

North East Mayoral Combined Authority (NEMCA)

Adult Education Budget

Strategic Implementation Plan



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Section 1: Background

This document sets out the initial key priorities for the North East Mayoral Combined Authority's (NEMCA) devolved Adult Education Budget (AEB). It highlights strengths, opportunities, and challenges across the region. These have been utilised to determine the initial priorities and underpinning objectives for the devolved AEB.

This AEB implementation plan will evolve over the next 12-month period and be developed into a NEMCA Strategic Skills Plan. We will work collaboratively with strategic partners and local stakeholders to align the AEB with other skills investments, funding streams and skills activity. AEB is a significant fund for skills, however it will need to align and add value to other skills funding streams and economic investments such as the UKSPF, Investment Zones and NEMCA's devolved Investment Fund.

NEMCA's Strategic Skills plan will support NEMCA's Investment Plan and key priorities set out in the region's Local Skills and Improvement Plans (LSIPs). It will also align to the North East Transport and Connectivity Plan. We recognise that connectivity (including digital connectivity) plays a crucial role in enabling economic growth by facilitating trade and investment, movement of goods and services and sustaining jobs and training opportunities for our residents.

The devolved AEB

The devolved Adult Education Budget (AEB) for NEMCA is worth circa £64m per annum. Funding will be transferred from the academic year (AY) 2024-25. In taking receipt of the devolved AEB, NEMCA will become the commissioner of adult learning across the whole of the NEMCA region.

AEB is a cornerstone of investment in the skills system and has a significant role in providing skills that are essential to a successful and sustainable economy in the region. A devolved AEB is a significant element towards creating a truly joined up model across employment and training, a vision of which is set out in the NEMCA devolution deal and on-going Trailblazer discussions.

Having control of the devolved AEB will enable NEMCA to proactively match the skills and training on offer to the jobs available now and in the future across the NEMCA region. AEB funding can be utilised to achieve outcomes directly linked to local skills needs, helping residents to improve their quality of life and ensuring that employers can access residents with the skills their businesses need to grow and thrive.

A devolved AEB enables skills providers to be more responsive to changes in the labour market and to specialise their provision to meet the needs of the region's growth sectors, which, coupled with a more joined up approach to employment support provision creates an inclusive and productive economy.

NEMCA's commissioning role with regard to the devolved AEB will enable collaboration with national strategic partners and local stakeholders to align the investment with other funding for skills activity. This will ensure it complements and adds value to wider funding streams for skills which are aimed at supporting residents and employers in the NEMCA region.

Section 2: Key priorities for NEMCA’s devolved AEB

The table below illustrates the key priorities for NEMCA’s devolved AEB. Underpinning these priorities are a set of underpinning objectives.

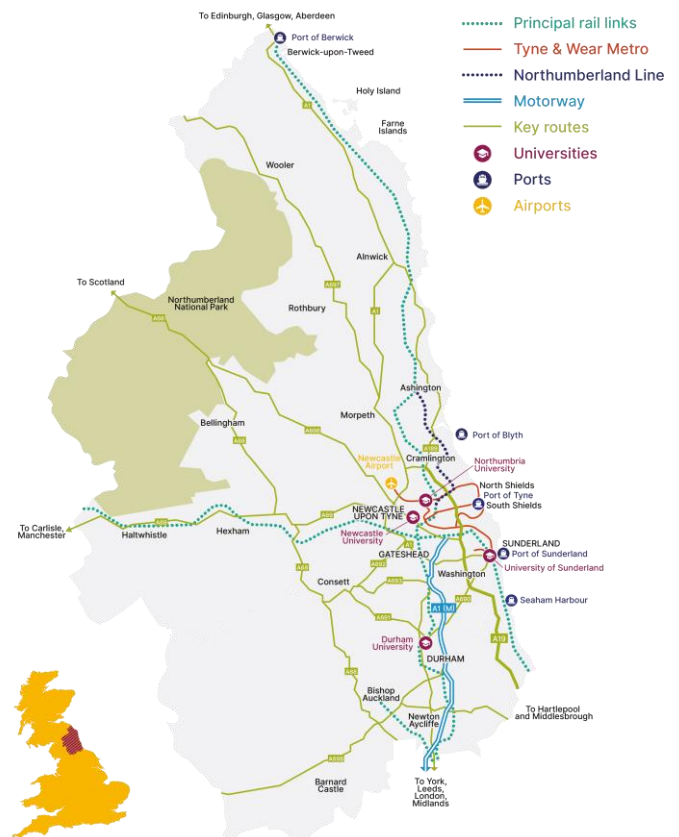
Key Priority	Underpinning objectives
<p>1. Clear progression pathways for a low carbon economy</p>	<ul style="list-style-type: none"> • Establish protocols for joint working across all post-16 skills activity, align planning, funding and regulation, regardless of whether funding is devolved or not • Promote dialogue and collaboration between providers and employers in the development of skills provision to address skills shortages • Invest in high-quality skills provision which leads to positive outcomes for individuals and provides clear progression pathways for our residents • Commission activity that supports NEMCA residents to gain the core and technical skills needed for a changing economy including low carbon economy skills
<p>2. Improved attainment in basic English, maths and digital skills</p>	<ul style="list-style-type: none"> • Extend the reach of learning opportunities to a broader range of underrepresented groups • Support provision to increase life chances, including attainment in basic English, maths and digital skills.
<p>3. Support those with health, confidence and wellbeing barriers to access good jobs</p>	<ul style="list-style-type: none"> • Support adult residents, including those in work, to develop their confidence and skills to progress into sustainable employment, increase their earnings, and promote personal health and wellbeing • Invest in community learning activity that has the primary aim of engaging residents, providing outreach into disadvantaged communities, support to engage our residents, build confidence and improve life chances.

Section 3: Our area

The North East Mayoral Combined Authority will be the second largest Mayoral Combined Authority (MCA) by area and covers a diverse geography.

It encompasses County Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland Local Authority Districts.

The area has three cities, many vibrant towns and extensive rural and coastal communities.

