

**NORTH  
OF TYNE**



**COMBINED  
AUTHORITY**

# Adult Education Budget Strategic Skills Plan

September 2019



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## Section One

# Introduction

This document sets out the long-term Adult Education Budget (AEB) Strategic Skills Plan for the North of Tyne Combined Authority (NTCA). It highlights strengths, opportunities and challenges across the region and sets out key priorities for the devolved AEB to ensure it supports the North of Tyne Combined Authority's Economic Vision.

NTCA's ambition is that AEB will deliver high quality skills provision which leads to positive outcomes for individuals and provides clear progression pathways for our residents to access the local labour market and future economic development opportunities.



## The Devolved Adult Education Budget

The Government has agreed to devolve the AEB to Combined Authorities which can demonstrate their ability to carry out the functions of these devolved powers and are able to satisfy and assure Ministers and Parliament that the Combined Authority will improve functions in their area.

This is a recognition by Government that adult learning will deliver greater impact if priorities for it are determined at a local level. The devolved AEB is worth circa £22m per annum to NTCA. Providers of adult education currently deliver a range of learning in our communities, transforming the lives of learners, with people acquiring knowledge and skills to help them to secure employment and to progress in work and in further learning.

Funding will be transferred to NTCA from August 2020. In taking receipt of the AEB NTCA will become the commissioner of learning. In undertaking this role, we recognise that there is excellent activity currently being delivered by providers and we will want this to continue. Equally, where we believe that different things need to be delivered, we will seek to secure the changes we need without destabilising the North of Tyne post-16 provider base.



# NTCA Area Context

The North of Tyne Combined Authority area begins at the most southerly boundary of Northumberland and continues north to the border with Scotland, and spans from the North Sea on the east coast to the border with Cumbria in the west. It encompasses Newcastle, North Tyneside and Northumberland Local Authority Districts and includes the city of Newcastle, coastal communities spanning from Tynemouth to Amble to Berwick, the market towns of Morpeth, Hexham and Alnwick and many rural communities.

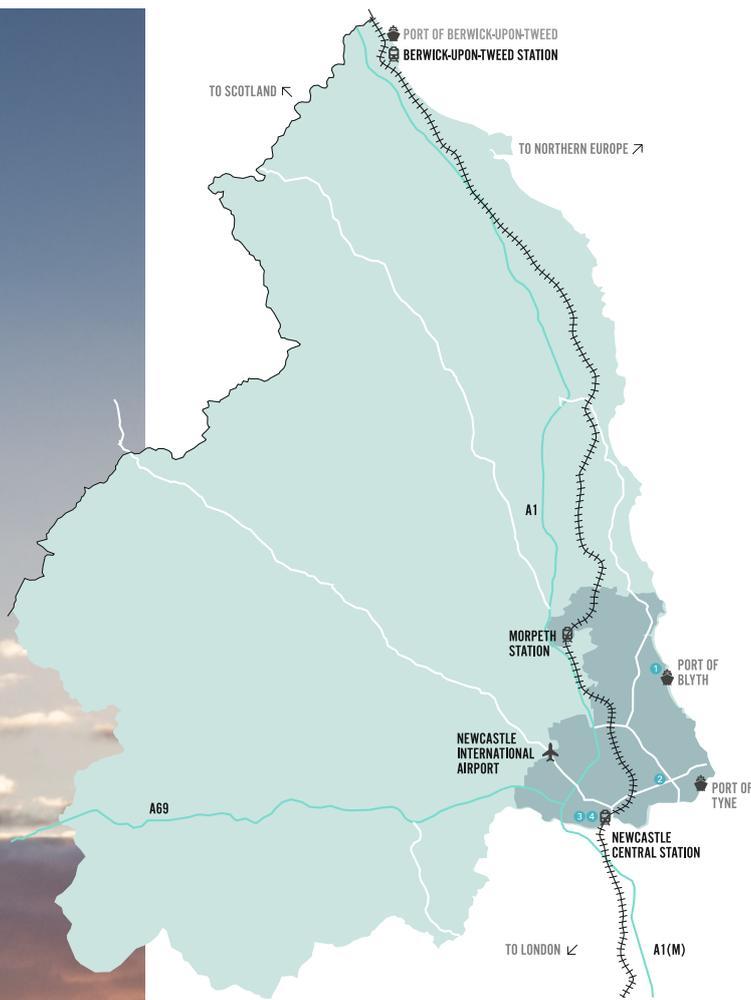
NTCA has a strong identity based upon a common history and a network of distinctive but interconnected communities. Many bear testament to an illustrious industrial and mining heritage. Even with a transition to a predominantly service-based economy, manufacturing continues to play an important role in both employment and defining the ongoing characteristics of communities – particularly along the river Tyne and in South East Northumberland.

The North of Tyne area has great assets in our universities, innovative businesses, international connectivity and rich cultures. It has a strong track record of creating jobs and supporting world-leading businesses. Our unique combination of city, coast and countryside offers a range of great places to live, work and bring up families.

The area has a population of 819,000, with 24,000 businesses, and the total value of goods and services produced in the area stands at £17 billion. 522,700 (63%) of the population in the NTCA area are of working age (16-64)<sup>1</sup>.

<sup>1</sup>Source: ONS Annual Population Survey





- North of Tyne area
- Scottish Border
- 🚢 Ports of Berwick, Blyth and Tyne
- 🚆 East Coast Main line
- 🚉 Railways stations
- A-roads (A69, A19 and A1)
- ✈ Newcastle International Airport
- ① Stellium Data Centre
- ② Offshore Renewable Energy Catapult (ORE)
- ③ National Innovation Centre for Ageing (NICA)
- ④ National Innovation Centre for Data (NICD)
- Industry Innovation Zone (IIZ)
- Rural Scale Up



### North of Tyne Potential:

- one of the fastest-growing local economies and job growth rates in the country
- one of the fastest-growing technology sectors outside of London
- the highest-skilled workforce in the North
- excellent transport links nationally and internationally
- innovation, research and development hubs in two universities and world-leading businesses
- a huge range of natural, historic and cultural assets.

### North of Tyne Challenges:

- consistently higher unemployment than the national average
- lower productivity than the national average
- many residents are in low skilled, low paid jobs without the higher-level skills needed to progress into higher earnings
- a high proportion of residents with no or low qualifications compared to national averages
- an increasing demand for higher level skills and qualifications in priority sectors
- social inequality with pockets of deprivation and a lack of job opportunities in some areas.





## North of Tyne Economic Vision

Our vision is of a dynamic and more inclusive economy, one that brings together people and opportunities to create vibrant communities and high quality of life, narrowing inequalities and ensuring that all residents have a stake in our region's future.

### North of Tyne Combined Authority Pillars of Ambition

Our 'Pillars of Ambition', or priorities, represent the most important groups, issues and goals that we need to invest in and nurture, to achieve a more prosperous and inclusive future. The six pillars and what success will look like for each, are set out in the table opposite.



## **Champion of enterprise**

We're securing investment, fostering trade links and creating the infrastructure needed for sustained growth and prosperity. We're using this to create opportunities and reduce inequalities across our area.

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## **Leaders of tomorrow**

We're supporting a high quality, inclusive education system, which ensures our young people have the skills and qualifications to take up good quality training, apprenticeships and jobs.

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## **Hotbed of talent**

We're giving everyone the opportunity to thrive – to attain a fair wage, and access good jobs with continued training and skills development available once in work. We will work with business and civil society to change working practices, working with employers committed to providing pay and conditions which enable people to take up local jobs and progress.

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## **Spark of innovation**

We're supporting research, business growth and the entrepreneurialism that creates jobs and new opportunities across a range of key sectors. Supporting businesses and entrepreneurs to grow and flourish.

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## **Network of connections**

We're developing a better transport system and investing in an ever faster digital infrastructure to create stronger links across the North and internationally.

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## **Pride of place**

We're creating communities of inspiring places, homes and spaces that support more sustainable, low carbon futures, set within an environment where people want to live, work or visit. We'll also be enhancing our flourishing tourism industry, which attracts visitors from all over the UK and further afield to explore and experience the diverse attractions of this most beautiful of places.



# An Inclusive Economy

NTCA is focused on developing an inclusive and dynamic economy, this means becoming the home of ambition and opportunity for all.

The Combined Authority believes in opportunity for all, removing the barriers which make it difficult for people to take up employment and training opportunities. We want to empower our people with the skills and resources they need to take ownership of their futures and secure good jobs with a fair Living Wage.

We will be the home of ambition, where every resident owns their economic future and all young people to have high aspirations, with support to enable them to make good choices. We will work to increase the earnings, qualifications levels and progression routes accessible to local residents so that every resident has the tools and confidence to access the higher skilled jobs in future.

## What success will look like

We are focused on narrowing the gap both between the area and the national average (outside London) and within the area to reduce inequality; this includes:

- Closing the gap on average earnings: increasing the earnings, qualification levels and progression routes for local residents will be an important issue for an inclusive economy to ensure residents have access to new higher skilled jobs in future;
- Closing the unemployment gap: remove the barriers which make it difficult for people to take up employment and training opportunities;
- Closing the skills and education gap: through good schools and colleges, make sure our young people have the skills, experience and qualifications to take up quality training and jobs;
- Closing the aspiration and ambition gap: so that local people own their own economic future and all young people to have high aspirations and confidence, with support to enable them to make good choices.

