



**LIVERPOOL  
CITY REGION**  
COMBINED AUTHORITY

**METROMAYOR**  
LIVERPOOL CITY REGION

# **Liverpool City Region Combined Authority**

## **Adult Education Budget Assurance Framework**

**January 2019**

**Version 0.3 (DRAFT)**

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# 1. Introduction

## 1.1 About this document

This assurance framework applies to funds commissioned by the Combined Authority through the devolved Adult Education Budget (AEB). The commissioning of AEB will involve a combination of plan-led grant funding and procured provision in accordance with the Public Contract Regulations 2015 (Light Touch Regime) for a contract for services.

This assurance framework is designed to meet the requirements of the AEB readiness conditions for Combined Authorities set by the Department for Education (DfE). It will provide the Departmental Accounting Officers and Parliament with information about the systems and processes the Liverpool City Region Combined Authority (the “Combined Authority”), as the accountable decision-making authority, has in place to manage effectively the process and risks associated with the allocation of devolved funding.

This document should be read in conjunction with the Liverpool City Region Skills Strategy<sup>1</sup> 2018-2023 (the “Skills Strategy”). The Skills Strategy provides the outcomes, key actions, and measures that underpin the Combined Authority’s approach to investing public funds to meet the skills needs of Liverpool City Region residents and the Combined Authority Constitution (the “Constitution”) published in May 2018, which provides inter alia the governance arrangements in place for the Combined Authority.

This document is divided into four sections:

- Section 1: Describes the context, scope and purpose of the Assurance Framework;
- Section 2: Describes governance structures of the Combined Authority
- Section 3: Sets out the AEB commissioning approach, transparency mechanisms and decision making procedures for funding and ongoing management; and
- Section 4: Outlines the approach to monitoring and evaluation.

## 1.2 Background

Liverpool City Region is one of only a few City Regions to have secured a devolution agreement with government, meaning decision making and resources around a number of key priorities are managed locally. Devolution of the AEB was agreed in the 2015 devolution agreement<sup>2</sup> and the details of the adult education functions in the [Apprenticeships, Skills, Children and Learning Act 2009](#) to be transferred from the

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<sup>1</sup> <http://www.lcrskillsforgrowth.org.uk/our-work/skills-for-growth>

<sup>2</sup> <https://www.gov.uk/government/publications/liverpool-devolution-deal>

Secretary of State for Education to Liverpool City Region Combined Authority set out in the Adult Education Functions Order 2018 [HERE](#).

Through this transfer of functions, the Combined Authority will take on responsibility for the AEB from 1 August 2019 to make sure learners, aged 19 and over, eligible for funding from that budget, who reside in the Liverpool City Region, have appropriate education and training. The Education and Skills Funding Agency (ESFA) will retain responsibility for funding residents outside of devolved areas.

The principle purpose of the AEB is “to engage adults and provide them with the skills and learning needed for work, an apprenticeship or further learning”. AEB allows adults aged 19 and over to engage in learning which supports wider economic and social priorities. It enables adults to achieve qualifications, as well as tailored programmes of learning that do not need to include a qualification for those furthest from learning or employment. This includes the community learning provided by constituent Councils, provision within Further Education Colleges and via Independent Training Providers.

The AEB also encompasses a range of statutory entitlements for learners, including an entitlement to fully funded provision for basic English and maths qualifications and, for those aged between 19 and 23, a fully funded entitlement to a first full level 2 and 3 qualifications. From 2020, a further national entitlement to basic and essential digital skills will come into operation.

### **1.3 Scope of the Assurance Framework**

The Combined Authority has already established a Strategic Investment Fund through which it administers the single pot allocation of funding from HM Government alongside other local and national funding sources. This is subject to its own assurance framework.

This assurance framework is for the AEB, which consists of:

- £51 million per annum from 1 August 2019;
- A single revenue stream that brings together adult further education (all provision for those aged 19 years and over with the exception of Apprenticeships and Traineeships), community learning and discretionary learner support; and
- A guarantee to fund statutory learner entitlements relating to English, maths and (from August 2020/21) digital skills, as well as a first Level 2 qualification and Level 3 for those aged 19 to 23 years.

### **1.4 Annual Framework Reviews**

The Combined Authority will review this framework annually to examine the potential for improvements in standards, process and delivery practice. Changes may also be necessary to take account of any changes within the Combined Authority.

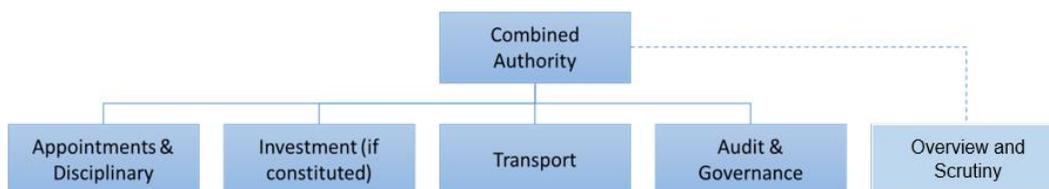
## 2. Governance and Decision Making

### 2.1 Liverpool City Region Combined Authority Governance

#### 2.1.1 Membership and structure

Liverpool city Region Combined Authority is a Mayoral Combined Authority whose membership comprises the Liverpool City Region Metro Mayor (“LCR Mayor”), the five Local Authority leaders of Halton, Knowsley, Sefton, St Helens and Wirral Councils, the elected Mayor of Liverpool City Council and the Chair of the Local Enterprise Partnership. Warrington and West Lancashire Borough Councils are Associate Members and there are two co-opted Members in the Merseyside Police and Crime Commissioner and the Chair of the Transport Committee. The November 2015 Devolution Agreement<sup>3</sup> together with the March 2016 updated agreement<sup>4</sup>, details the Combined Authority’s remit and authority.

The Combined Authority’s governance structure is shown in the diagram below:



Beneath the Board, the Combined Authority governs through a number of Committees, each with their own remit. Each Committee operates to ensure effective management and oversight of delivery against the Combined Authority’s obligations and objectives.