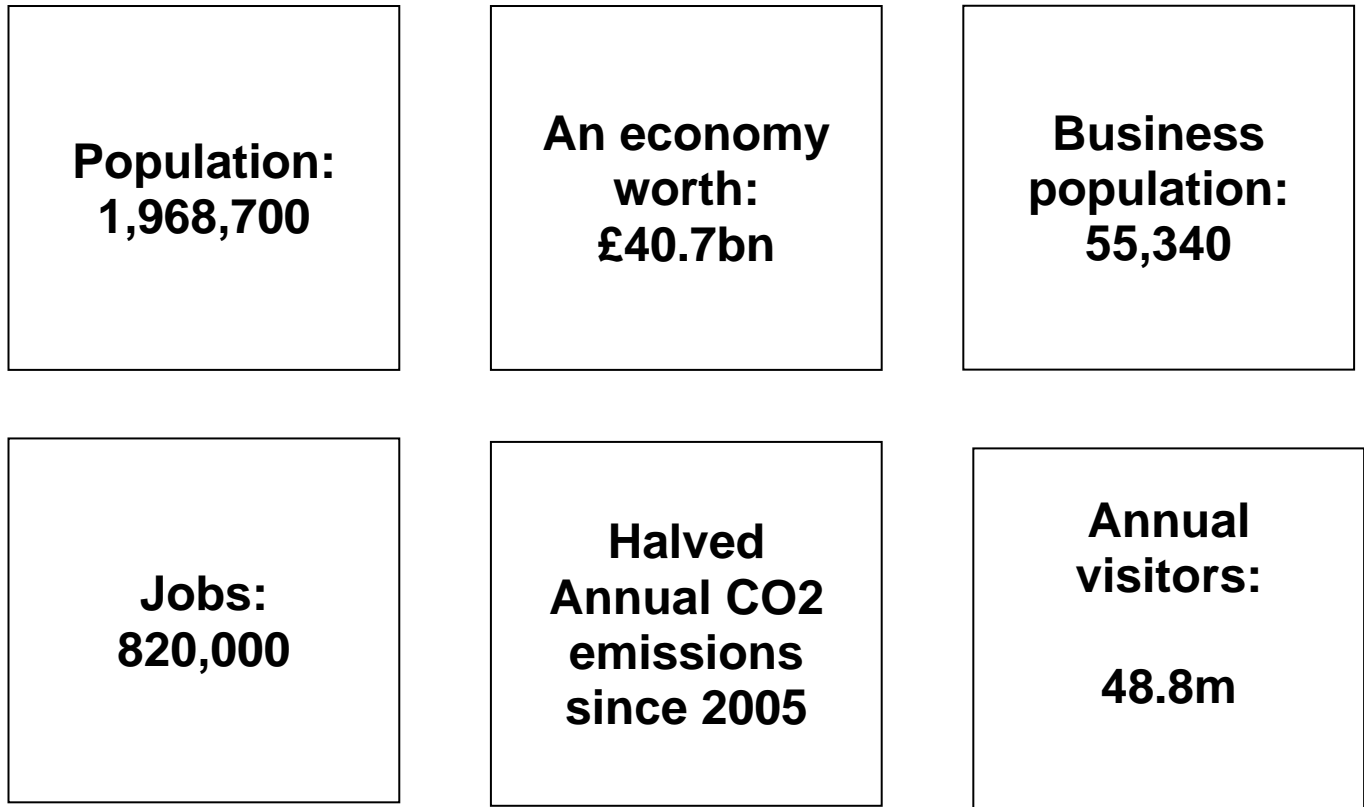


NEMCA has an extensive range of assets including:

- Four universities, with the region a net importer of students, and nine FE colleges
- Strong representation from catapult network – including Offshore Renewable Energy, Digital Catapult NE&TV, NE Satellite Applications Centre of Excellence and a High Value Manufacturing Catapult
- International airport
- Deep-water ports and riverside assets and infrastructure
- Strategic transport connections including the East Coast mainline, rail links to Carlisle and Teesside; trunk roads including A1, A19 and A69; and Tyne and Wear Metro

We have 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.

Our area in numbers:



The NEMCA population has steadily increased since 2000, however population growth has not been consistent across the whole area. It is less than a third of national rate, reflecting lower net domestic and international migration and lower levels of births due to the older population.

The proportion of the NEMCA population which is of working age is smaller than the national average. Although the population is expected to continue to grow, the working age population is set to fall in absolute terms over the next 25 years, with a big increase in the 65+ cohort.

The skills sector is an essential component in unlocking the significant social and economic potential of our ageing and longevity economy. Provision is required to support start-up businesses and entrepreneurs to innovate in order to serve the evolving tastes and consumer preferences of our older generation.

Education and training are required to support our rapidly ageing workforce; people aged 50 and over are working longer than ever before, generating a growing share of earned income. Skills providers can support employers to retain older workers and utilise their extensive experience and talents.

Geography

NEMCA has a slightly larger proportion of residents living in rural areas (21.1%) than England, excluding London (20.9%). In contrast, it also has 58% of its population living within a major conurbation (the Tyneside and Sunderland built up areas). NEMCA has a particularly high percentage of people living in rural towns and fringe areas (14.6% compared to 10.4%).

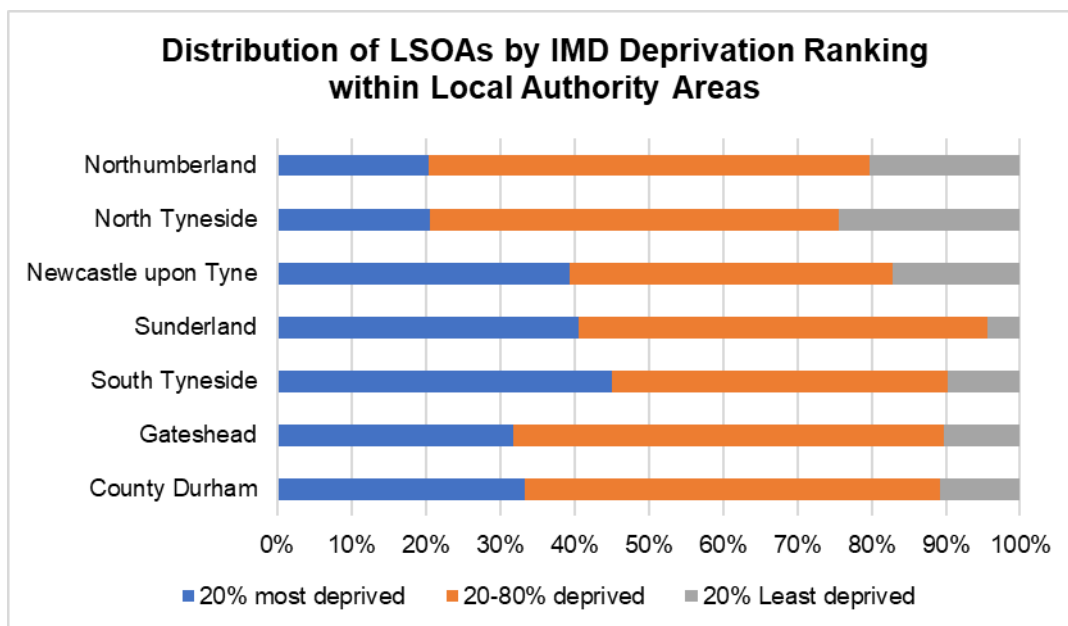
Percentage of 2020 population	NEMCA	England exc. London
Urban major conurbation	58.0%	23.6%
Other urban cities and towns	20.9%	55.4%
Rural town and fringe	14.6%	10.4%
Rural village	3.8%	6.5%
Rural hamlets and isolated dwellings	2.8%	4.0%

Quality of life measures

Increasingly, a range of non-traditional economic indicators are used to provide a broader picture of economic, social and environmental conditions and quality of life

On the ‘Index of Multiple Deprivation’, the NEMCA region scores significantly worse than the national average on employment and health measures. Education & skills and outcomes are also below national average. Crime rates are above national rates, including prevalence of violent crime. In some areas, there is a significant concentration of both deprivation and affluence, exacerbating inequalities and creating more polarised communities.

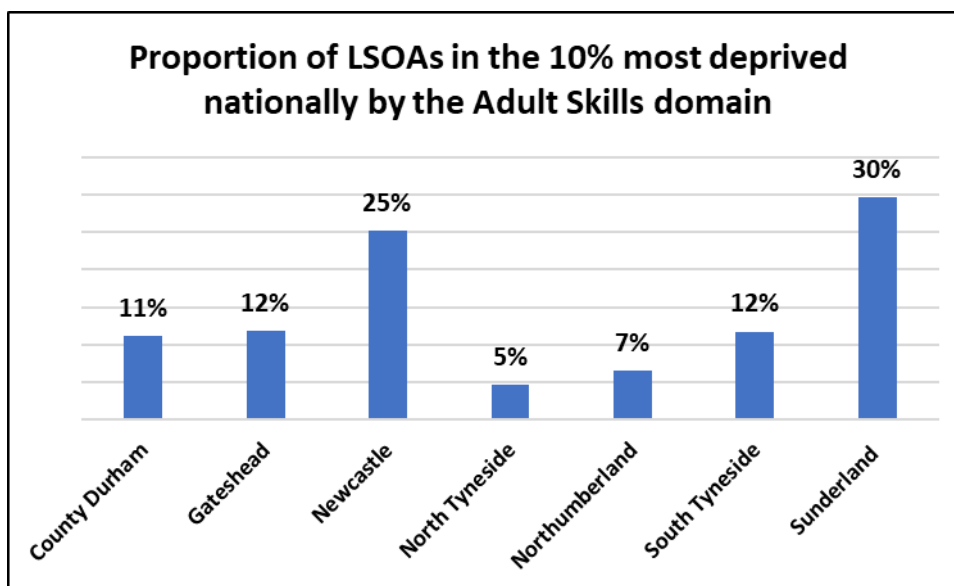
In contrast, the area scores above average for the quality of the living environment and housing. 26% of people report very high life satisfaction in the region, in line with the national average and above London/SE.



Deprivation and adult skills

Adult skills is a sub-domain that makes up the Index of Multiple Deprivation 2019 (IMD 2019). This domain measures the lack of attainment and skills in the local population and the proportion of working-age adults who cannot speak English or cannot speak English well.