NTCA's Inclusive Economy Policy Statement sets out in more detail our ambitions to achieve an inclusive economy.

<https://www.northoftyne-ca.gov.uk/economic-vision>

The devolved AEB provides NTCA with the opportunity to develop new relationships with post-16 skills and training providers, focus on outcomes for learners and ensure AEB provision even at lower levels is better aligned to the needs of employers and growth sectors.

## Section Five

# Growth Sectors

The North of Tyne's main growth sectors include: a fast-growing tech and digital sector; significant clusters and world class research and design in the energy and offshore sectors; a strong pharmaceuticals and life sciences sector; major employment in financial and professional business services; and a growing urban and rural tourism and leisure offer.

These high growth sectors are closely linked to our research centres and infrastructure assets including business parks and ports which will act as catalysts for economic growth. Equally these sectors have skills needs and gaps which need to be understood and responded to in order to ensure that they realise their full growth potential.



**Digital and Technology** - North of Tyne area has strong capabilities in data analytics and open data innovation and is home to the world's largest collection of real time data.



**Financial and professional business services** - The North of Tyne area has a strong and diverse financial, professional and business services sector. We are home to leading regional companies in law and finance and specialist consultancies supporting key areas of opportunity like offshore energy.



**Health and life Science** - The North of Tyne area is at the UK and international forefront of innovation in healthy ageing, meeting the expanding requirements of this new industry, and delivering benefit to the health, wealth and wellbeing of our population.



**Energy, offshore and advanced manufacturing** - The North of Tyne area hosts strong research and innovation assets with good skills and business infrastructure. The North of Tyne has potential to be a national exemplar in this area.



**Tourism, leisure and culture** — The North of Tyne area has a unique city, coast and country offer and boasts a number of key assets in the creative sectors.



# Our Inclusive Economy Challenges

## Deprivation

Across the NTCA area, 12% of Lower Super Output Areas (LSOAs) are within the 10% most deprived in England, although this varies significantly by Local Authority District. Within Newcastle, the proportion is much higher at 22%, with the most deprived LSOAs concentrated along the river in Walker, Byker, Benwell, Scotswood and Elswick. There are also pockets of deprivation in the west of the city in East Denton and Cowgate<sup>2</sup>.

In North Tyneside and Northumberland, 7% of LSOAs are within the 10% most deprived in England. The highest levels of deprivation in North Tyneside are concentrated in the Chirton and Riverside wards along the bank of the river between Wallsend and North Shields. In Northumberland the most deprived areas are in the south east of the County in Blyth, Ashington, Cramlington, Bedlington and Newbiggin by the Sea<sup>3</sup>.

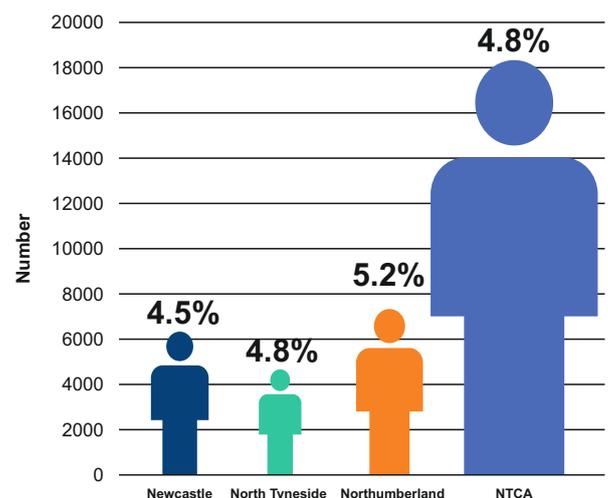
Identifying areas where deprivation is high and understanding the challenges communities in these areas face, will help to influence the type of AEB provision that is required to enable residents to benefit from economic growth.

## Unemployment

The NTCA area has had good employment growth in sectors which require higher level skills, for example digital. However, there remains a high degree of worklessness that suggests not all our residents are benefitting equally from the economic growth we are seeing.

In the 12 months to March 2019, the unemployment rate for the working age population in the North of Tyne area stood at 4.8%, 0.6 percentage points higher than the rate for England which stood at 4.2%<sup>4</sup>. Unemployment rates vary across the North of Tyne's three Local Authority Districts, pointing to place-specific barriers to labour

**Unemployment across North of Tyne Local Authority Districts 12 mths to March 2019**

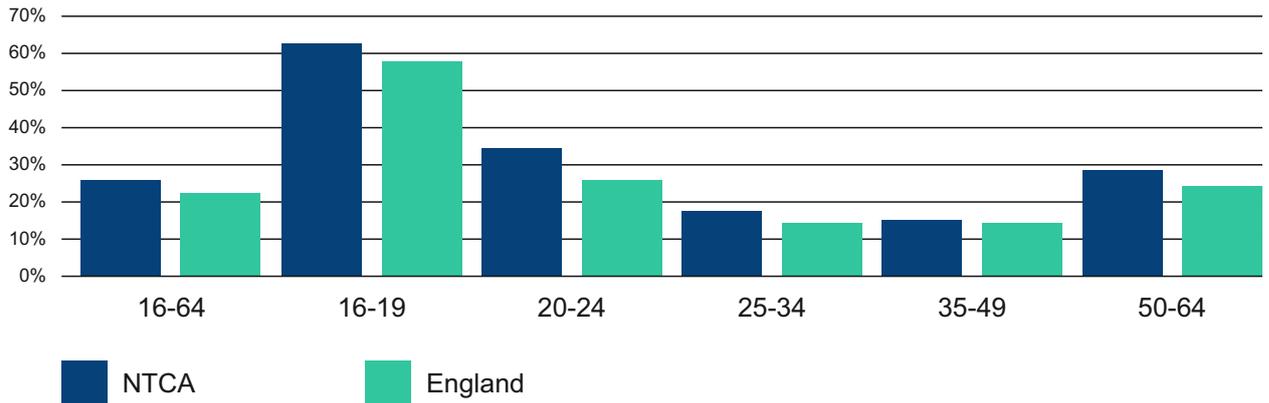


<sup>2</sup>Source: <https://www.gov.uk/government/statistics/english-indices-of-deprivation-2015>  
<sup>3</sup>Source: <https://www.gov.uk/government/statistics/english-indices-of-deprivation-2015>  
<sup>4</sup>Source: ONS Annual Population Survey

## Inactivity

In the 12 months to March 2019, 25.3% of the working age population in the NTCA area were economically inactive compared to 21.1% in England. Inactivity across all age groups is higher than England averages but particular to younger age groups, with 34.5% of the 20-24 age group inactive, compared to the national average of 26.1%<sup>5</sup>.

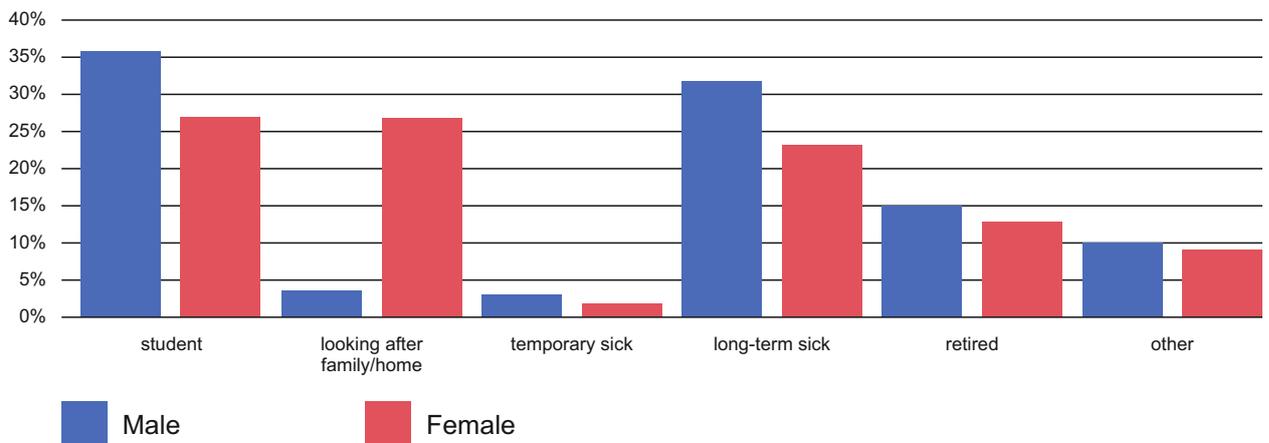
### Economic Inactivity Rate by Age 12 mths to March 2019



Long term sickness is a notable issue for inactivity in the NTCA area. 35,100 (27%) of the working age population cite long term sickness as an inactivity reason compared to 22.1% in England.

There are also notable differences between males and females in terms of the reasons given for economic inactivity. 35.4% of males cite being a student as being a reason for inactivity compared to 27% of females. 31.6% of males cite long term illness compared to 23.5% of females<sup>6</sup>.

