Education in Wolverhampton will transfer from Central Government to Local Government and there is no evidence that this transfer will adversely affect the residents of Wolverhampton.

## **9.0 Environmental implications**

- 9.1 There are no environmental implications arising from this report.

## **10.0 Human resources implications**

- 10.1 There are no human resource implications arising from this report.

## **11.0 Corporate landlord implications**

- 11.1 There are no corporate landlord implications arising from this report.

## **12.0 Appendices**

Appendix 1- WMCA Board Report of 9 March 2018 Implementation of Devolution Agreement – Adult Education Budget (AEB) – Transfer of Powers to West Midlands Combined Authority (WMCA)