181 (15%) of LSOAs across the NEMCA region are amongst the 10% most deprived in England in terms of adult skills. This proportion rises to 30% in Sunderland with 55 LSOAs in the most deprived decile nationally in terms of adult skills deprivation.



Identifying areas where skills deprivation is high and understanding the challenges communities in these areas face will help to influence the type of intervention that is required. It also emphasises the importance of targeted outreach provision.

Section 4: Sectors

A number of significant economic opportunities are identified in the NEMCA devolution deal including:

- A large, advanced manufacturing sector centered around Nissan
- An increasingly important low-carbon economy, including offshore wind technologies, electrification/batteries and onshore wind and geothermal
- A thriving tech sector - including Sage, Atom Bank, consultancy, games etc – and growing opportunities around screen industries
- A major leisure, tourism and culture sector, including the screen industry - with urban and rural assets, two World Heritage Sites, a National Park and the Gateshead Quays development
- A professional services sector which is a large employer
- Internationally recognised healthcare and education assets
- A national hub for public services, including significant HMRC and DWP assets

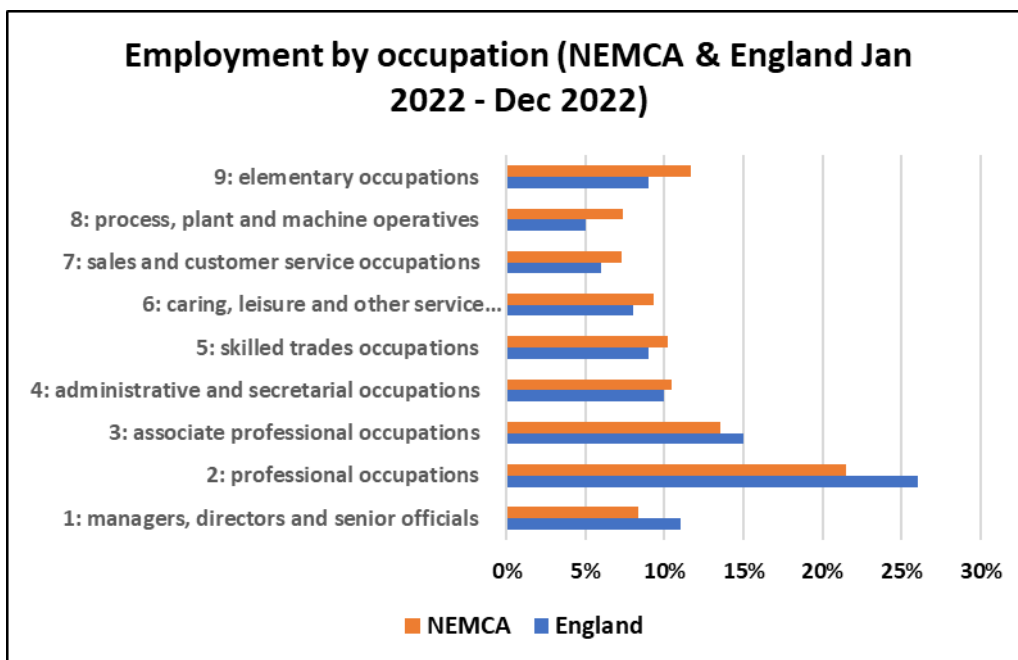


These opportunities are closely linked to our research centres and infrastructure assets including business parks and ports which will act as catalysts for economic growth.

Equally, a supply of skilled people is a foundational requirement for innovation in these areas – we not only need ideas and capital, but also the people. Skilled people with deep technical knowledge, those with management expertise and entrepreneurs are all important ingredients for these areas at every level.

Employment sectors

- The public sector is an important employer, alongside a growing education and health sector
- Retail and hospitality are big employers, providing many 'entry level' job opportunities
- Manufacturing employment in the NEMCA region remains well above the average national levels with jobs despite falling in recent years (although manufacturing output has remained steadier)
- We have seen a rise in 'professional occupations' (which include ICT, financial services, and many creative industries) but this sector still remains much smaller than the national average



It is important to consider sectors in the wider economy which are made up of the services, production, consumption, and social goods that sustain our daily lives. Core activities in the wider economy include transport, childcare and adult care, health, education, and the sectors of hospitality, retail, food processing and distribution.

It is critical that our skills system acts as an enabler of labour market progression for workers in these sectors. Now more than ever, in addition to the specialist skills that are needed for specific occupations, residents require transferable skills in digital, evaluation and problem solving which are required for most jobs¹.

This will provide workers with the flexibility to adapt or specialise in a range of roles, ensure they are prepared for a more 'automated' future, and supported to compete through high skills and innovation rather than low income and undervalued skills.

¹ <https://www.gov.uk/government/publications/employer-skills-survey-2019-england-results>

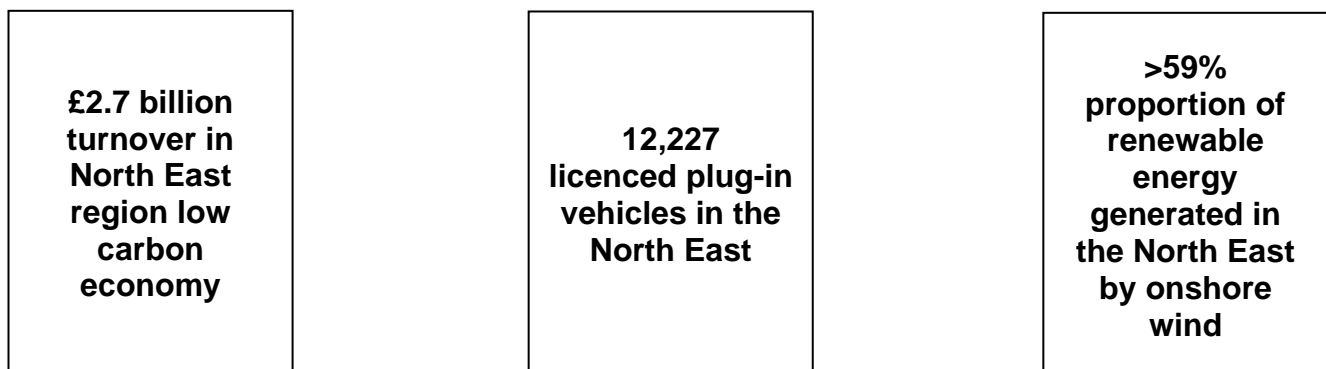
The Low Carbon Sector

The wider North East region currently has around 7,600 individuals employed in the low carbon and renewable energy economy. Businesses in the sector have a high turnover relative to the size of workforce.

The low carbon workforce is expected to grow considerably in response to the drive to Net Zero and global demand. This growth potential is based on distinctive strategic assets in electrification, offshore wind and heat networks. Modelling suggests:

- The direct wind supply chain could reach 3,500 jobs and provide £140m in GVA in the next 10 years [Cambridge Econometrics]
- 3,300 to 13,300 net additional jobs could be created from the heat networks pipeline in the NEMCA economy by 2033 [Steer ED]
- A Government study found that aiming for Net Zero by 2050 could create an extra 27,000 direct jobs in the North East region through key opportunities in Energy, Transport, Buildings and Carbon Capture

There is significant domestic demand to support sector growth. The number of licenced plug-in vehicles in the wider North East has increased 8% per quarter since 2009, while renewable electricity generation in the wider North East has increased at a faster rate than in England, excluding London.



The transition to a low carbon economy requires a workforce with the right skills. This includes not only skills in the low carbon and environmental goods and services sector, but also those needed to help all businesses use natural resources efficiently and sustainably and to be resilient to climate change.

Skills gaps are already recognized as a major bottleneck in a number of these sectors, such as renewable energy, energy and resource efficiency, renovation of buildings, construction, environmental services and manufacturing.

The skills system has a crucial role to play in equipping our workforce with the right skills to build an inclusive and competitive low carbon economy. With the right skills provision and innovation investment, there is an opportunity to reenergise sectors that were already struggling with competitiveness and attracting the right talent, making them more competitive in this challenging economic climate.

A fast-growing tech and digital sector

Across the NEMCA region there is evidence of a strong, diverse and inter-connected digital sector that is leading the way in developing and applying new technologies and data analytics capability.

The extent to which individuals, businesses and our economy can reap the benefits of our fast and growing digital sector changes will depend critically on the readiness of the skills system to help people develop and maintain relevant skills over their working careers.