### Reasons for Economic Inactivity



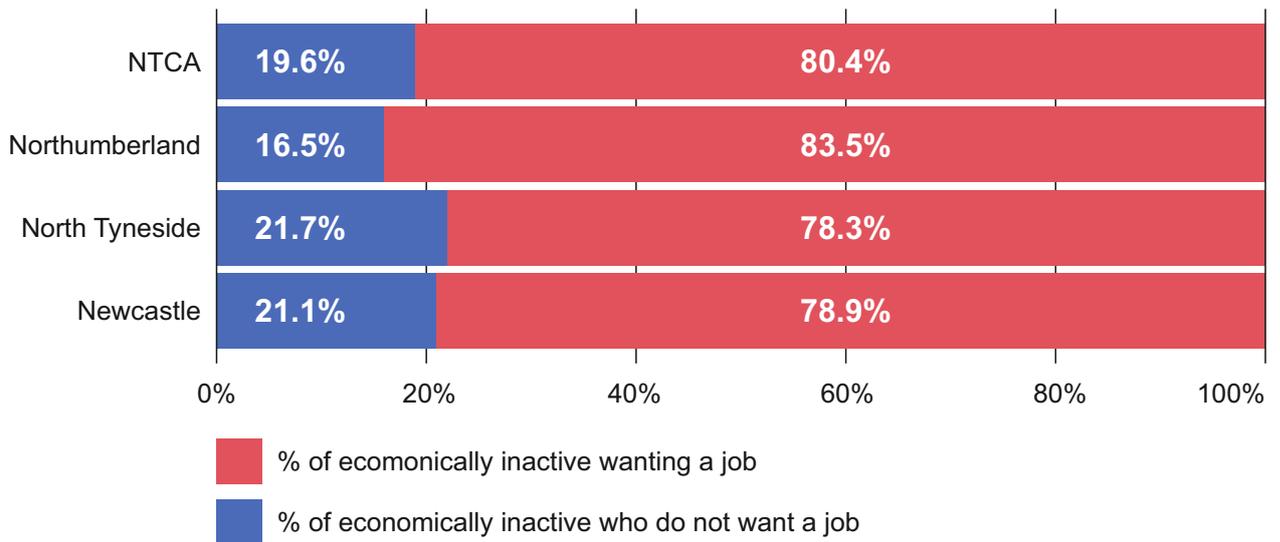
<sup>5</sup>Source: ONS Annual Population Survey

<sup>6</sup>Source: ONS Annual Population Survey



Across the NTCA area there are a proportion (25,500, 19.6%) of those economically inactive who want a job. Numbers vary by Local Authority district from 21% in Newcastle to 16% in Northumberland<sup>7</sup>. Understanding the reasons why these residents are not accessing employment is fundamental in assisting them to overcome the barriers they are facing.

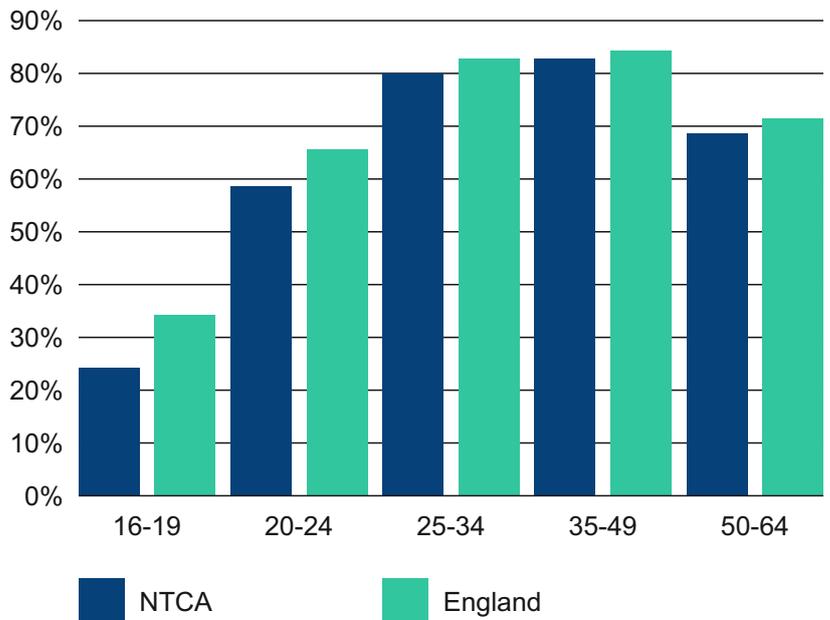
### Economically Inactive wanting a Job



### Low Employment Rates

In the 12 months to March 2019, the employment rate stood at 71.1%, 5.2% points lower than for England, with Newcastle having the lowest employment rate of 67.8%. Employment rates in the North of Tyne area are less than England averages across all age groups with just 60% of the population aged 20-24 in employment compared to the England average of 67%<sup>8</sup>.

### Employment Rate by Age



<sup>7</sup>Source: ONS Annual Population Survey

<sup>8</sup>Source: ONS Annual Population Survey



## Low Pay and In Work Poverty

Earnings are below the national average and real earnings across the NTCA area have declined over the past five years. There are high levels of in-work poverty, with 23% of the workforce earning less than the 'real' living wage. Gross full time median average earnings in the North of Tyne area are £528 per week, which is £46 per week below the England average of £575<sup>9</sup>.

Analysis carried out by the Trades Union Congress (TUC) suggests that almost 10% of workers in the North East are in insecure work (e.g. temporary or zero hours contracts)<sup>10</sup>. This can provide flexibility but can also cause economic hardship as there is no guarantee of the national minimum wage, paid holidays or sick pay.



## Skills Gaps

The National Employer Skills Survey 2017 shows that employers in the North East have a higher percentage of job vacancies that are skill shortage vacancies, 25% compared to 22% nationally<sup>11</sup>. The majority of these vacancies are attributed to higher skilled occupations.

Whilst skills shortages are largely attributed to higher and mid-skilled occupations, a significant number of employers also reported a lack of proficiency within the workforce (skills gaps) in service and labour-intensive occupations. The gaps identified in basic and generic skills included English and Maths which underpin progression in employment.

This highlights the need to develop the skills of our residents who may be employed in low paid, low skilled occupations as well as provide higher level skills to meet skills shortages. Research by the Organisation for Economic Co-operation and Development (OECD) recommends that **adult training should be better targeted at those with low skills, in jobs with a higher risk of automation and whose employment status is less secure.**

Employers also identified the need for management, communication, organisation, and problem-solving skills. Digital skills were highlighted as not only needed in the digital sector itself, but across most other sectors.

<sup>9</sup>Source: ONS (2018). Annual Survey of Hours and Earnings (ASHE) Low and High Pay in the UK.

<sup>10</sup>Source: <https://www.tuc.org.uk/news/1-9-workers-are-insecure-jobs-says-tuc>

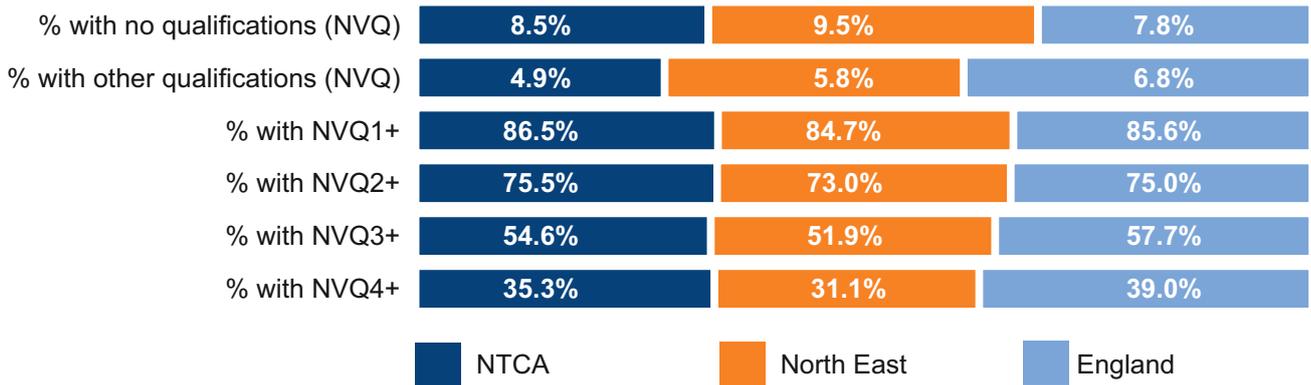
<sup>11</sup>Source: <https://www.gov.uk/government/publications/employer-skills-survey-2017-england-and-local-toolkit>



## Mixed Qualification Levels

The North of Tyne area has a mixed skills base with 180,200 (35.3%) of the working age population qualified to Level 4+ compared to the national average of 39% and 43,700 (8.5%) of the North of Tyne working age population with no qualifications, compared to the England average of 7.8%<sup>12</sup>.