#### 2.1.2 Committees

Further detail on the scope of each committee can be read in Section 3 of the Constitution.

##### ***Overview and Scrutiny Committee***

Exists to achieve greater public accountability over all Combined Authority decisions made and services delivered to the whole Liverpool City Region. The Committee can review and/or scrutinise decisions made by the Combined Authority or the Mayor and make recommendations/reports to the Combined Authority and/or Mayor. Annually it

<sup>3</sup> [https://www.liverpoolcityregion-ca.gov.uk/wp-content/uploads/Liverpool\\_devolution\\_deal-DEVO.pdf](https://www.liverpoolcityregion-ca.gov.uk/wp-content/uploads/Liverpool_devolution_deal-DEVO.pdf)

<sup>4</sup> <https://www.liverpoolcityregion-ca.gov.uk/what-we-do/devolution/>

publishes its work plan, which indicates how it will exercise its powers. It may choose to scrutinise the AEB.

### ***Appointments and Disciplinary Committee***

Makes recommendations to the Board on Combined Authority staffing, remuneration, terms and conditions.

### ***Audit and Governance Committee***

Provides assurance on the adequacy of the risk management framework (including the Annual Governance Statement) promotes and maintains high standards of conduct by Combined Authority Members. The Section 73 Officer is responsible for reporting on the financial management and assurance of the AEB to the Liverpool City Region Combined Authority Audit Committee through the delivery and outturn of the annual internal audit plan and published accounts.

## **2.2 Adult Education Functions**

The Adult Education Functions Order 2018 details the adult education functions in the [Apprenticeships, Skills, Children and Learning Act 2009](#) being transferred from the Secretary of State for Education to the Combined Authority. Through this transfer of functions, the Combined Authority will take on responsibility for the AEB from 1 August 2019 to make sure learners, aged 19 and over, eligible for funding from that budget, who reside in the Liverpool City Region, have appropriate education and training.

These functions are:

- Section 86 (education and training for persons aged 19 or over and others subject to adult detention);
- Section 87 (learning aims for persons aged 19 or over: provision of facilities); and
- Section 88 (learning aims for persons aged 19 or over: payment of tuition fees)

The order also provides for the transfer of the Secretary of State functions under section 90 of the 2009 Act, which relate to the encouragement of education and training for persons aged 19 or over, and section 100(1) of the 2009 Act, which relates to the provision of financial resources. These functions are exercisable by the Combined Authority concurrently with the Secretary of State.

The order contains conditions on the exercise of the transferred functions, namely that in addition to the requirement to have regard to the guidance, that the Combined Authority must adopt rules of eligibility for awards by an institution to which it makes grants, loans or other payments financial resources under section 100 of the 2009 Act in accordance with any direction given by the Secretary of State.

The Combined Authority will also need to continue to secure provision of free study for learners who meet certain conditions for study for specified qualifications provided as a result of Statutory Entitlements.

The following explanatory note accompanied the Adult Education Functions Order 2018 and provides a description of the key components:

*“This Order provides for the conferral of certain adult education functions of the Secretary of State under the Apprenticeships, Skills, Children and Learning Act 2009 (“the 2009 Act”) on the Liverpool City Region Combined Authority (“the Combined Authority”).*

*Article 1 of the Order provides for coming into force on the day after the day the Order is made; and for Part 2 to apply only in relation to the provision of education or training in an academic year beginning on or after 1st August 2019. This enables the Combined Authority to carry out the functions in relation to the 2019/20 academic year from the day the Order comes into force.*

*Article 3 of the Order provides for the transfer to the Combined Authority of adult education functions under section 86 to 88 of the 2009 Act, with the exception of such functions relating to apprenticeships training, persons subject to adult detention or any power to make regulations or orders. The transferred functions will be exercisable by the Combined Authority instead of by the Secretary of State in relation to the area of the Combined Authority.*

*Article 4 also provides for the functions of the Secretary of State under section 90 of the 2009 Act, which relate to the encouragement of education and training for persons aged 19 or over, and under section 100(1) of that Act, which relate to the provision of financial resources, to be exercisable by the Combined Authority in relation to the area. The functions will be exercisable by the Combined Authority concurrently with the Secretary of State.*

*Article 5 sets conditions on the exercise of the functions mentioned in Articles 3 and 4. The Combined Authority must adopt rules of eligibility for awards by an institution to which it makes grants, loans or other payments under section 100 of the 2009 Act in accordance with any direction given by the Secretary of State. In addition, in exercising the transferred functions, the Combined Authority must have regard to guidance issued by the Secretary of State (as amended from time to time or replaced by a subsequent document).*

*Article 6 and the Schedule to the Order apply certain provisions of the 2009 Act with modifications to the Combined Authority for the purpose of the Combined Authority exercising the functions conferred on it by articles 3 and 4”.*



## **2.3 Combined Authority Portfolios**

The Liverpool City Region Mayor has divided the Combined Authority's key priorities and competencies into discrete portfolios and allocated a Combined Authority member to lead each portfolio with support from a deputy portfolio holder and nominated senior officer. The portfolio holder is typically a local authority leader, the deputy portfolio holder is a councillor and the officer is a senior Combined Authority officer. This approach is designed to balance democratic accountability with delivery capacity. The portfolios are:

- Business Growth and Brexit;
- Inclusive Growth, Economic Development, Digital and Innovation;
- Energy and Renewables;
- Culture, Tourism and the Visitor Economy;
- Public Service Reform and Further Devolution;
- Education, Employment, Apprenticeships and Skills;
- Housing and Spatial Planning;
- Policy and Resources, Strategy and Delivery;
- Transport and Air Quality; and
- Criminal Justice.

AEB activity forms a base component of the 'Education, Employment, Apprenticeships and Skills' portfolio.