We recognise the importance of baseline digital skills which are becoming a near-universal requirement for employment. However, our skills system also needs to supply high-level specific digital skills including: Software and Programming; Networking Systems; Data Analysis; Digital Marketing; Digital Design; Customer Relationship Management Software; and Machining and Manufacturing Technology.

Specific high-level digital skills are key to unlocking opportunities for job seekers to qualify for the best paying and fastest growing jobs in the region, as well as to address the shortage of digitally skilled workers in our area.

Digital skills and inclusion

Digital inclusion is about having access to the internet and the skills and confidence to use the internet safely. Investing in our residents' digital skills will help us to face the future.

Covid-19 exposed our digital divide in 2020 and exacerbated digital exclusion rather than inclusion.

For many of our residents who were staying at home to stay safe, technology has become an everlasting necessity for keeping in contact with family, working remotely and accessing vital information. However, the least digitally engaged in our region remain put in a real disadvantage. While workplaces and services have reopened, digital interactions have also been normalised and there is still a greater expectation that people can access work, school and services remotely.

The latest Lloyds Bank Digital Index survey² data for 2022 indicates an estimated 14 million people (27%) still have low digital capabilities. At a crucial time when digital can turn isolation into inclusion, the Lloyds Bank report also suggests that from 2021-2022, 10% over 70s have further downgraded their digital capabilities too, further deepening the digital divide for the oldest in society.

Whilst the wider North East including NEMCA is closing the gap on digital exclusion with other regions and the national average, 40% of residents are considered low or very low digitally capable. Residents in the wider North East are also more likely to be unable to complete any of the basic digital life skills, including using search engines, making online transactions, and completing forms such as voting registration.

While low digital skills are common amongst residents who are unemployed, hold low or no qualifications or are over-65, [the Good Things Foundation](#) estimate that 36% of workers do not have the required digital skills for the modern workplace.

² https://www.lloydsbank.com/assets/media/pdfs/banking_with_us/whats-happening/221103-lloyds-consumer-digital-index-2022-report.pdf

Digital exclusion also exposes the poverty divide. Often, it is the most vulnerable and disadvantaged who are the most likely to be digitally excluded. Research commissioned by the Good Things Foundation suggests that limited digital users are four times more likely to come from low-income households and ten times more likely to be over 65. Regarding online harm, just under three quarters of mixed ethnic and Black internet users faced potential online harm in a month in 2022³.

People with disabilities also face barriers in accessing technology. The Lloyds Bank survey suggests people with disabilities are 25% less likely to have the skills to access devices and get online by themselves. This may be due to the cost of everyday devices and the expensive assistive technology some may have to buy to use them. Only 2% of the world's most popular websites meet the legal minimum requirements for accessibility. Therefore, once equipment is purchased and the digital skills are acquired, our residents with disabilities may still be 'designed out' of using digital products and services.

Covid-19 initially created a window for change and showed how essential digital skills are to us all, especially within a rising cost of living crisis. Our residents and businesses have responded to the crisis with innovation and resilience and got to grips with technology through challenging times.

The devolved AEB will enable us to work with a cross-sector of partners, to reduce the number of our residents lacking digital competencies. There is an opportunity to fire up our economy by investing in a step change in NEMCA's digital capability to secure economic growth and ensure everyone can get back to their best in life and work.

³ <https://www.goodthingsfoundation.org/insights/building-a-digital-nation/>

Section 5: The Economic Context

NEMCA has a large and diverse economy with many strengths. However, it faces challenges linked to a range of issues, including:

- consistently higher economic inactivity 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 and technical skills
- social inequality with pockets of deprivation and a lack of job opportunities in some areas.

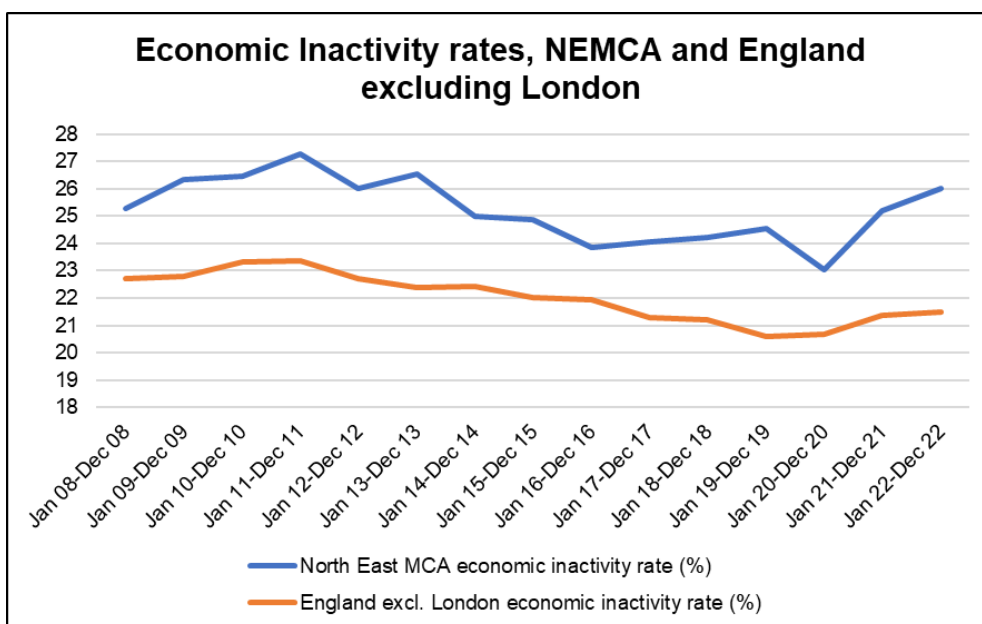
Labour Market Overview

In the 12 months to Dec 2022, the unemployment rate for the working age population in the NEMCA region stood at 4.8%, 1.1 percentage points higher than the rate for England which stood at 3.7%⁴. The unemployment rate has fallen to below pre-pandemic levels and is at the lowest rate since records began 30 years ago, although pockets of high unemployment remain.

Economic Inactivity

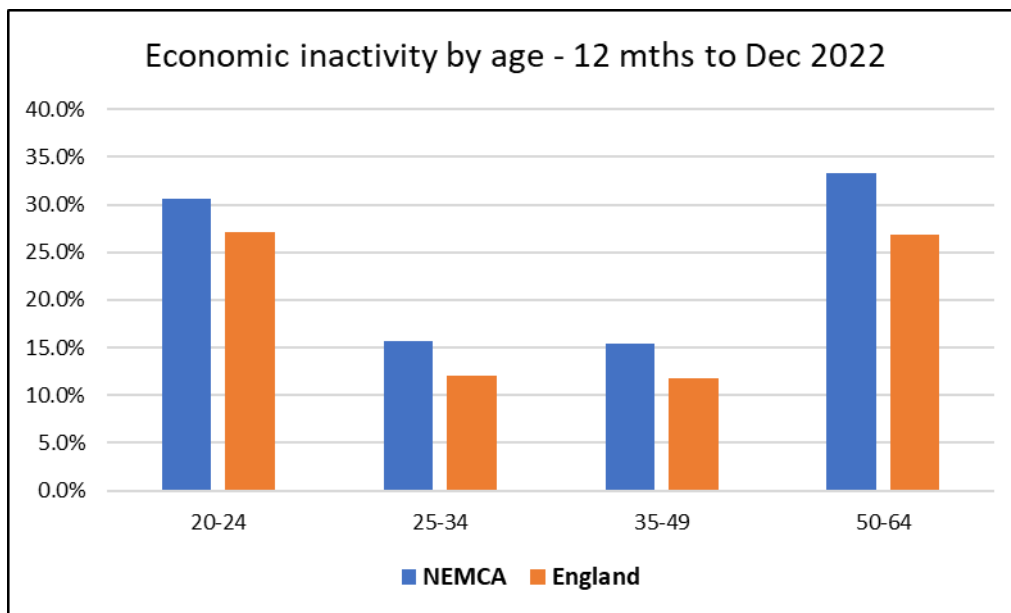
Economic inactivity has increased sharply since the pandemic and the rate is much higher than the national average. The rise in inactivity includes a big increase in the number of people who are unable to work due to poor (mental and physical) health. There has also been an increase in the number of people retiring early.