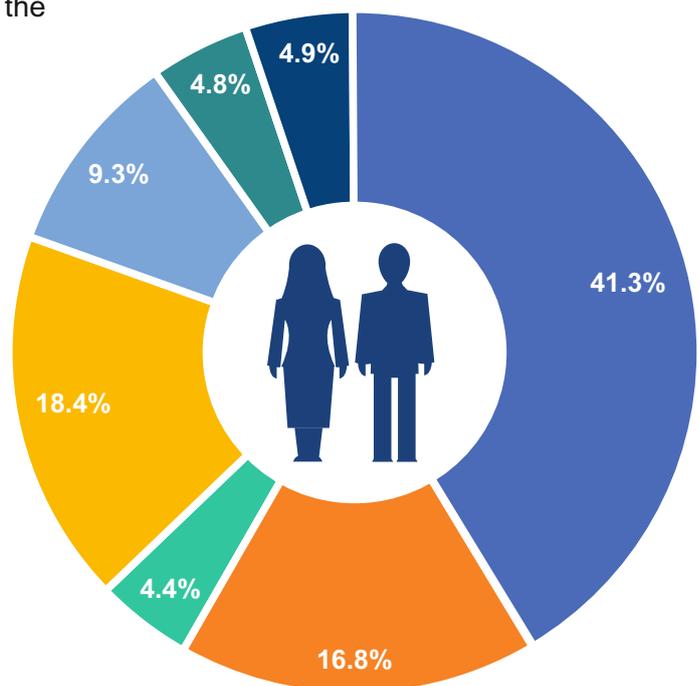
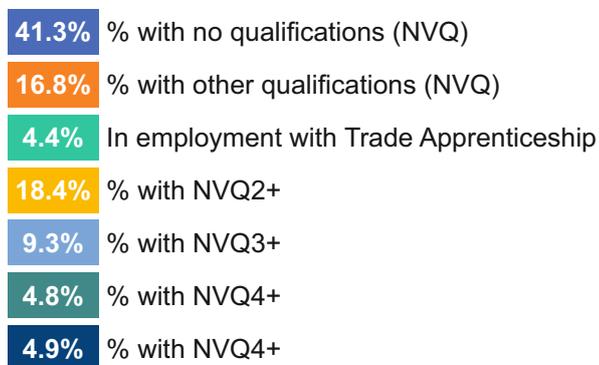
## Unemployment across North of Tyne Local Authority Districts 12 mths to March 2019



There is a clear link between qualification levels and economic participation and success. Of the working age population in employment in the NTCA area in the 12 months to December 2018, 41.3% had an NVQ Level 4 or above qualification. In contrast, 4.9% of the working age population with no qualifications are in employment<sup>13</sup>.

This highlights the need to progress more working age residents to intermediate and higher-level qualifications so that they can access the emerging employment opportunities in the North of Tyne growth sectors.

## Qualification Levels of those in Employment



<sup>12</sup>Source: ONS Annual Population Survey

<sup>13</sup>Source: ONS Annual Population Survey



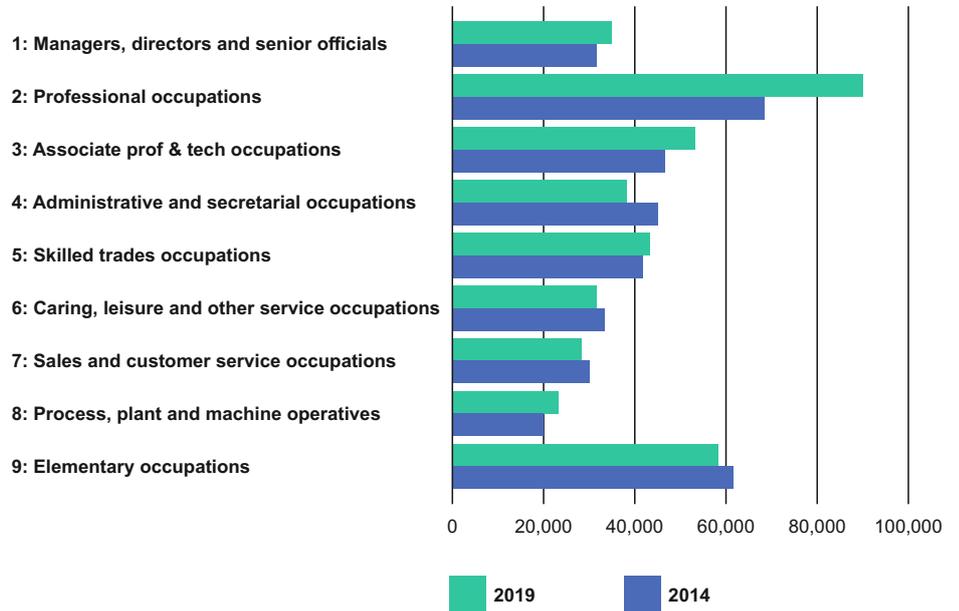
## Skills Demands

The NTCA's economic success will be dependent on more highly skilled people than ever before, who are trained effectively, to grow the economy and raise productivity.

In line with national trends and forecasts, employment in high skilled professional occupations across the North of Tyne area has increased. There is also a strong growth in associate professional and technical occupations<sup>14</sup>.

Although employment in higher skilled occupations across NTCA has grown, the area has significant employment in some mid to low-skilled employment sectors such as health, accommodation and food services and retail.

## AEB Achievement Rates by Level



## NTCA Employment (%) by Sector 2017



<sup>14</sup>Source: ONS Annual Population Survey



Health is the largest employment sector accounting for 62,000 (16.7%) of jobs across the NTCA area. Other major sectors include: accommodation and food services, administrative and support service activities, retail, education & manufacturing.

These jobs are valuable to the local economy and provide important entry points into employment. However, research suggests that some of these sectors are at risk of a net fall in jobs<sup>15</sup>. We must be able to anticipate this change and which jobs are at risk to ensure the provision of up-skilling, re-training and careers advice to support workers with this transition.

The world of work is changing - digitalisation, globalisation and population ageing are having a profound impact on the type and quality of jobs that are available and the skills required to perform them. OECD research confirms that the ***risk of automation is real, nearly half of all jobs will be transformed with technology***, with 14% of jobs completely automated and 32% changing significantly<sup>16</sup>. The extent to which individuals, firms and economies can reap the benefits of these changes will depend critically on the readiness of adult learning systems to help people develop and maintain relevant skills over their working careers<sup>17</sup>.

The Future of Work Study (UKCES)<sup>18</sup> suggests that as people live and work longer, they will require lifelong learning and training. Consideration and emphasis will need to be placed on ensuring the availability of age appropriate work, including training for new tasks, managing job transitions and leadership challenges. Additionally, skills for leading multigenerational workforces and collaboration within multigenerational groups will become an important success factor.

The study also suggests that as high-skilled workers from the baby-boomer generation reach retirement age it is likely to lead to large skill gaps in many occupations, especially in the STEM (science, technology, engineering and mathematics) professions.

NTCA recognise the important role that AEB can play in developing resilience and transferable skills that will be vital to support NTCA residents to successfully move from one job to another as the landscape of jobs which are available changes.

NTCA intend to carry out ongoing research with employers to ascertain skills demands and shortages across the North of Tyne area. Future commissioning will be informed by this research to ensure our residents are equipped with skills needed in the jobs market.

<sup>15</sup>Source: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/303334/er84-the-future-of-work-evidence-report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/303334/er84-the-future-of-work-evidence-report.pdf)

<sup>16</sup>Source: OECD <http://www.oecd.org/employment/future-of-work/>

<sup>17</sup>Source: <http://www.oecd.org/employment/skills-and-work/adult-learning/>

<sup>18</sup>Source: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/303334/er84-the-future-of-work-evidence-report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/303334/er84-the-future-of-work-evidence-report.pdf)



# Allocation and Data

## Analysis of the academic year 2017/18

NTCA's indicative devolved AEB will be approximately £22.7 million. This is based on the 2017/18 data. Government have used academic year 2017/18 as the baseline for all devolved combined authorities as this is the most recent year where a full data set is available and using this as a baseline will provide stability across devolved and non-devolved participation budgets.

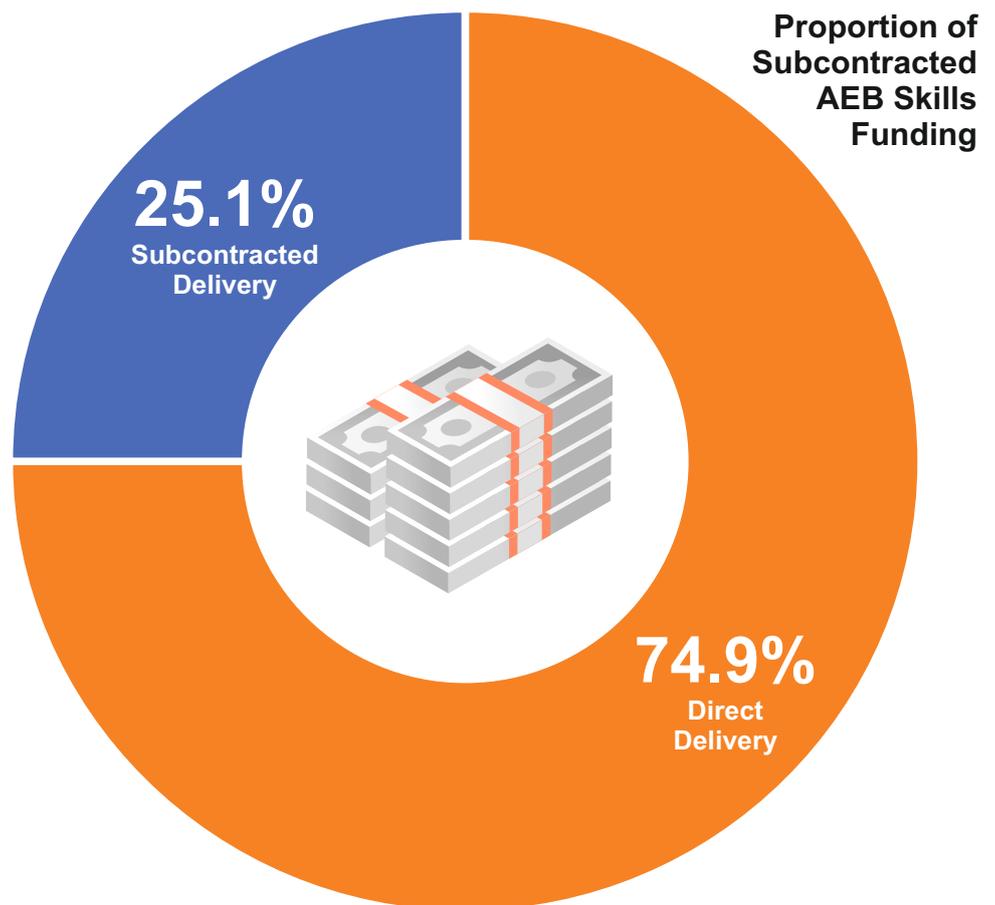
For planning purposes, combined authorities will receive the same percentage share of the 2017/18 AEB allocation year on year, subject to any spending review impact.