## **2.4 Accountable Body Role and Financial Management**

The Combined Authority acts as the accountable body for the devolved AEB. Accountable bodies are responsible for the proper administration and financial probity of external funds received. They are legally constituted bodies with a statutory role. The accountable body must ensure the effective use of public money and have responsibility for the proper administration of funding received and its expenditure.

The Order that established the LCRCA in 2014 states that the functions of the constituent Councils in relation to economic development and regeneration are exercisable in reliance on the general power of competence as set out in Section 1 of the Localism Act 2011. It is under this general power that the Combined Authority discharges its functions as an accountable body. The Combined Authority ensures that appropriate governance and accountability arrangements are established and followed to meet the responsibilities of the Combined Authority in respect of its accountable body role for the proper administration and use of external funding.

Merseytravel was appointed as the Executive body of the Authority for the purposes of Part 5 of the Local Transport Act 2008 and Part 6 of the Local Democracy, Economic Development and Construction Act 2009.

As accountable body, the Combined Authority will ensure that the AEB is managed in a manner that is lawful, transparent, evidence-based, consistent and proportionate. It is responsible for overseeing policy, the prioritisation of funding, ensuring value for money, evaluating performance and managing risk. LCRCA will:

- Hold the AEB funds and make payments in accordance with the decisions of the Combined Authority/Mayor;
- Record and maintain the official record of proceedings relating to decisions made on funding priorities; and
- Account for AEB funds in such a way that they will be separately identifiable.

The Combined Authority's S73 Officer, the Director of Corporate Services, is ultimately accountable for the AEB's financial management including budgeting and reporting of performance. The Combined Authority discharges this responsibility with reference to the finance team, the internal audit team and programme management office, which form part of the directorate for corporate services.

The assurance framework and AEB will be managed in accordance with the usual Local Authority checks and balances, including for example those set out in the Local Government Fiscal Framework and the Local Government Accountability System Statement.

## **2.5 Conflicts of Interest and Transparency**

The Liverpool City Region Combined Authority is committed to being open, transparent and accountable and has a publication scheme providing information about the Authority's finances, performance and decision making, which covers:

- What the Liverpool City Region Combined Authority is and what it does;
- Liverpool City Region Combined Authority spending;
- Priorities and performance;
- How the Liverpool City Region Combined Authority makes decisions;
- Liverpool City Region Combined Authority policies and procedures;
- Lists and registers; and
- The services offered by the Liverpool City Region Combined Authority.

Team members, whether in the AEB Team or elsewhere within Liverpool City Region Combined Authority, have a responsibility to report conflicts of interest as defined in the Officers Code of Conduct set out in the Constitution, Part 6, and Section B.

Part 6, Section A details the Members Code of Conduct. Both these codes of conduct require declaration of interest whether personal or financial and they are not limited to the individual employee but to their wider relationships.

## **2.6 Corporate Governance and Code of Conduct**

Through Merseytravel the Combined Authority has the benefit of the following policies:

- Confidential reporting (whistleblowing);
- Complaints (the AEB will also have an additional provider and learner specific complaints policy);
- Gifts and hospitality;
- Code of conduct for Officers and Members;
- Freedom of Information;
- Data Protection; and
- Declaration of interests.

## **3. Accountable and Transparent Decision Making**

This section describes the AEB commissioning process, explains the approach to transparent decision making and offers guidance on the methodology the Combined Authority adopts, and the information it requires, when progressing funding applications.

### **3.1 Liverpool City Region Skills Strategy**

The Liverpool City Region Skills Strategy (2018-2023) vision is that in five years the Liverpool City Region will have:

*“An outstanding and effective skills system that meets the needs of employers, individuals of all ages and communities and drives high aspirations and attainment, to create a truly global and competitive City Region at the heart of the Northern Powerhouse”*

Within our Skills Strategy vision, devolution of the AEB will support Liverpool City Region’s ambitions for its residents and businesses and our emerging Local Industrial Strategy. This includes delivering the positive outcomes necessary to narrow gaps for key cohorts, such as the need for greater engagement of residents with low level skills, those aged over 50, reducing the minority ethnic and disability employment gaps and targeting those who are economically inactive or unemployed in order to meet the skills required by employers.

The Combined Authority is also mindful of the need to maintain learner choice whilst ensuring the provider base remains stable alongside delivering statutory learning entitlements. This needs to be balanced with the successful engagement and achievement of learners across the Liverpool City Region, encouraging progression and delivering successful outcomes.

### 3.2 Commissioning Approach

The Combined Authority will adopt a dual approach to commissioning<sup>5</sup> the devolved AEB. This will involve a combination of grant funding agreements and procured contracts for services. The key considerations for each approach are set out below:

The Combined Authority establishes grant funding agreements with Further Education (FE) Colleges based in Liverpool City Region and Liverpool City Region Local Authorities which currently deliver AEB funded provision, on the grounds that:

- They form part of Liverpool City Region's state-maintained system of public education and its associated asset base and infrastructure which is funded wholly, or mainly, from the public purse and which has Liverpool City Region residents and 'place' as the primary focus of their activity;
- These providers cannot choose not to engage with policy changes, nor can they substantially shift their core business focus or suddenly cease operating; the FE regulatory framework and FE insolvency regime recognise the particular position/status of colleges and provides additional protection for learners which does not apply to learners in other institutions;
- A Memorandum of Understanding between DfE and the Combined Authority will explicitly require the Combined Authority to "*minimise the risk of insolvency of any further education institution in the CA area*"; and
- They will be subject to stronger performance management arrangements than currently set out via the ESFA.

All other providers that wish to deliver Combined Authority funded provision to Liverpool City Region residents from 2019/20 will be required to participate in a competitive tender, in accordance with the Public Contract Regulations 2015 (Light Touch Regime) for a contract for services. Whilst we do not want to limit learner choice, or exclude valuable specialist providers and niche provision from the market, it would be difficult for the Combined Authority to work with the estimated provider base of 220 (based on 2016/17 figures) in its entirety from an efficiency perspective. Managing a high number of contracts of this order would not provide value for money from public funding.