In the 12 months to Dec 2022, 26.3% of the working age population in the NEMCA region were economically inactive compared to 21.3% in England.

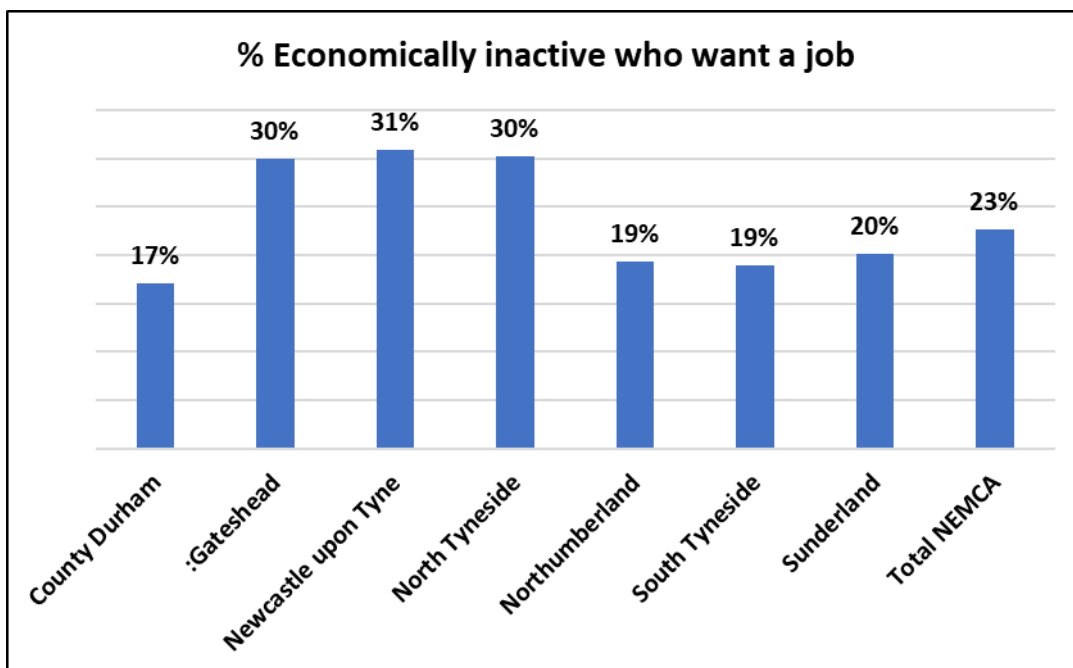


⁴ Source: ONS Annual Population Survey

Economic inactivity across all age groups in the NEMCA region is higher than England averages but particular to the 50-64 age range, with 33.3% of this group inactive, compared to the national average of 26.8%⁵.



Across the NEMCA region there are a proportion (23%) of those economically inactive who want a job. Understanding the reasons why these residents are not accessing employment is fundamental in assisting them to overcome the barriers they are facing.

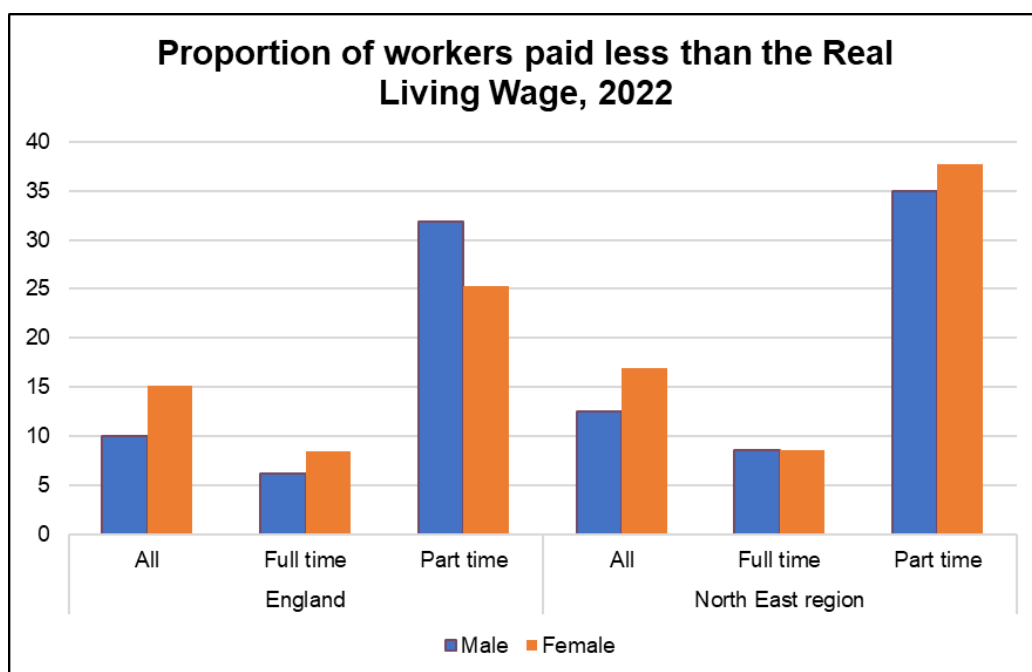


⁵ Source: ONS Annual Population Survey

Low Pay and In Work Poverty

- Median income is the joint lowest in the core cities, with income gaps being larger at the higher income levels
- The extent of part-time working in the NEMCA region is similar to nationally. Females are much more likely to work part-time
- NEMCA workers are more likely to be in non-permanent employment than nationally. The percentage has recently increased
- Employment rates in NEMCA are much lower for disabled residents, groups of ethnic minority and women

The Chart below shows the proportion of workers paid less than the Real Living Wage in 2022 across the wider North East region.



Inclusion/Deprivation

- The NEMCA region has a higher percentage of children in low-income families than nationally
- The extent and severity of deprivation is more common in the NEMCA region than nationally, particularly health and employment related deprivation
- Wages have not increased in-line with prices, with the impact of the cost-of-living crisis greater on lower-income households
- Households in the NEMCA region spend a higher % of their income on food and transport, where price increases have been particularly high

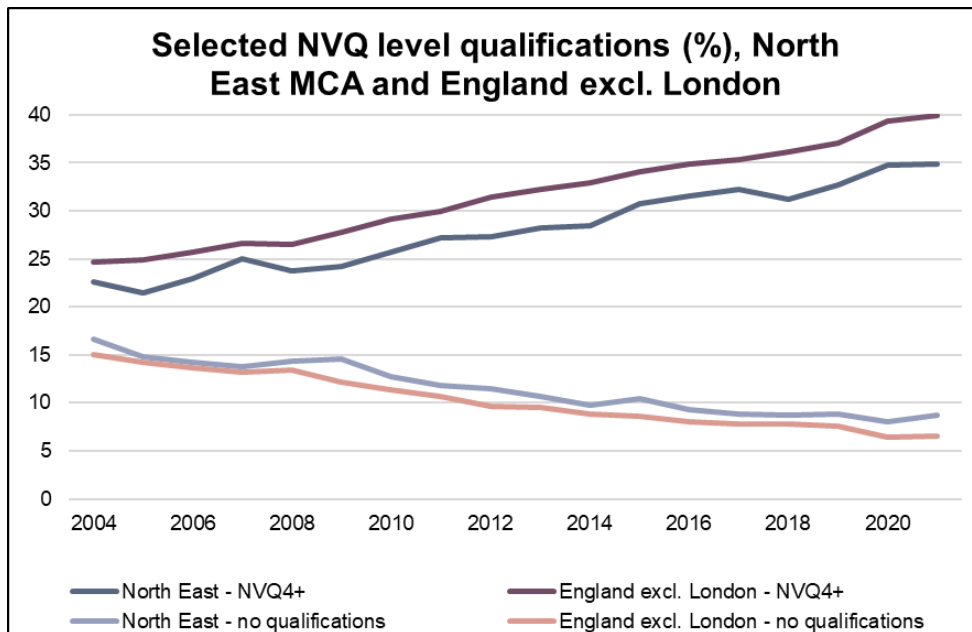
£71
Weekly
difference in
median full-
time earnings
between NE
and England