In preparing for the implementation of the AEB from August 2020, we have undertaken robust analysis of the most recent 2017/18 full year data including a review of the provider base delivering provision to North of Tyne residents, funding allocations and what skills and qualifications are currently being delivered.

### Funding Allocation 2017/18

In 2017/18 c£22 million was spent on adult education for North of Tyne residents, 77% of the funding allocation delivered AEB 'Skills' provision, 13% of the funding allocation delivered AEB 'Community Learning' type provision.

Almost 75% of AEB Skills Funding was directly delivered by providers with the remaining 25% being subcontracted delivery.

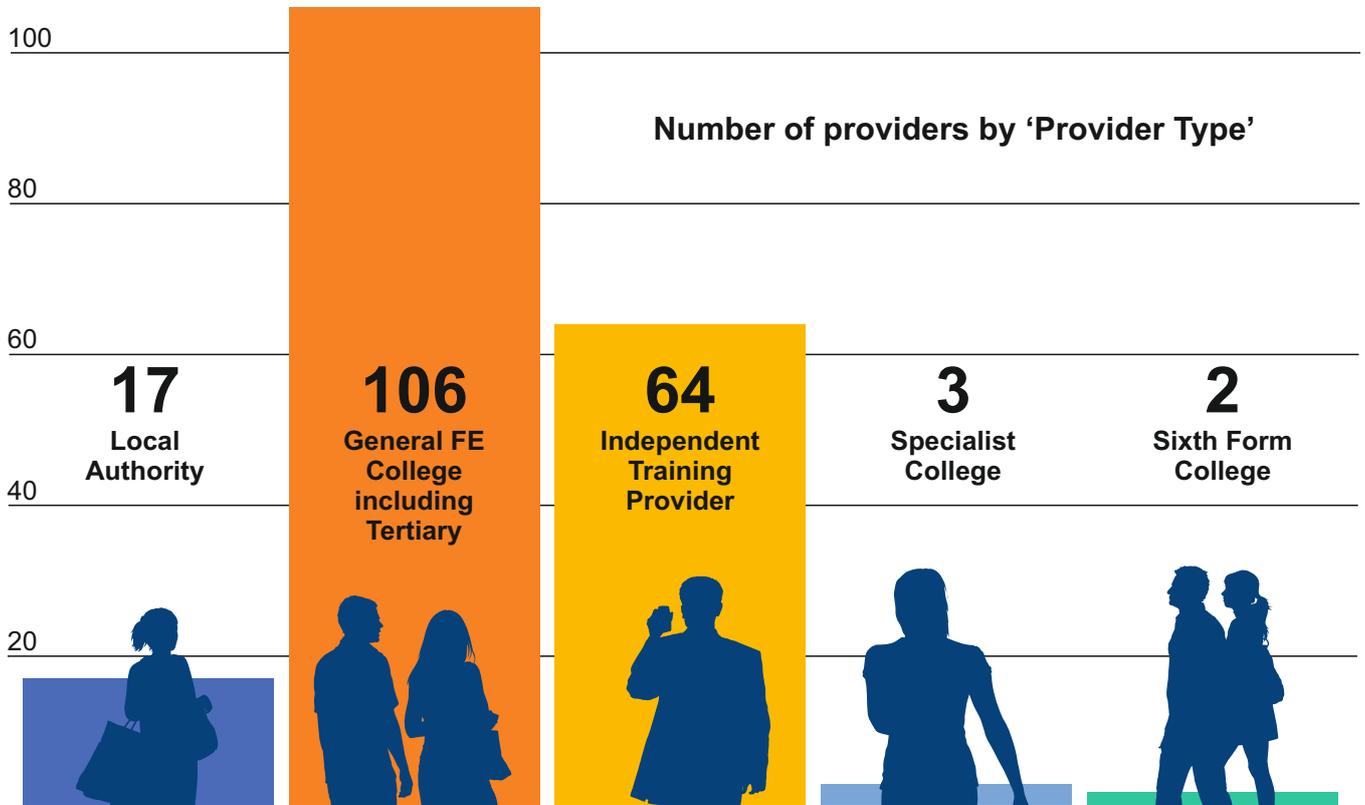


<sup>19</sup>ESFA Localities Data Cube Analysis on the Individual Learner Record for North of Tyne Combined Authority



## Provider Base

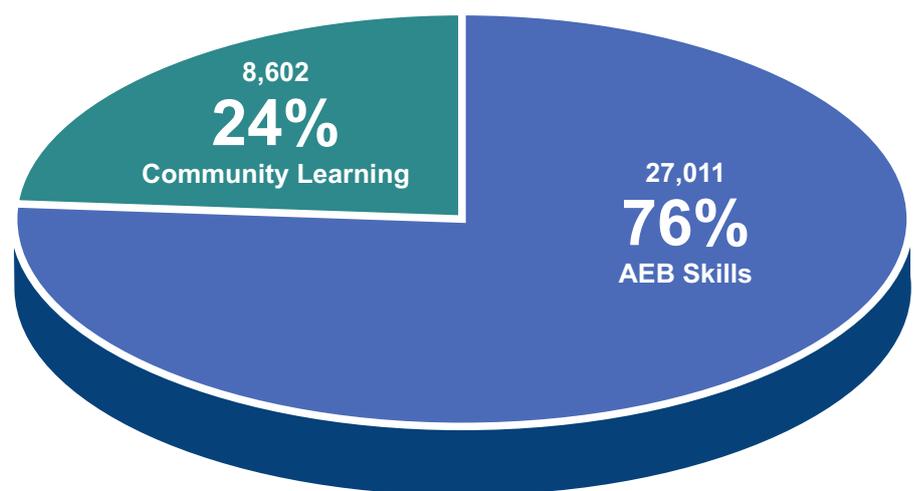
A significant number of providers delivered AEB provision to NTCA area residents. This included a very large number of providers delivering small volumes of provision. These providers were located all across England and the funding allocations varied from less than £100 up to more than £5 million.



## Enrolments

In the academic year 2017/18 there were a total of **35,613** enrolments resident in NTCA with 27,011 (76%) AEB Skills enrolments and 8602 (24%) Community Learning enrolments<sup>20</sup>.

### AEB Skills & Community Learning Enrolments 2017/18



<sup>20</sup>ESFA Localities Data Cube Analysis on the Individual Learner Record for North of Tyne Combined Authority

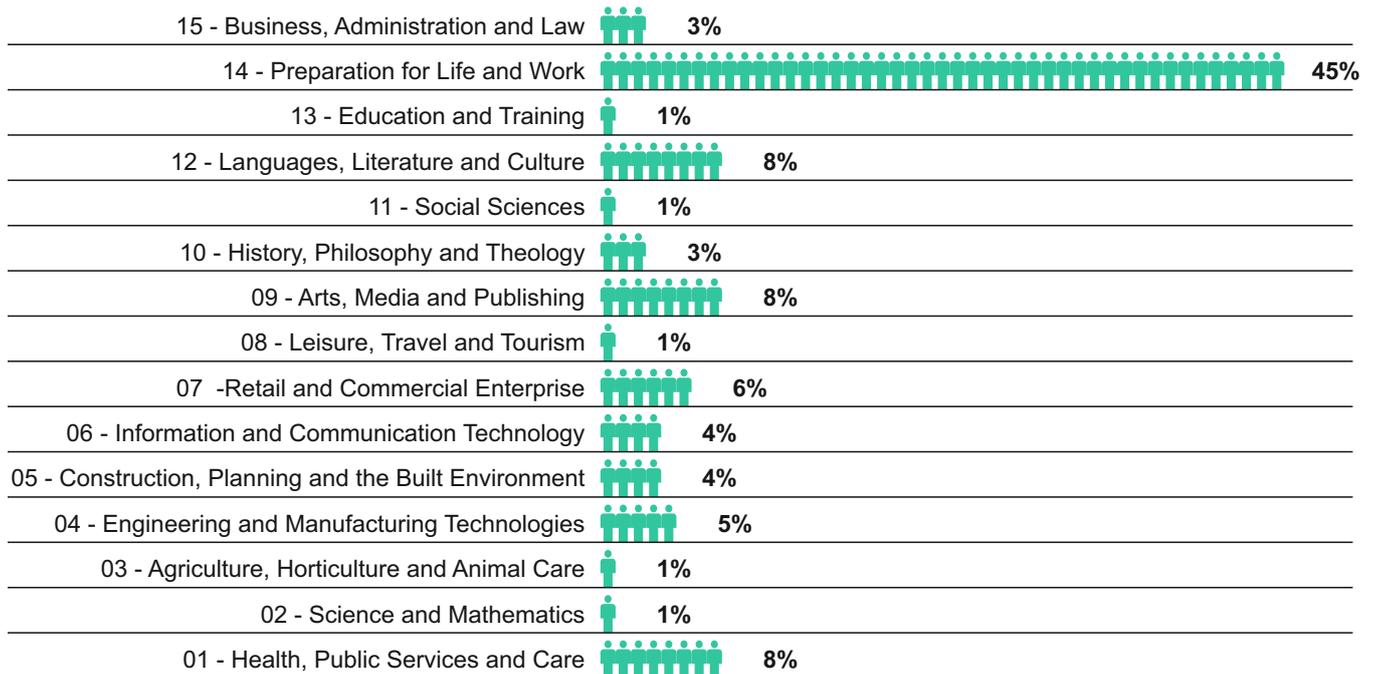


## Enrolment by Subject Sector Area (SSA)

In 2017/18, **45%** of overall enrolments were in SSA 14 'Preparation for Life & Work'<sup>21</sup>. Remaining enrolment was spread across the remaining SSA's with no other significant proportions in individual areas.