For 2019/20, the Combined Authority has negotiated access and use of the current national funding rates for qualifications and learning aims. The Combined Authority has the ability through devolution to change these funding rates to better meet local priorities. Managed change over time will enable short to medium term continuity of funding and certainty for providers.

This commissioning approach is underpinned by a clear set of delivery principles designed to convey clarity, transparency and quality and provide the basis on which

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<sup>5</sup> For the purposes of the AEB, the term 'commissioning' relates to the processes by which AEB funded provision will be planned, purchased, managed and monitored.

healthy dialogue and challenge can exist between the Combined Authority (as Commissioner) and providers. These are:

- Local skills investment priorities will be aligned to Skills Strategy outcomes;
- The Combined Authority will align, where possible, with national policy on funding eligibilities, rates and entitlements and will seek to improve or enhance these in support of local priorities as appropriate;
- The Combined Authority will encourage new market developments to ensure there is a mixed economy of commissioned services and innovation that strengthens the local provider base and responds to needs and opportunities;
- Other skills funding decisions will be considered alongside the AEB e.g. Skills Capital;
- Subcontracting will be agreed where this adds value to the mix and balance of provision locally and enriches the learning offer; and
- Allocations and details of commissioned provision will be openly published to ensure transparency of process.

With these principles in mind, the Combined Authority wishes to ensure that the AEB market in Liverpool City Region is open to high quality providers of all kinds (including partnerships/alliances of providers and their supply chains). This will allow them to provide the best value and impact for Liverpool City Region residents through alignment with the wider skills and employment system.

### **3.3 Grant Funding Agreement Negotiation and Award**

The Combined Authority will open a negotiated process with indigenous Further Education Colleges and Local Authorities with regards to the scale and balance of provision that will continue to deliver the legal entitlements whilst offering a range of learning opportunities that take account of local priorities and links with other initiatives such as Skills Capital.

These grant funded providers will be asked to submit delivery plans for 2019/20 as part of the allocations process, setting out their curriculum offer, including how this meets the Liverpool City Region's identified skills priorities, delivery models etc.

### **3.4 Procurement and Contracts for Services**

Up to £17m (subject to confirmation of the overall Adult Education Budget for the Liverpool City Region in 2019/20) is available to competitively tender for AEB contracts using the Public Contracts Regulations 2015 'Light Touch Regime' (for education and training services). This approach, operated alongside the negotiated grant funding approach with indigenous Colleges and Local Authorities, minimises risk to continuity of provision for learners in the short term, whilst offering providers an opportunity to apply for funding. It also provides the opportunity to assess provider capability and capacity to deliver the Combined Authority's skills priorities.

### **3.5 Subcontracting**

Subcontracting has an important role to play in the delivery of the AEB. Subcontractors can help widen participation amongst niche groups that would otherwise be hard to reach. Subcontracting also provides an entry point to funding for smaller voluntary and community sector and niche providers, where they may not otherwise be able to meet the minimum contract value.

The fees charged by lead providers to those they subcontract with should be transparent. Fees should be proportionate to the services offered by the lead provider, recognising there may be a sliding scale for varying levels of support for managing the subcontract relationship and associated risks, data processing, access to internal audit support, quality assurance and improvement, classroom observations and accreditation support.

Any subcontracting proposals will be reviewed by the Combined Authority both as part of the negotiated grants discussions and provider responses to the tendered provision. The Combined Authority will also monitor the value for money and quality of such provision as part of our approach to performance management.

All subcontracts must be agreed with the Combined Authority prior to any learning commencing as part of lead provider due diligence arrangements. This will enable the Combined Authority to understand the learning it funds and better ensure the level of funding spent on subcontract support infrastructure is proportionate to costs.

### **3.6 Appraisal Process**

For procured activity, the Combined Authority has adopted a two stage process consisting of a standard Selection Questionnaire (SQ) followed by an Invitation to Tender (ITT) for those providers who successfully pass the SQ stage.

The SQ stage is designed to identify those providers that successfully meet minimum standards. The second stage – the ITT – is by invitation only to those that pass the SQ stage and will delve more rigorously into a number of delivery areas.

All bids received at the ITT stage will be subject to an in depth appraisal, using pre published criteria to ensure the process is open and transparent. Bids will be assessed on quality not price, as the Combined Authority will be adopting the national funding calculation for learning aims detailed on the national Learning Aims Reference Service in the 2019/20 academic year.

Each bid question will be appraised independently twice and moderated, to ensure the process is robust and open to scrutiny. The criteria and weightings applied to each question will be published at bidding stage as required by the Public Contract Regulations 2015.

### **3.7 Financial Due Diligence**

An important part of the contract award process will take account of the financial status of the bidding organisation to ensure that any contract offer is appropriate and deliverable. These are clearly described in the Procurement process in advance of bidding.

The Combined Authority will adopt a financial due diligence process that will take account of the financial status of the organisation to better understand the scale and reliance any devolved AEB funding would provide to providers.

Provision subsequently procured through contracts for services will be paid in arrears based on actual performance, therefore it is recognised that this methodology provides a lower financial risk and this will be balanced with the stability of provision for learners.

Financial monitoring and management of all institutions and providers in receipt of AEB funding will be an on-going process throughout the academic year through provider performance and delivery management.

### **3.8 Risk Management**

The AEB Project Director is the senior officer responsible for the propriety and performance of AEB projects and portfolio. The AEB Project Board is responsible for the review of the AEB risk register. The AEB Commissioning Team will make risk integral to its structuring and presentation of projects, maintaining its own view of risk. Risk mitigation measures will be agreed with providers prior to approval of projects where appropriate. When a project is in delivery, the Combined Authority will require the risk log to be maintained, regularly reviewed and reported on. The internal Programme Management Office (PMO), alongside Internal Audit, will regularly report on risk and performance to the Audit and Governance Committee.

### **3.9 Adult Education Budget Decision Making**

This section describes the formal decision making process for the devolved AEB and the bodies involved, including the role of the City Region's Employment and Skills Board, AEB, AEB Project Board and the Combined Authority. It covers the decision making process for contract for services, negotiations with grant funded providers and any subsequent in-year funding changes affecting Colleges, Local Authorities and Providers.