67%
of NE children
living in relative
poverty are in
working
households

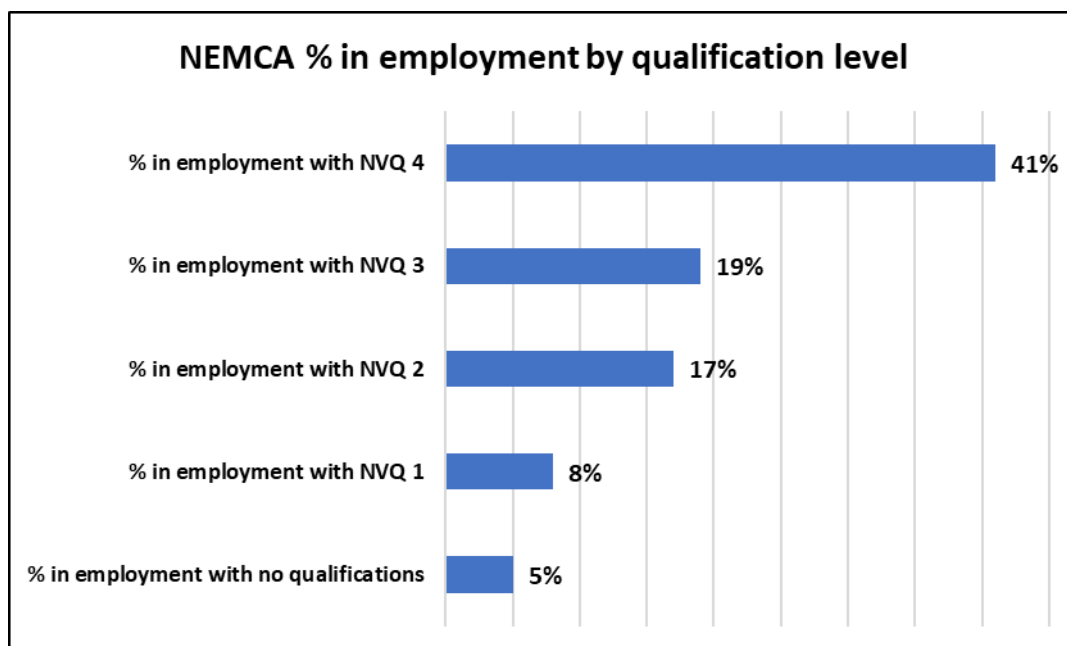
14%
of household
spend in the NE
region goes on
transport

Section 6: Education and Skills

- NEMCA has a higher proportion of residents with no formal qualifications than the national average, with the gap widening slightly in recent years
- The number qualified to degree level is increasing, although the rate of improvement is slower than the rest of the country exc. London
- Lower qualifications reflect both demographic factors (fewer young people and migrants who are typically more qualified) and lower attainment from education
- Attainment is lower for those on Free School Meals and there are more children on Free School Meals in the NEMCA region
- Children on Free School Meals are less likely to achieve Maths and English qualifications than is the case nationally, reflecting impact of high concentrations of poverty and deprivation
- Significant decline in proportion of workforce undertaking in-work training and this is now lower than the national average



There is a clear link between qualification levels and economic participation and success. Of the working age population in employment in the NEMCA area in the 12 months to Dec 2020⁶, 41% of the working age population in the NEMCA region had an NVQ Level 4 or above qualification. In contrast, 5% of the working age population with no qualifications are in employment⁶.



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.

⁶ Source: ONS Annual Population Survey

Basic Skills

The NEMCA region has large numbers of adults who lack basic literacy and numeracy skills. Figures taken from the government's 2011 Skills Survey illustrate that 17% of the working age population were at Entry 3 or below for literacy skills compared to 12% nationally. For numeracy skills, 31% of the working age population were at Entry 2 or below compared to 24% nationally.

More recent data on literacy and numeracy skills deficit in our region can be found in the latest Employer Skills Survey. Workplaces with basic skills gaps amongst their employees report a range of costs to their business with efficiency related costs being most common. Employers with basic skills gaps reported an increase in the number of errors made by staff, a constraint on the introduction of new and/or more efficient processes, and/or a reduction in product or output quality.

Essential skills like numeracy are increasingly crucial for life and work, for business success, and for economic growth. To effectively target support, we commissioned the Learning and Work Institute to carry out some local level modelling to help understand local need in our area:

- Around 294,698 (24.4%) people having low essential skills
- Of these, 85% (249,618) are aged 25-64, with 38% (94,597) of these out of work.
- 15% (45,080) are 16-24, with 82% (36,764) of these being qualified to level 2 or below

Participation in basic skills has fallen across the region with participation in Maths & English decreasing by 52% between 2011 to 2019.

A key priority for the devolved AEB in our region is to provide informal, flexible learning activities to address falling rates of participation and support attainment in basic English, maths and digital skills.

Section 7: The adult education budget (AEB) overview

In August 2020 the North of Tyne Combined Authority (NTCA) took control of a £23 million Adult Education Budget (AEB), secured as part of the North of Tyne devolution deal for Newcastle, North Tyneside, and Northumberland.

Since then, the government has devolved approximately £69m to NTCA, enabling adult learning priorities to be determined at a local level and providing over 80,000 enrolment opportunities from the academic year (AY) 2020-21 to AY 2022-23.

The devolved AEB funding in the NTCA area supports a diverse range of flexible education and skills provision and is delivering a more responsive accessible adult skills offer for North of Tyne residents and employers.

In preparing for devolution of the AEB to NEMCA, we intend to build on the work of NTCA to scale up the impact and opportunity of a devolved AEB across the wider NEMCA region.

The NEMCA devolution deal includes a devolved AEB of circa £64m per annum. Funding will be transferred from the academic year (AY) 2024-25. In taking receipt of the devolved AEB, NEMCA will become the commissioner of adult learning across the whole of the NEMCA region.⁷

To prepare for the wider implementation and scaling up of a devolved AEB across the NEMCA region from August 2024, we have undertaken robust analysis of the most recent AY 2021/22 full year data. This includes a review of the provider base delivering provision to residents, funding allocations and what skills and qualifications are currently being delivered. Annex 1 of this document sets out this analysis.

The Purpose of AEB

The principal purpose of the AEB is to engage adults and provide them with the skills needed for entering and sustaining work, an apprenticeship 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 which include digital, maths, English and English for Speakers of other Languages (ESOL) and, depending on the resident's age and employment status, an entitlement to a first Level 2 and/or Level 3 qualification.

From August 2024 the AEB will also include additional funding for Free Courses for Jobs (this funding is currently delegated to Mayoral Combined Authorities). The amount to be allocated to this provision in AY 2024-25 is still to be confirmed by DfE. This targeted Level 3 provision has been developed to support adults without an existing full Level 3 qualification and has recently been extended to include a second Level 3 qualification. In particular, it introduces free fully funded Level 3 qualifications for learners aged 24 years and over.

⁷ NEMCA region: County Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside, Sunderland).

Section 8: Devolved AEB flexibilities

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

As an example, NTCA made effective use of the flexibilities afforded by devolution to increase participation rates. Providers were able to fully fund learners for informal activities to improve learner confidence, mental health and wellbeing.

Learning support was extended across all NTCA AEB providers to remove barriers and provide resources to support learning. NTCA also removed the requirement for employed residents to contribute 50% towards the cost of their learning and enabled fully funded accredited learning at Level 2 and Level 3 in key growth sectors to support employers and economic growth.

NTCA also extended the Government's Low Wage Pilot to provide full funding for adults who earn less than the national wage to include those who earn less than the 'real' living wage⁸. 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. This flexibility also supports those that are in low paid employment and are wanting to further progress in work and in their chosen career.

NEMCA will consider its opportunities to offer flexibilities as it prepares to take control of the devolved AEB for delivery from AY 2024-25 onwards.

Section 9: NEMCA AEB strategic approach

This AEB implementation plan will evolve over the next 12-month period and develop into a NEMCA Strategic Skills Plan. We will work collaboratively with strategic partners and local stakeholders to align the AEB with other skills investments, funding streams and skills activity. AEB is a significant fund for skills, however it will need to align and add value to other skills funding streams and economic investments such as the UKSPF, Investment Zones and NEMCA's devolved Investment Fund.