With high levels of unemployment in the NTCA area, provision in SSA 14 Preparation for Life & Work enables learners to retrain and develop employability skills.

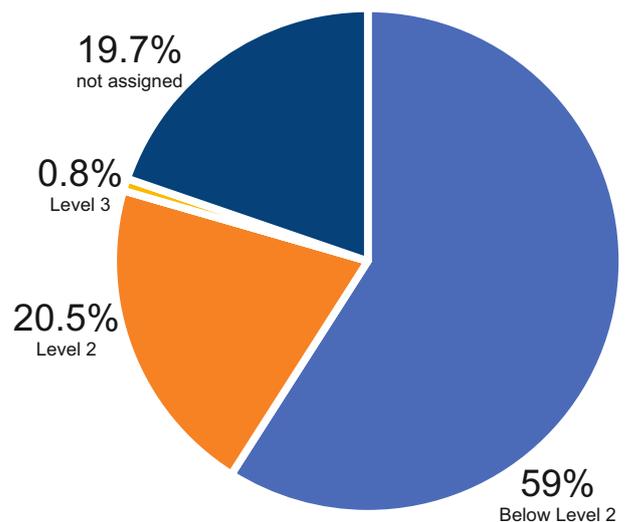
### Proportion of Overall Enrolment by Subject Sector Area



## Enrolment by level of provision

Most of the learning funded through the AEB in the North of Tyne is relatively low level and in non-technical areas. Of the 35,613 enrolments in 2017/18, 59% were below Level 2<sup>22</sup>.

Enrolments in Community Learning have not had a level 'assigned', and NTCA will work with providers to ensure that data captured on Community Learning activity is improved to include the level of learning.



<sup>21</sup>ESFA Localities Data Cube Analysis on the Individual Learner Record for North of Tyne Combined Authority

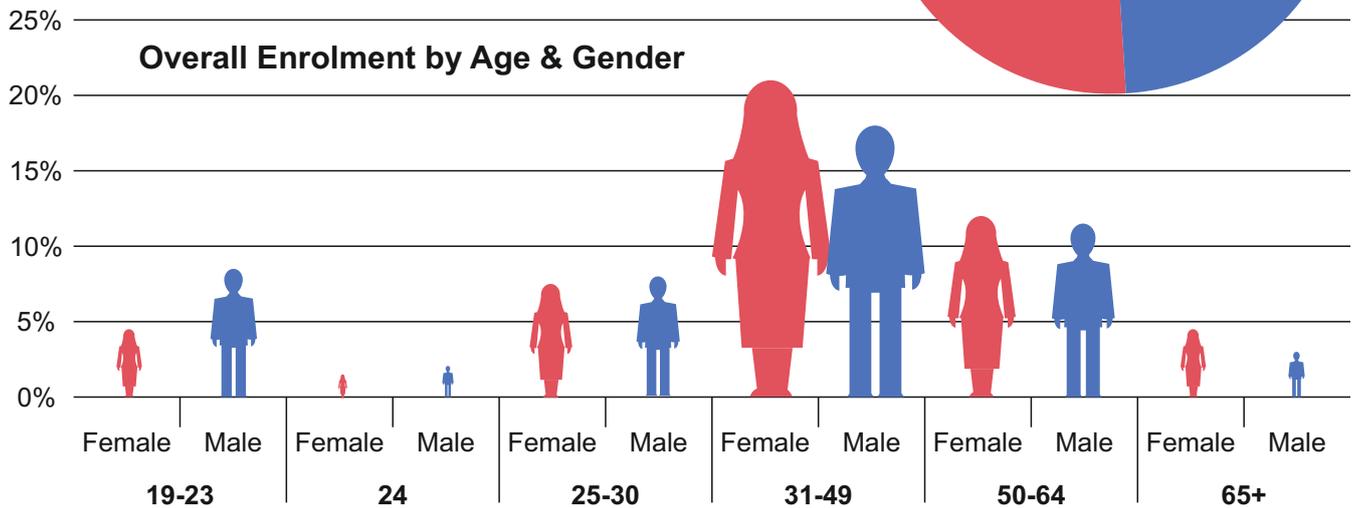
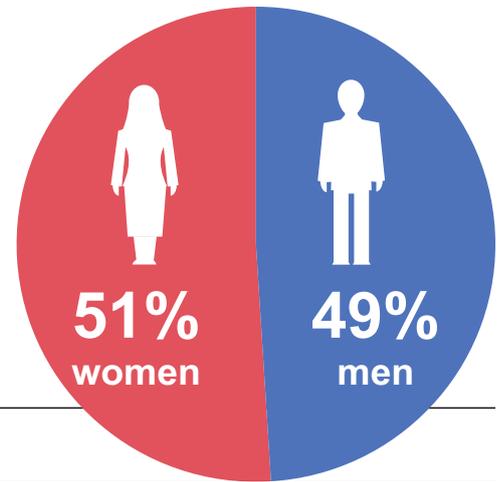
<sup>22</sup>ESFA Localities Data Cube Analysis on the Individual Learner Record for North of Tyne Combined Authority



## Enrolment by Age and Gender

51% (18,021) of enrolments during 2017/18 were female; in terms of age range the largest proportion of enrolments were from learners aged between 31 and 49.

Only 16% of NTCA residents aged between 19 and 24 enrolled onto an AEB funded course<sup>23</sup>.



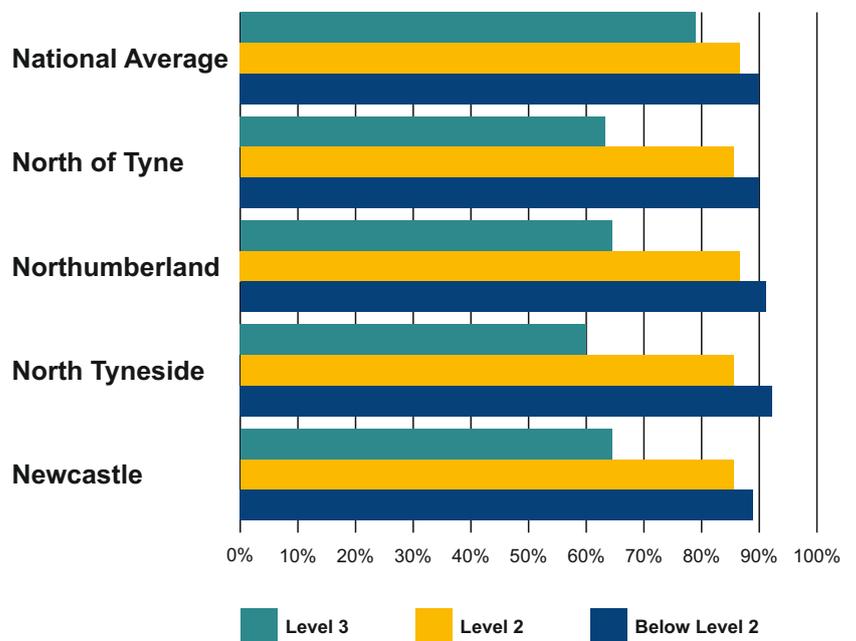
## Outcomes

In 2017/18 the overall AEB achievement rate across the North of Tyne Combined Authority Area was 88.9%, just above the National Average of 88.3%.



Analysis of learning by level in 2017/18 reveals that at Level 2 and below achievement rates across the North of Tyne were at or above the National Average. The Level 3 achievement rate across the area was 63.2%, significantly lower than the National Average of 79%<sup>24</sup>.

### AEB Achievement Rates by Level



<sup>23</sup>ESFA Localities Data Cube Analysis on the Individual Learner Record for North of Tyne Combined Authority

<sup>24</sup><https://www.gov.uk/government/statistics/national-achievement-rates-tables-2017-to-2018>



## Section Eight

# Strategic Approach for the Adult Education Budget

In the first year 2020/21, NTCA's strategic approach to the devolved AEB will be informed by analysis of the full academic year data (2017/18), stakeholder and provider engagement, and the broader skills landscape.

## The Purpose of AEB

The principle purpose of the AEB is to engage adults and provide them with the skills needed for entering and sustaining work, an apprenticeship/traineeship, or other further learning.