AEB funding allocations are a Combined Authority key decision based on the criteria that learners could be from more than one ward and/or local authority area for any provider.

#### ***Employment and Skills Board***

The Employment and Skills Board (ESB) is the advisory body for employment and skills in the Liverpool City Region, commissioned by both the Combined Authority and the Local Enterprise Partnership. The role of the ESB is to help to identify the priorities for employment and skills delivery and it undertakes the function of the Skills Advisory Panel (SAP) for the Liverpool City Region. Membership of the ESB is available at the link below.

[ESB Board Members](#)

Key roles of the ESB are to advise on the allocation of funding (e.g. skills capital), and to commission activities (e.g. relevant aspects of the 2014-2020 European Programme). To ensure against any conflicts of interest of members, a transparent Declaration of Interests process is in place. ESB members are required to sign-up to a “Code of Conduct” and absent themselves from discussions on particular issues if a conflict of interest exists. The role of the SAP is to understand current and future skills needs and labour market challenges in their local area. This can help to shape commissioning undertaken by the Combined Authority and is therefore of relevance to the devolved Adult Education Budget.

Full Terms of Reference for the ESB are available on request.

***AEB Project Board***

The AEB Project Board comprises senior and statutory Combined Authority officers. The Board is constituted for its ability to meet regularly, review policy, monitor performance and maintain Combined Authority governance standards. Composition is as follows (including other deputies as required):

<b>Member</b>	<b>Role on Board</b>
Director of Policy and Strategic Commissioning	Full Member
Director of Corporate Services	Full Member
Chief Legal Officer	Full Member
Head of Finance	Full Member
Head of Policy Coordination	Observer
Head of PMO	Observer

The Project Board acts as executive board with responsibility for reviewing: AEB investment policy, commissioning, funding policy and performance management rules, and recommendations of the AEB Commissioning Panel relating to AEB procurement. The Project Board will also receive regular monitoring, evaluation and review reports regarding the delivery of the AEB from 1 August 2019/20.

***Liverpool City Region Combined Authority***

The Combined Authority decides on all AEB (and other funding) priorities. All aspects of Liverpool City Region Combined Authority and its procedures are subject to the core principles of transparency and good governance.

The Authority meets frequently in a public forum. The dates of the Authority and committee meetings are set annually in advance and published on the website – see link below. For each meeting, the Agenda and papers are published in advance on the Liverpool City Region Combined Authority website and historical packs are also available. Openly publishing all the core documents enables the Liverpool City Region Combined Authority to inform the public of key decisions and future strategic issues. The Authority debates key decisions to ensure that matters presented to the public reflect the combined views of the Liverpool City Region Combined Authority members.

The Liverpool City Region Mayor chairs the Combined Authority in which each member has one vote. AEB spending proposals are approved or rejected by simple majority, subject to that majority including the vote of the Liverpool City Region Mayor, unless otherwise set out in legislation, or specifically delegated through the Constitution. Proposals for decisions by the Combined Authority may be put forward by the Liverpool City Region Mayor or any Combined Authority member.

The Liverpool City Region Mayor is required to consult the Combined Authority members on key strategies, and the Combined Authority may reject these proposals if two thirds of the constituent council members agree to do so. The Combined Authority also examines the Mayor's spending plans and is able to amend these plans, again, if two-thirds of the constituent council members agree.

Combined Authority meetings are open to members of the public. Members of the public can ask questions of the Mayor and Leaders in an open forum. Additionally, the public can engage with the Mayor through the Liverpool City Region Combined Authority website: [Liverpool City Region Combined Authority Governance](#).

### **3.10 Allocation Approval Process and Change Control of Allocations in Year**

The AEB funding allocation process for the 2019/20 academic year will involve the following:

- The AEB Commissioning Panel and Grant Funding Panel (see below) will recommend funding allocations to the AEB Project Board;
- The AEB Project Board will action the AEB Commissioning Team to draft a AEB 2019/2020 allocations report for consideration by the Combined Authority;
- Subject to approval of AEB allocations by the Combined Authority, the AEB Team, in conjunction with Procurement/Legal services, will prepare a contract for agreement by the individual providers;
- A scheme of delegation will be sought for the AEB Project Board to increase or decrease provider allocations at performance review points within the academic year;

- The scheme of delegation will allow the AEB Project Board to change individual provider allocations, for decisions under £0.5m during the academic year; and
- For changes above £0.5m, the Project Board will be responsible for recommending a decision which will go to the Combined Authority for final approval and endorsement.

### ***AEB Commissioning Panel***

The Commissioning Panel will scrutinise individual tender responses received through procurement and take account of the project appraisal results and financial due diligence undertaken.

The Commissioning Panel will comprise Combined Authority officers with the appropriate mix of knowledge and technical expertise to assess tender response questions against strategic priorities, commissioning principles and scoring criteria. It will consist of members of the AEB Commissioning Team, including the Project Director, with support from Legal, Procurement and Finance officers as appropriate.

The responsibilities of the Commissioning Panel will be to:

- Consider all funding applications received through procurement using an open, objective, transparent and equitable process;
- Make recommendations on the value of contracts for services taking into account capacity and capability, fit with the Skills Strategy, any previous performance (if appropriate), financial due diligence and formal appraisal results;
- Monitor, evaluate and review the performance of providers in respect of delivery, expenditure, learner aims and achievements and outputs/outcomes; and
- Review growth applications and cases of mitigation for reconciliation at key performance management points within the academic year.

The appraisal process for contracts for services will produce a prioritised list of providers to be recommended for endorsement firstly by the AEB Project Board and then members of the Combined Authority. The AEB Project Board and Combined Authority will receive a formal written report of these recommendations based on individual scores. A minuted resolution will be required to enable AEB funds to be released by the Combined Authority.