Over time, NEMCA 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. Working strategically with key partners and stakeholders, the NEMCA Skills team will build a robust evidence base which underpins any future changes.

In the first year 2024/25, NEMCA's strategic approach to the devolved AEB will be informed by analysis of the full AY 2021/22 data, stakeholder, employer and provider engagement, and the broader skills landscape.

NEMCA 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.

⁸ The 'Real, Living Wage promoted by the Living Wage Foundation is higher than the Government's national Living Wage

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

Continue to fund statutory legal requirements

NEMCA 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.

NEMCA's devolved AEB includes support for 4 legal entitlements to full funding for eligible adult learners.

Note: A learner can only be fully funded for one vocational qualification from the entitlement qualifications list when exercising their legal entitlement. Appropriate information, advice and guidance should be given to a learner and the learner should be made aware of their entitlement rights and progression routes on completing an entitlement qualification.

These entitlements are set out in the [Apprenticeships, Skills and Children Learning Act 2009](#) and enable eligible learners to be fully funded for the following qualifications:

- English and maths, up to and including level 2, for individuals aged 19 and over, who have not previously attained a GCSE grade 4 (C), or higher
- first full qualification at level 2 for individuals aged 19 to 23
- first full qualification at level 3 for individuals aged 19 to 23
- essential digital skills qualifications, up to and including level 1, for individuals aged 19 and over, who have digital skills assessed at below level 1

Provide full funding for the following eligible learners

- Those aged 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.
- English for speakers of other languages (ESOL) if unemployed, co-funded if employed.
- 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 eligibility providing 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 who are in low paid employment and are wanting to further progress in work and their chosen career.

Strengthen collaboration

NEMCA will build on extensive collaborative partnerships with colleges, universities, training providers, employers, community organisations and local authorities to develop programmes that tackle skills gaps and address disadvantage across and within the districts. The devolved AEB allows us to build on these relationships and improve the impact of the funding spent in the NEMCA region.

In terms of strategic planning for AEB we will continue to build strong links across stakeholders and providers and drive collaborative working. This will include developing local supply chains to ensure provision is more responsive to individual and business needs.

Community learning

NEMCA recognises the value and positive impact that community learning can have on our residents' health and well-being. We will continue to invest in community learning activity that has the primary aim of engaging residents, providing outreach into disadvantaged communities, and support to engage our residents, build confidence and improve life chances.

Subcontracting

Subcontracting and collaborative partnerships have an important role to play in AEB in providing outreach to communities, supporting non-traditional routes to learning, supporting the delivery of specialist and niche provision, and creating partnerships which benefit learner progression. Where approached strategically and with integrity, subcontracting can build capacity and support flexibilities across the sector.

Acknowledging the benefits that subcontracting can provide, NEMCA wants to drive forward best practice in terms of the management of subcontracted provision and will include the following terms within all Grant Agreements and contracts:

- All subcontracted provision must be declared up front in Annual Delivery Plans, with a clear strategic rationale
- No additional subcontractors can be brought on board during the Academic year without prior approval from the Combined Authority

We seek to minimise management fees and focus funding towards the learners: no fees should exceed 20%.

Online learning

NEMCA recognises the value of online learning for some residents, in that it offers flexibility and accessibility to learning around work and home life. Flexibilities are also important in terms of the pace of study and as such, online learning has a key role to play in the delivery of adult skills and training that can lead to career advancements, development, and attainment.

In response to Covid-19, our AEB providers have been remarkable in rising to the challenge of providing online learning. They have found innovative and creative ways to engage and, after years of trying to nudge educators into using technology, made a gargantuan shift. NEMCA will work with providers to build on the online learning opportunities available, making these even more accessible post Covid-19, particularly in our rural areas.

We will closely monitor this learning activity to evaluate how it is meeting the strategic and economic needs of NEMCA, residents and employers. The advantages of this method must be balanced alongside resident needs in terms of support and access to equipment, i.e., digital capabilities and resources.

Career pathways

Our ambition of a high-quality skills provision which leads to positive outcomes for individuals to access the local labour market and future economic development opportunities must be underpinned by strong Careers Information, Advice and Guidance (CIAG) that has clear local relevance and skills opportunities that have clear line of sight to a job.

NEMCA residents will have access to CIAG through our AEB providers and a range of other skills and employability services, as well as individualised advice on training and careers through the National Careers Service (NCS).

We also welcome the additional support the government recently announced in its Plan for Jobs to ensure more people will get tailored support to help them to find work. People in the Intensive Work Search group on Universal Credit will benefit from a significant expansion of support offered through the Department for Work and Pensions (DWP) Jobcentres, including doubling the number of work coaches and additional intensive support to those who have been unemployed for at least three months.

NEMCA will establish strong links with stakeholders involved in the delivery of CIAG services. We support a collaborative approach to ensure residents benefit from advice and guidance that is based on local analysis of skills demand and provides a better understanding of the career pathways arising from local economic trends.

Level 3 Free Courses for Jobs offer

From August 2024 NEMCA's devolved AEB will also include additional funding for Free Courses for Jobs (this funding is currently delegated to Mayoral Combined Authorities). The amount to be allocated to this provision in AY 2024-25 is still to be confirmed by DfE. This targeted Level 3 provision has been developed to support adults without an existing full Level 3 qualification and has recently been extended to include a second Level 3 qualification. It introduces free fully funded Level 3 qualifications for learners aged 24 years and over.

Further information on eligibility criteria for the Level 3 Free Courses for Jobs offer will be published in NEMCA's funding and performance management rules for AY 2024-25.

Skills system: local and national alignment

We are clear that the AEB is a cornerstone of investment in the adult skills system. We must be cautious to avoid overstretching an already oversubscribed budget, but our commissioning must be underpinned by the ability to flexibly respond to constantly changing economic needs and challenges.

In commissioning the Adult Education Budget, we will consider its delivery alongside the wider investment in skills which continues to be managed by the Department for Education and Education and Skills Funding Agency: Careers services, Apprenticeships, Higher Education, Adult Learner Loans and Offender learning.

We welcome the Government's commitment in the [North East Devolution Deal](#) to working with NEMCA, and other areas with devolved powers for adult education, to further the skills agenda, and to adopt a consistent approach towards the apportionment of funding between areas.

With regard to Skills Bootcamps, it is the government's intention to grant fund MCA's to deliver local programmes over this spending review period. NEMCA will negotiate with the Department of Education Skills Bootcamp funding for AY 2024-25 based on demand across the new combined authority. These funds play a positive role in employer and individual investment in skills.

We look forward to engaging with national and regional colleagues to ensure these funds, along with the UK Shared Prosperity Fund, align to create a comprehensive skills offer truly focussed on local needs and challenges: tackling inequality and disadvantage while driving prosperity and opportunity. We see the AEB as investment in skills foundations: providing outreach in communities, first step and progressive learning to build careers.

Local Skills Improvement Plans (LSIPs)

Alongside NEMCA's Strategic Skills Plan, Local Skills Improvement Plans (LSIPs) will also set out the current and future skills needs of an area and how local provision can help people develop the skills they need to get good jobs and increase their prospects. Working with the designated Employer Representative Bodies in the NEMCA region and utilising and sharing the local labour market intelligence and analysis developed, NEMCA will ensure that the AEB responds to the employer feedback contained within the LSIPs for our region.

Local knowledge and impact

Outside of their delivery function for AEB, our constituent Local Authorities are key strategic partners in increasing the impact of the devolved AEB. They have a key leadership role in place-shaping and the investment of public funds, alongside specific responsibilities in Education and Training.

NEMCA will work closely with Local Authorities: their expertise and experience will help to ensure delivery meets local needs, and propose the following:

- We will work closely with our Local Authority colleagues in developing the Commissioning plan.
- Experienced Local Authority colleagues with a strategic or policy role will be involved in the procurement process to help assess provider offers against local need.
- Once commissioned, Local Authorities will also be invited to relevant Performance Management meetings, developing the strategic partnership approach across the region, upon which we can build a better network for learner support and progression.

Section 10: Principles for commissioning

To ensure that a greater focus on the economic and social outcomes is secured through the devolved AEB rather than just the outputs in terms of qualifications delivered, a core set of principles for commissioning will frame the approach.