It provides funding for programmes of learning up to Level 2 (GCSE level equivalent) and some Level 3 qualifications (A level equivalent), dependant on eligibility. It does not fund all Level 3 learning, or programmes at Level 4 and above as these are funded through Advanced Learner Loans or Higher Education (HE) funding.

AEB also encompasses a range of statutory entitlements for learners, including the right to fully funded provision for basic English and maths qualifications and, depending on the resident's age and employment status, an entitlement to a first Level 2 and/or Level 3 qualification.

## Links to other funding streams

In addition to the AEB, there are several other adult funding streams which will continue to be managed by the Education

and Skills Funding Agency (ESFA) on behalf of the Department for Education (DfE).

These include funding for apprenticeships and traineeships, offender learning and HE provision as well as provider allocations for advanced learner loans.

NTCA will work collaboratively with national strategic partners and local stakeholders to align the devolved AEB with other funding streams and activity to ensure it complements, rather than duplicates, the wider learning experiences and opportunities aimed at supporting our residents to progress in learning and to move towards or into productive and sustained employment.

AEB provision will support key elements of the North East Strategic Economic Plan, the emerging Local Industrial Strategy and play a key role in NTCA's economic growth and reform agenda.

### The devolved Adult Education Budget will enable us to:

- Focus on delivering a step-change to improve basic, generic and transferable skills
- Break new ground in a collaborative strategic partnership working with an absolute focus on 'place'
- Deliver a more responsive, accessible adult skills offer for residents and employers
- Prepare the ground for greater influence and new performance management while maintaining confidence and stability in the sector
- Establish protocols for joint working across all post-16 skills activity, bringing together planning, funding and regulation, regardless of whether funding is devolved or not.



## Devolved AEB Flexibilities

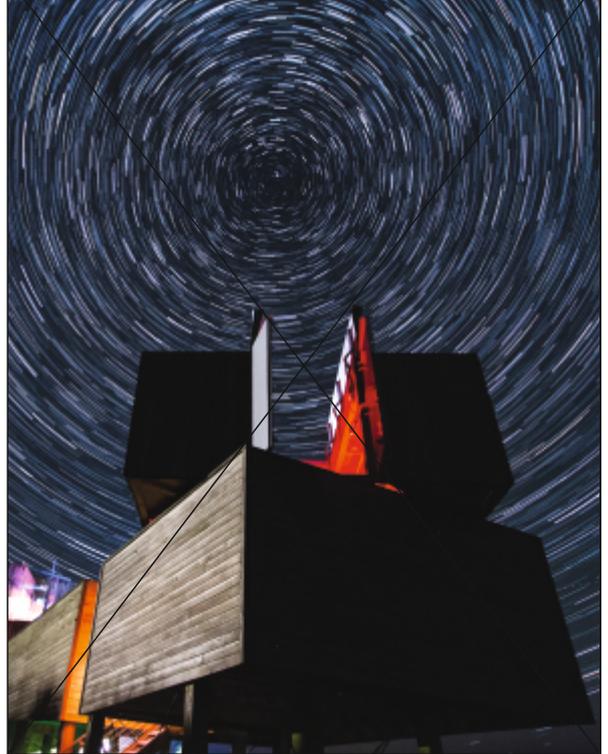
Devolution of AEB provides an opportunity to make commissioning decisions on an area focused and forward-looking basis. It will enable NTCA to offer flexible provision to meet the needs of our residents and businesses and will allow us to respond quickly to changes in the labour market and to support residents who may need additional support to access learning or employment.

Over time, NTCA will make full use of the freedoms and flexibilities afforded by devolution of the AEB in relation to its funding rules, rates and eligibility criteria. NTCA is committed to providing stability to the sector and as such, acknowledge that it will take time working strategically with key partners and stakeholders to build the robust evidence base which would underpin any future changes.

**While building that evidence, and to maintain stability in the system, we will:**

- **Continue to fund statutory legal requirements**

NTCA will align devolved AEB with the current funding eligibilities and rates, in line with national funding policies, and continue to deliver the statutory entitlements in line with national funding arrangements and requirements.



## Statutory entitlements

As part of the Adult Education Budget, the Government funds statutory entitlements. These entitlements allow learners aged:

- 19 to 23 to be fully-funded if they study for a first qualification at level 2 or level 3.
- 19+, who have not previously attained a GCSE grade C or grade 4, or higher in English Language and Mathematics, to be fully-funded if studying GCSE English Language or Mathematics or one of the Stepping Stone qualifications.

In addition, from Academic Year 2020/21, the Government will introduce a new statutory basic digital skills entitlement for adults aged 19+ who lack the essential digital skills to realise the benefits of modern technology. Funding for the entitlement will come from within the devolved Adult Education Budget.



- **Provide full funding for the following eligible learners:**

1. 24+ who are unemployed – if one or more of the following apply: Employment and Support Allowance; Universal Credit; Jobseekers Allowance including those receiving National Insurance Credits Only
2. English for speakers of other languages (ESOL) if unemployed, co-funded if employed
3. Learning aims up to and including Level 2 if the resident is unemployed and has already achieved a First Full Level 2 or above.

#### **Low wage pilot**

NTCA intend to extend the Government's Low Wage Pilot which was introduced in 2018/19 and provides full funding for adults who earn less than the 'real' living wage\*. The aim is to help increase adult education participation and lift social mobility barriers to learning for those who would not otherwise engage due to course fees being unaffordable. It will also support those that are in low paid employment and are wanting to further progress in work and in their chosen career.

The eligibility requirements for learners to receive full funding on the basis of low wage are those:

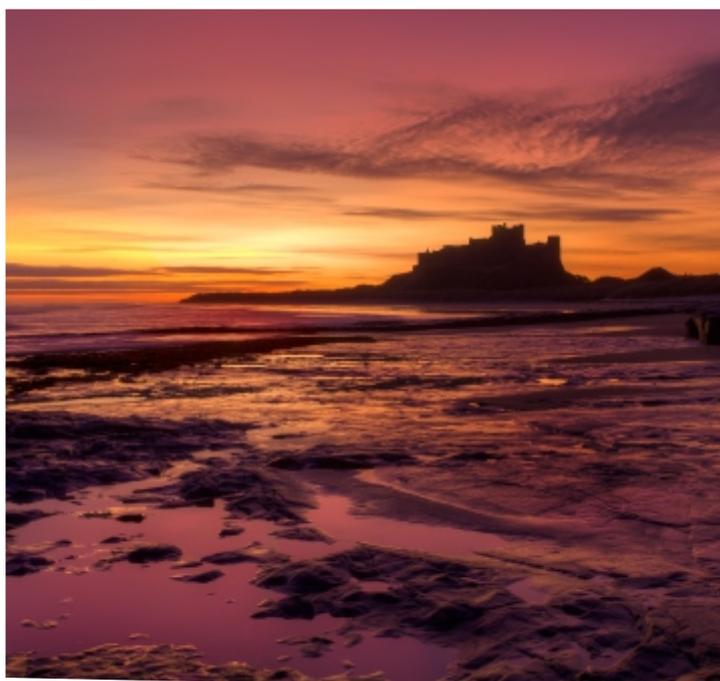
- that are eligible for co-funding and;
- earn less than the 'real' living wage\*.

- **Prioritise those that are facing additional barriers for entering or progressing in work**

NTCA will prioritise residents who might need additional support in order to access the opportunities that are available, who are disadvantaged in some way or who disproportionately face barriers to learning and/or employment.

- **Learners with Special Education Needs and / or Disabilities (SEND)**

NTCA recognises that there are barriers to adult education and training for learners with SEND. For example, this could be the availability and awareness of local provision that meets an individual's needs, appropriate training for staff and risk assessments in mainstream institutions to support learners with SEND, and the cost of and access to public transport. NTCA expects providers to ensure that planned provision is accessible to all residents.



\* The 'Real Living Wage' promoted by the Living Wage Foundation is higher than the Government's national Living Wage (£9 across the UK, compared to £8.21 (2018/19)<sup>25</sup>

<sup>25</sup><https://www.livingwage.org.uk/what-real-living-wage>

- **Test new flexibilities and innovation**  
NTCA will make provision for pilot activity and 'test and learn' projects which could, for example, trial new payment models, rates and eligibility for specified activity, pilot niche provision or delivery models, and scale up existing activity for cohorts of priority learners/employment sectors.

The detail and definitions of any pilot activity and eligibility will be set out in full in NTCA's funding and performance management rules but may include a one-year pilot which will provide full funding to residents aged 19-24 for a 'second chance' Full Level 2 or Full Level 3 qualification. The purpose of this pilot will be to ascertain whether young people aged 19-24 are not taking advantage of the first full L2 & L3 statutory entitlements as they are 'ineligible' due to already achieving a full L2/L3. At the end of year one, NTCA will measure the success of this pilot by looking at any increases in 19-24 participation.

- **Strengthen collaboration**  
NTCA recognise the important role that employers and providers play in terms of strategic planning for AEB and will look to build stronger links across providers and drive collaborative working including developing local supply chains to ensure provision is more responsive to individual and business needs.
- **Community Learning**  
NTCA recognise the value and positive impact community learning can have on residents' health and well-being. NTCA will be reviewing the Community Learning activity AEB supports and will work with

providers to ensure the appropriate balance of investment occurs between economic skills development and social value.