### ***Grant Funding Panel***

The Grant Funding Panel will be responsible for negotiating plan-led grant funding agreements with indigenous Colleges and Local Authorities in line with the approach agreed in the Combined Authority paper in October 2018.

The Grant Funding Panel will comprise Combined Authority officers with the appropriate mix of knowledge and technical expertise to lead discussions with strategic bodies to negotiate an appropriate mix and balance of provision to ensure the needs of learners and employers are met.

The responsibilities of the Grant Funding Panel are to:

- Consider all grant funding plans submitted, using an open, objective, transparent and equitable process to ensure the AEB learning availability has sufficient coverage taking into account factors such as geography, subject area and level;
- Make recommendations on the value of contracts taking into account capacity and capability, fit with the Skills Strategy, any previous performance (if appropriate), and links to existing Skills Capital investments;
- Monitor, evaluate and review the performance of providers in respect of delivery, expenditure, learner aims and achievements and outputs/outcomes; and
- Review growth applications and cases of mitigation for reconciliation at key performance management points within the academic year.

The process for negotiating AEB grant funding will result in a funding recommendation for each indigenous College and Local Authority in the Liverpool City Region. This will require endorsement firstly by the AEB Project Board and then the Combined Authority. The AEB Project Board and Combined Authority will receive a formal written report of these recommendations. A minuted resolution will be required to enable AEB funds to be released by the Combined Authority.

### **3.11 Role of the Adult Education Budget Commissioning Team**

The AEB Team is part of the Policy and Strategic Commissioning directorate and is responsible for the AEB's commissioning approach, operation, quality management and strategic relationship management of providers. This includes managing the provider grant funding agreements and contracts for services throughout their annual academic year business cycle, from initial funding allocation through performance management, mid-year assessment, end of academic year reconciliation and academic year closure.

The AEB Team combines experience of publicly funded learning and skills policy development, commissioning, performance management and delivery alongside Local Authority assurance and accountability experience. The team has been recruited not only for its skills in managing learning and skills activity, but also in commissioning high-quality learning.

The team receives support from the following Combined Authority sources:

- Directorate of Policy and Strategic Commissioning, the Combined Authority's prime policy making body, which collaborates on the alignment of AEB with other learning and skills policy;
- Finance, which manages the AEB as a discrete programme and provides performance reporting and management insight on programme;
- Legal, which supports at two levels: 1) transactional, with a lawyer assigned to manage the external contracting documentation and to draft documents internally, depending on availability and complexity; and 2) constitutional, to oversee governance and compliance with and the Constitution; and
- Internal audit, which has a critical role to play in providing independent verification of financial performance and processes.

### **3.12 Performance Management**

From 1 August 2019 the Combined Authority's AEB Commissioning Team will provide regular reports on AEB activity and performance. These reports will highlight quality and financial performance by provider and for the programme, key delivery risks to learners and learning, issues and key milestone achievements and successes.

In compiling these reports, the AEB Team will seek performance information from Colleges, Local Authorities and Providers.

### **3.13 Stakeholder Engagement**

The Combined Authority will use its website to engage with the wider community and will be used a platform for transparent sharing of the AEB commissioning processes and objectives. Details of all AEB procurement calls, decisions and funding allocated will be published online, in line with the Combined Authority's publication scheme and the Local Government Transparency Code.

In addition, a joint MCAs/DfE communications brief is in place to ensure providers are clear about nature of changes, the direction of travel and the need to engage locally. A full communications approach for AEB was developed, this included market engagement of providers, Colleges and constituent Councils prior to the launch of the procurement process and publication of FAQs.

The LEP Sector Boards, Employment and Skills Board and Skills Commission will continue to play a role in influencing skills provision in response to local employer needs and willingness to co-invest in skills.

Providers will conduct learner surveys on further reforms and co-design as well as their perceptions of their learning.

There will be consideration of how Adult Learners Week could provide a platform for a concentrated marketing approach in partnership with Colleges and providers to promote the benefits of the devolved AEB.

## 4 Monitoring and Evaluation

### 4.1 Overview

The Combined Authority's approach to monitoring and managing performance is outlined in the Funding and Performance Management rules document. Following contract award, the responsibility for overseeing the successful implementation and delivery of projects will rest with a team of Relationship Managers who will be supported by additional team members, including programme support and data analysis.

Monitoring and evaluation (M&E) is a critical component of an effective performance management regime. M&E quantifies and assesses the relative impacts and benefits of a scheme or series of policy interventions, including how it was delivered and whether the investment generated the intended benefits and delivered value for money. M&E creates a feedback loop to inform future policy development, priorities and budgets.

### 4.2 Effective Monitoring and Evaluation

The Combined Authority is committed to implementing effective M&E so that it is able to:

- a) **Provide local accountability** to the public by demonstrating how devolved funding is spent and the benefits achieved, and tracking progress against local strategies and action plans (such as the Skills Strategy). As such, M&E will be important to demonstrate the value and effectiveness of local decision-making and to shape future priorities;
- b) **Comply with external scrutiny requirements** i.e. to satisfy conditions of the Devolution Deal. Specifically, M&E will be used to demonstrate local progress and delivery to senior government officials and Ministers who are ultimately accountable to parliament for devolved funds;
- c) **Understand which test and learn Pilots work and are effective**, and justify subsequent changes to funding rules or attract further funding. M&E will provide a useful feedback loop and enable this to be communicated to relevant stakeholders;
- d) **Develop an evidence base** for input into future approaches or adaptations to funding rules. M&E will collect, collate and analyse data which can be utilised for future work or sharing with other Combined Authorities.

The Combined Authority's Devolution Deal specifically includes a commitment between Government and the Combined Authority to work together in developing an approach to monitoring and evaluating the impact of the Deal. The Combined Authority last

reviewed its Devolution Deal Monitoring and Evaluation Plan in September 2018. This sets out the approach of the Combined Authority and its partners in respect of the deal as a whole, covering all of the governance changes, powers and new funding freedoms that arise. This is to understand their effectiveness and impact, and to provide a feedback loop to inform future policy and strategy development.