Our expectation is that providers deliver Community Learning activity that has the primary aim of engaging hard to reach learners, providing basic skills and progression to further learning and/or work. Key target groups for this are hidden NEETs (Not in Education, Employment or Training), the long-term unemployed and the economically inactive with significant barriers to work, such as a physical or mental health conditions. This delivery should add value to, rather than duplicate, other services targeting these cohorts.

- **Subcontracting**  
NTCA is committed to growing and diversifying the range of adult learning courses to widen participation, target and support the most vulnerable, engage in new and emerging markets and meet the regional and local economic development agenda.

Subcontracting and collaborative partnerships will have an important role to play in AEB. They allow smaller providers to access funding and to benefit from economies of scale, whilst enabling learners to access provision in locations and via delivery models which best suit their needs.

NTCA will require providers to outline plans for subcontracting arrangements in advance of being awarded funding with a clear rationale demonstrating how it would add value, with approval required for any in-year changes.



## Section Nine

# Strategic Priorities

The strategic priorities for the devolved AEB will focus on two of the Pillars of Ambition embedded in the North of Tyne's Economic Vision: Leaders of Tomorrow and Hotbed of Talent.

The diagram below summarises the aims and objectives underpinning our two strategic priorities and how progress will be measured over the first three years.

	Aims	Objectives	Measures
Leaders of Tomorrow	<p><b>Better Outcomes for Young People</b> Work closely with stakeholders to continually strive for better outcomes, career-focused learning and pathways to employment.</p>	Ensure a curriculum mix is available which reflects the changing nature of the local economy and the skills needs of our area.	<ul style="list-style-type: none"> <li>• NEET rate for 19-24 year olds</li> <li>• Level 2 and Level 3 Attainment 19+</li> <li>• Proportion of Working Age population without Level 2</li> <li>• Proportion of Working Age population with no qualifications</li> </ul>
	<p><b>Skills to Support the Economy</b> Develop a new relationship with post-16 skills offer to meet the needs of the local labour market.</p>	Ensure all residents can access learning to be proficient in English, maths and digital skills.	
Hotbed of Talent	<p><b>Help people into work</b> Work with partners to implement better ways to help people into work – from a fragmented system to a more coordinated approach.</p>	Ensure AEB is focused on learner progression to employment and is aligned to job vacancy led skills programmes.	<ul style="list-style-type: none"> <li>• 19+ Basic English and Maths attainment</li> <li>• Employment rate in growth sectors</li> <li>• Unemployment rate of Working Age population</li> <li>• Economic Inactivity rate of Working Age population</li> <li>• Earnings Data</li> </ul>
	<p><b>Skills Development and Career Progression</b> Work with employers to increase opportunities for continued training and skills development, supporting career progression.</p>	Provide flexible models of learning delivery that supports adults in work to upskill.	



# Principles for commissioning

One of the opportunities afforded by the devolution of AEB is to secure a greater focus on the economic and social outcomes for learners secured by this investment, rather than just the outputs in terms of qualifications delivered. This will underpin the commissioning approach and will secure provision which is increasingly focused on outcomes achieved by learners (securing employment, progressing to higher levels of learning, progressing in employment).

We will work closely with providers to ensure a high-quality adult skills offer is available which focuses on achieving outcomes directly linked to local skills needs, helping residents to improve their quality of life and ensuring that North of Tyne employers can access residents with the skills their businesses need to grow and thrive.

We will develop effective, high trust relationships with providers, delivering positive long-term impact for North of Tyne learners. We will expect providers to develop a place-based curriculum offer and wrap-around support with a clear focus on learner progression.

### The core set of commissioning principles will:

- Support the core readiness conditions contained within the AEB devolution deal
- Take into account the various needs of our residents in different local communities within the NTCA
- Support ongoing engagement with a range of stakeholders, building upon current relationships and developing new relationships
- Put outcomes for learners at the heart of the approach to commissioning
- Map the fullest practical range of providers with a view to understanding their current and potential to delivering our strategic ambitions
- Invest in the capacity of the provider base, particularly those working with hard-to-reach groups
- Ensure contracting processes are transparent and fair, facilitating the involvement of the broadest range of suppliers, including sub-contracting and consortia building, where appropriate
- Enable longer-term contracts and grant allocations as ways of achieving efficiency and effectiveness
- Seek feedback from residents, communities, employers and providers to inform the commissioning process to ensure it continues to meet local needs.

## Funding Arrangements

Funding will be allocated through two routes, and both will be underpinned by delivery plans described in Section 11 of this document.

### **Route One: Plan Led Grant Allocations**

We have established funding agreements with in scope NTCA grant providers which will initially last for one year (AY 2020/21), with the option to extend for a further two years.

Extension to grant agreements for a second and third period of up to 12 months will be subject to funding availability, skills policy and the provider's delivery and performance. In scope NTCA grant providers:

- Are wholly or mainly funded by the public purse
- Are currently grant funded by the ESFA
- Have an established place-based approach which supports NTCA priorities
- Deliver significant volumes of activity within NTCA and support existing travel to learn patterns

Continuing to grant fund these providers will minimise the risk of disruption and ensure continuity of learning of provision for learners and not destabilise the North of Tyne post-16 provider base.

### **Route Two: Contract for services**

Remaining AEB funds will be procured via an open and competitive procurement process from November 2019. The intention is that contracts awarded from this process will initially last for one year (AY 2020/21), with an option to extend for a further two years.

Extension to contracts for a second and third period of up to 12 months will be subject to funding availability, skills policy and the provider's delivery and performance against the contract.

Combining these two approaches will allow us to make an immediate and positive impact on the provision offered to North of Tyne residents while minimising the risk of disruption and ensuring continuity of learning. It will also offer all providers the opportunity to apply for funding where their provision and delivery model is targeted at and will benefit North of Tyne residents.

## Outcomes of NTCA Commissioning

The outcomes of good strategic commissioning will be to:

- provide a sustainable and responsive skills offer aligned to specific, localised skills needs which maximise employment opportunities for NTCA residents
- test and pilot initially small-scale new methods of delivery
- provide a consistent approach to commissioning that focuses on meeting regional economic skills ambitions
- enable commissioning (and where appropriate co-commissioning), contract and performance management to transform (over time) the adult skills offer in the area
- a risk-based performance management approach will be undertaken on both plan led grant allocations and contract for services.



## Section Eleven

# Provider Delivery Plans

NTCA funding allocations will be 'underpinned' by provider delivery plans which will demonstrate alignment to the priorities for the NTCA.

Each plan will:

- be for a rolling three-year period including indicative forecasts (NTCA's devolved AEB budget will only be confirmed by Government on an annual basis)
- set out the key priorities the provider is seeking to achieve and how these relate to the delivery of NTCA AEB Strategic priorities
- for AEB funded activity, set out the baseline position for our priority areas of delivery, quantify the changes that will be achieved and describe how these changes will be delivered
- encompass the totality of the provider's publicly funded activity (Apprenticeship, Student Loan and Higher Education) recognising that, whilst the funding for much of that provision is retained nationally, the strategic planning and delivery of a place-focused adult skills offer must be considered in its entirety
- providers delivery plans will be performance managed in-year and at year end. This process of review will provide a comprehensive evidence base which shows what is working best for residents and will inform future commissioning decisions. Further details will be available in provider contracts and the performance management and funding rules issued by NTCA.



## Delivery Plan alignment to key aims for AEB

The table below illustrates the key aims for AEB and how Provider AEB Delivery Plans may respond.

Leaders of tomorrow	
Aims:	How could providers delivery plans respond:
<b>Better Outcomes for Young People</b>	<p>Demonstrate that providers are well informed about the local employment and skills demand in order to give sound advice and guidance on realistic career paths to learners.</p> <p>Planning to deliver a curriculum that reflects the changing nature of the local economy and the skills needs of our area.</p> <p>Offering Full Level 2/3 qualifications to those aged 19-24 with the primary aim of skills/career development.</p>
<b>Skills to Support the Economy</b>	<p>Delivering learning aims up to Level 2 for adults who wish to improve their English, maths and digital skills, in order to improve employability and life chances.</p> <p>A focus on technical skills and STEM (Science, Technology, Engineering and Maths) subjects.</p> <p>A focus on NTCA growth sector skills requirements.</p> <p>An understanding of the impending impact of automation and supporting residents to be prepared for the jobs of the future.</p>
Hotbed of Talent	
<b>Help people into work</b>	<p>Job vacancy-led skills programmes which target specific age groups which are currently in need of additional support in the North of Tyne area (e.g. 19 -24-year olds and residents aged 50 and over) which enable them to secure employment.</p> <p>Activity that targets residents in areas of high worklessness and those furthest from the labour market.</p>
<b>Skills Development and Career Progression</b>	<p>Programmes with the primary aim of supporting those in work who have low qualifications, low earnings, or work in vulnerable occupations to help them progress into better paid and more secure employment.</p>



# Stakeholder Engagement

We recognise the important role that employers, providers and residents will have in supporting our strategic priorities for AEB. We will work with stakeholders to review, refine and develop priorities for adult learning over the short, medium and long term.

NTCA will initially focus engagement with stakeholders to:

- review and better understand post-16 delivery including how it contributes to the NTCA strategic priorities for AEB
- understand the role and contribution that providers make in their specific communities.

NTCA is committed to working collaboratively with stakeholders to ensure the devolution of the AEB positively impacts our residents and employers and contributes to our economic and inclusive growth.



**NORTH  
OF TYNE**



**COMBINED  
AUTHORITY**