The DfE has set out Monitoring and Evaluation guidelines for AEB, which include:

- Consideration for the statutory entitlements detailed in the Orders;
- The need to take into account how funding of the AEB will align to Strategic Skills Plans and support the delivery of local economic objectives;
- Arrangements for enabling effective and meaningful engagement of local (and national) partners in proposed use and evaluation of the AEB; and
- Robust monitoring and evaluation plans going forward, to help identify and measure the impact of AEB spending in their area.

Annex 1 details the DfE and the Ministry of Housing, Communities and Local Government's AEB Guidelines for AEB Assurances.

### **4.3 Performance Management**

Whilst the AEB is being devolved in a number of areas, formal relationships will be developed and maintained with key agencies who remain interwoven in the performance of AEB and related provision. These include:

- Department for Education (DfE);
- Education and Skills Funding Agency (ESFA);
- Office for Standards in Education, Children's Services and Skills (Ofsted);
- The Further Education (FE) Commissioner; and
- Other Mayoral Combined Authorities and Greater London Authority who take responsibility for devolved AEB from 1 August 2019.

Liverpool City Region Combined Authority is developing a comprehensive provider relationship management process that will enable the monitoring and review of provider relationships and performance to ensure that the needs of learners in the City Region are being met. Consideration will be given to a number of key factors, such as the achievement of minimum performance levels, the actual provision being delivered, the spend profiles and performance against these of providers. This process will build on the rigour and responsiveness approach the ESFA have developed in the national delivery of AEB.

Due regard will be given to the published national minimum standards that identify achievement rates below acceptable levels.

All providers funded by the AEB, regardless of the size, will be required to have a suite of plans, policies and processes in place to ensure the effective monitoring and management of their provision and any subcontracting arrangements.

All providers will have:

- A maximum financial allocation from which they will earn funding to a set national funding calculation;
- An expected financial profile by proportion of their allocation spend which they will be monitored on at set performance management points in the academic year;
- Identified Equality and Diversity Impact Measures designed to narrow gaps in achievement and progression for their provision; and
- A monthly schedule for returning Individual Learner Records as monitoring and funding claims where appropriate to the ESFA.

Within the Liverpool City Region Combined Authority, a performance management system will be used to collate, record and report on the progress of contract allocation delivery. Where projects do not achieve their expected delivery at performance management points their maximum allocation may be subject to reduction as outlined in the Funding and Performance Management Rules 2019/20.

It is anticipated that devolved AEB will have two funding performance management points as well as one final funding claim (October) required from grant-funded providers. Further information is outlined in the Funding and Performance Management Rules 2019/20.

#### **4.4 Partnership Arrangements and Co-dependencies**

##### **4.4.1 The Education and Skills Funding Agency (ESFA)**

The Combined Authority relationship with the ESFA will be critical for a number of reasons. There is a legal requirement on providers to submit data to the Secretary of State for all provision funded by DfE. Learner data will continue to be gathered from providers in a national Individual Learner Record data system, currently the Individualised Learner Record (ILR) that the ESFA will use to share data to support the Combined Authority in the development and maintenance of the AEB functions devolved. This will also be critical in calculating the contractual payments due to providers through delivery of provision included in the national funding rates, which the Combined Authority has negotiated access to, and use of, to pay providers for achievement of qualifications and learning aims in the first instance.

##### ***Provider Quality and Financial Performance Intervention***

The Combined Authority will hold regular keep in touch meetings with ESFA for intervention purposes. The Combined Authority will formally intervene (potentially

alongside ESFA) when it has evidence of under-performance. This may include escalating cases for assessment by the [Further Education Commissioner](#).

Intervention may result from the following triggers of educational under-performance:

- An overall inadequate (Grade 4) Ofsted judgement (or in the case a separate inadequate Ofsted judgement for the adult provision); and
- Performance below National Minimum Standards set each year with the Department for Education and agreed with LCRCA as part of a wider memorandum of understanding;

### ***Financial Health***

The Combined Authority will adopt a further trigger in identifying financial under-performance: inadequate financial health and/or control, as determined by Combined Authority in accordance with our financial due diligence criteria set out in our standard Selection Questionnaire.

The ESFA will share the financial health grade and key financial indicators with the Combined Authority using their existing arrangements with dashboards to share the information with Combined Authority and to supplement this with sharing of inadequate assessments at the point of assessment. The information will be shared under a revised data sharing agreement on an agreed timetable.

### ***Early Intervention and Prevention Strategy***

The ESFA early intervention and prevention strategy is designed to engage with designated sixth-form colleges and academies that previously held this status and General Further Education Colleges, where their financial plans, performance indicators or other data sources suggests that there is a risk of failure. This includes being in financial difficulty, with a significant risk of not being able to meet obligations.

The ESFA will work with these Colleges to support them to improve and to implement swift mitigating actions that focus on ensuring a return to sound financial resilience and, where required, improvement in quality. The aim is to lower the risk of a College entering, or returning, into the scope of formal intervention measures and to achieve a rapid turnaround at a lower cost to public funds, while maintaining high-quality learning delivery to students, adult learners and employers.

The Combined Authority will be required to work closely with the ESFA to protect AEB learners who may be impacted as a result of any of the above activity. This is a clear opportunity to avoid duplication and maximise the resources available through the ESFA in supporting Combined Authorities through devolution.

### ***Audit and Assurance***

The ESFA will continue to deliver its programme of assurance and share relevant documents and information where this concerns dual providers only. The Combined Authority will be responsible where we contract with an organisation that the ESFA does not contract with for un-devolved AEB.

The detailed audit element of this proposition requires alignment of funding requirements and data returns and therefore covers the arrangement for year one only where an Enhanced Data Service Offer has also been agreed with the ESFA.

Assurance over HE institutions remains the responsibility of the Office for Students (OFS). Where a MCA/GLA contracts with a university or HEI and requires third party assurance then this is required from the OFS.

Assurance over AEB funds spent by local authorities remains the responsibility of the local authorities.

AEB funding and funding audits are component parts of the ESFAs overall assurance framework. The audits deliver assurance on a lagged funding basis with assurance over the academic year August 2019 to July 2020 planned to be performed from April 2020 to October 2020.

Each organisation will provide nominated lead individuals for all audit, assurance, fraud and investigations activity.

These arrangements will form part of the ESFA published audit code of practice.

#### **4.4.2 Role of the FE Commissioner**

In November 2017, DfE published [intervention policy in colleges and expansion of the Further Education Commissioner role](#).

The expanded role for the FE Commissioner will focus on earlier engagement with colleges with significant risks, or that are failing to improve. By engaging with Colleges earlier, the FE Commissioner will be able to support leadership teams and governing bodies with recommendations that will enable improvement to be accelerated. All Colleges assessed as having triggered early intervention and prevention activity are in the cohort of colleges that could be recommended for a FE Commissioner-led diagnostic assessment.

The ESFA and Combined Authority will work with the FE Commissioner to prioritise those colleges that would benefit from diagnostic support.

The outcomes from a FE Commissioner-led diagnostic assessment could include:

- Endorsement of the Colleges approach to minimising risks and issues;

- Requiring further action by the College to strengthen their existing plans; and
- Escalation to formal intervention.

The ESFA and Combined Authority will continue to work with the College following a diagnostic assessment and monitor the effectiveness of the recommendations and actions in bringing about improvement.

#### **4.4.3 Role of Ofsted**

Ofsted is the Office for Standards in Education, Children's Services and Skills who are responsible for inspecting and regulating services that care for children and young people, and services providing education and skills for learners of all ages. They report directly to Parliament and are independent and impartial. Ofsted will continue to have a role in the inspection of providers delivering AEB and arrangements are being finalised that describe the relationship with Combined Authorities with AEB devolution responsibility. They currently:

- Inspect maintained schools and academies, some independent schools, and many other educational institutions and programmes outside of higher education;
- Publish reports of their findings so they can be used to improve the overall quality of education and training;
- Report to policymakers on the effectiveness of these services; and
- Have a strategy for 2017-2022<sup>6</sup>.

#### **4.5 Annual Assurance Framework Review**

The AEB assurance framework will be subject to an annual review to ensure that it remains fit for purpose and up to date. Where significant changes are made, for example as a result of changes to funding availability, adjustments made to the assurance framework will be agreed. The processes and approach underpinning the AEB Commissioning will also be reviewed on an ongoing basis to ensure that they remain proportionate and provide the sufficient assurances regarding quality and the best use public sector resources.

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/648212/Ofsted\\_strategy\\_2017-22.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/648212/Ofsted_strategy_2017-22.pdf)

## **Annex 1 Adult Education Budget DfE Guidelines for Assurances**

### **Introduction**

This document provides guidelines on the information the Department for Education (DfE) would expect Mayoral Combined Authorities (MCAs) to have regard to when taking on responsibility for the Adult Education Budget (AEB) from the start of the 2019/20 academic year, commencing 1 August 2019. These guidelines clarify what assurances should be in place when administering the functions of the AEB, in addition to the Government guidelines on the Single Pot Assurance Framework.

It is for MCAs to determine how best to address the guidelines when developing their local assurance frameworks.

### **Accountable and transparent decision making for the AEB**

In addition to the accountable and transparent decision-making guidance outlined in the Single Pot Assurance Framework, MCAs will need to confirm that investment decisions will be made for **AEB funding** with full consideration to the **statutory entitlements**, which are detailed in the orders that were laid to devolve the functions for administering the AEB to MCAs, which includes:

1. English and maths, up to and including level 2, for individuals aged 19 and over, who have not previously attained a GCSE grade A\* to C or grade 4, or higher; and
2. First full qualification at Level 2 for individuals aged 19-23, and/or first full qualification at level 3 for individuals aged 19 to 23.

MCAs will also need to take into account how funding of the AEB will align to their Strategic Skills Plans and support the delivery of local economic objectives. This should include a description of the arrangements for enabling effective and meaningful engagement of local (and national) partners in proposed use and evaluation of the AEB, including but not limited to FE providers and their representative organisations employers, National Careers Service, DfE/ESFA.

### **Base level monitoring and evaluation recommendations**

Following devolution of the AEB, MCAs will be asked to provide the Government with a report on the delivery of the functions, as part of the wider monitoring and evaluation submissions that MCAs are required to submit as part of devolution agreements. The submission should include, but not be limited to:

#### **1. Their policies**

## 2. Spend

3. **Analysis of their own on delivery in their areas.** This can draw on published data from DfE and use other data where necessary to present this analysis.<sup>7</sup>
4. **Local Impact** - MCAs should consider the impact AEB devolution has had upon skills in their localities, with regard to:
  - Overall participation in AEB funded provision
  - Number of learners exercising their statutory entitlement to full funding for:
    - English and maths up to Level 2
    - First full level 2 (learners aged 19-23)
    - First full level 3 (learners aged 19-23)
  - Completion and achievement rates

In addition to the recommendations above, MCAs may also want to produce further monitoring and evaluation which goes beyond the data sets the DfE publishes annually, such as:

**Learner Satisfaction Survey** - MCAs/GLA could choose to use the learner satisfaction survey which captures learners' experiences of their college or training organisation through a series of questions. The learner satisfaction survey performance indicator score is calculated for each eligible college or training organisation. This enables comparisons to be made against other college or training organisations of the same organisation type and also allows comparisons against any college or training organisations for which a score has been calculated.

MCAs should develop their own robust monitoring and evaluation plans going forward, to help identify and measure the impact of AEB spending in their area. The Government's published Green Book contains useful information for developing these plans and can be found in the link below:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/685903/The\\_Green\\_Book.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685903/The_Green_Book.pdf)

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<sup>7</sup> This analysis could be released into the public by the government departments. For example, presenting AEB devolution impacts to parliament.