Principles to underpin the commissioning approach for the devolved AEB include:

- Establishing and maintaining effective, high trust relationships with providers to deliver positive long-term impact for residents and the economy
- An expectation that providers will develop an innovative, place-based curriculum offer and wrap-around support with a clear focus on learner progression
- Support the readiness conditions contained in the devolution deal
- Take into account the various needs of residents in different local communities
- Ensuring that outcomes for learners are at the heart of the approach to commissioning
- 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
- Work towards longer-term contracts and grant allocations as ways of achieving efficiency, effectiveness, and stability
- Seek feedback from residents, communities, employers, and providers to inform the commissioning process to ensure it continues to meet local needs

Section 11: Funding allocation arrangements

NEMCA's indicative devolved AEB will be approximately £64m per annum. This is based on the AY 2017-18 data which Government have used as the baseline for all devolved combined authority AEB allocations.

Underpinned by data and NEMCA's ambitions for the fund, we have the opportunity to make an immediate and positive impact on the provision offered to NEMCA residents whilst providing stability to the provider base thereby minimising the risk to continuity of provision for learners.

The Proposal is to fund via two routes:

Route One: Plan Led Grant Allocations

Establishing funding agreements with in-scope grant providers will provide stability for residents and ensure that appropriate levels of statutory entitlement provision and community learning is available.

In-scope grant providers includes those who are wholly or mainly funded by the public purse; are currently grant funded; have an established place-based approach which supports NEMCA priorities; and deliver significant volumes of activity within the NEMCA region and support existing travel to learn patterns eg FE Colleges and the Local Authorities.

Route Two: Contract for services

Securing the remaining AEB funds via an open and competitive procurement process open to all skills providers will provide a sustainable and responsive skills offer aligned to specific, localised skills needs which maximise employment opportunities for NEMCA residents. They will also enable NEMCA to test and pilot innovative new methods of delivery. This approach provides the opportunity to join up the area's skills and training offer, reduce duplication and reach communities most disadvantaged.

Section 12 – Provider Delivery Plans

Irrespective of route providers will develop an Annual Delivery Plan, including expected volumes of learners by sector and level, profile of delivery across the year and all planned subcontracting arrangements.

A 3% tolerance⁹ will not be available on allocations however, we will look to support growth requests in year where possible.

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 Grant Agreements and Contracts and the Funding and Performance Management Rules issued by NEMCA.

⁹ ESFA's national policy currently allows a 3% tolerance on underperformance and payment up to 3% for over-performance. Given the desire to maximise value for money and impact, alongside the limitations of the scale of the budget for NEMCA, we cannot guarantee over payments or commit to paying for under delivery.

Delivery Plan alignment to key priorities for AEB

The table below illustrates the key priorities for AEB and how provider AEB delivery plans may respond:

Key Priority	How provider delivery plans may respond
<p>Clear progression pathways for a low carbon economy</p>	<ul style="list-style-type: none"> • Demonstrate that providers are well informed about the local employment and skills demand to give sound advice and guidance on realistic progression pathways to learners. • Planning to deliver a curriculum that supports NEMCA residents to gain the core and technical skills needed for a changing economy including low carbon economy skills • A focus on NEMCA’s sector skills requirements • 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>Improved attainment in basic English, maths and digital skills</p>	<ul style="list-style-type: none"> • Engagement activity to extend the reach of learning opportunities to a broader range of underrepresented groups • 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>Support those with health, confidence and wellbeing barriers to access good jobs</p>	<ul style="list-style-type: none"> • Job vacancy-led skills programmes which target specific age groups e.g. aged 19 -24 and 50 and over which enable them to secure employment • Activity that targets residents in areas of high worklessness and those furthest from the labour market • Activity to support adult residents, including those in work, to develop their confidence and skills to progress into sustainable employment, increase their earnings, and promote personal health and wellbeing • Community learning activity that has the primary aim of engaging residents, providing outreach into disadvantaged communities, support to engage our residents, build confidence and improve life chances.

Section 13 - Stakeholder Engagement

Early engagement with stakeholders will develop a better understanding of post-16 delivery and the role that existing providers make in their specific communities. Working collaboratively with stakeholders, providers, employers, and residents will ensure that the AEB positively impacts the region's economic and inclusive growth.

Devolution enables NEMCA to build stronger links across skills providers, driving collaborative working including developing local supply chains to ensure provision is more responsive to individual and business needs.

In the lead up to taking control of the devolved AEB, a number of market engagement events, consultation events, procurement events and provider onboarding workshops will take place. NEMCAs approach to stakeholder engagement includes:

- i. established effective working relationships with providers to gain insight and intelligence to inform funding flexibilities and additional provision to be made available through the AEB.
- ii. maintain regular contact with relevant stakeholders including, for example, Local Authorities, Skills Providers, Provider Representative Bodies (eg the Association of Colleges, the Association of Learning Providers and the North East Learning Provider Network), the Department for Work and Pensions (DWP), the Department for Education (DfE), Employer Representative Bodies (eg North East Chamber of Commerce, Federation of Small Businesses), Employers and the VCSE sector, to support co-ordination of vacancy opportunities and skills development.
- iii. attend regular meetings with DfE and other Mayoral Combined Authorities (MCAs) to share information and best practice
- iv. 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 residents to progress in learning and to move towards, or into productive and sustained employment.

Section 14: Monitoring and Evaluation

As part of the guidance set out in the National Local Assurance Framework MCAs/GLA are asked to provide the Government with an annual report on the delivery of adult education functions, in line with wider monitoring and evaluation requirements. MCAs/GLA are asked to report on the previous AY findings to date in January each year, including: policies for adult education; spend from the AEB; analysis of delivery; and local impact.

This Annual Assurance report is supplemented with an Annual Skills Stocktake meeting between the MCA and DfE officers.

In addition to the reporting to Government, the NEMCA Cabinet and/or the Education, Inclusion and Skills Portfolio Board will receive annual and mid-year updates on AEB activity.

NEMCA AEB Implementation Plan – Annex 1

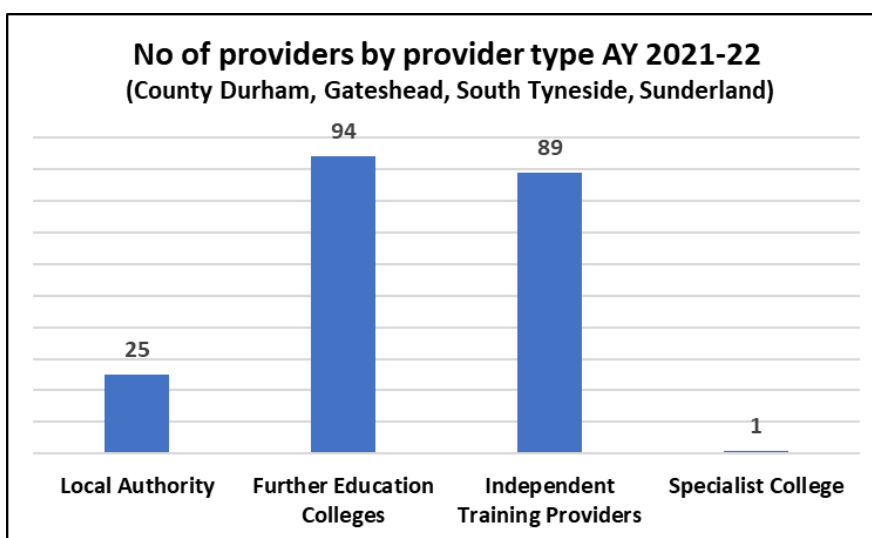
The North East devolution deal includes a devolved Adult Education Budget (AEB) of circa £64m per annum. Funding will be transferred from the academic year (AY) 2024-25. In taking receipt of the devolved AEB, the North East Mayoral Combined Authority (NEMCA) will become the commissioner of adult learning across the whole of the NEMCA region.¹⁰

To prepare for the wider implementation and scaling up of the devolved AEB across the NEMCA region from August 2024, we have undertaken robust analysis of the most recent 2021/22 full year data across County Durham, Gateshead, South Tyneside, and Sunderland. This includes a review of the provider base delivering provision to residents, funding allocations and what skills and qualifications are currently being delivered. A summary of this analysis is set out below.

Provider base

Chart 1 below illustrates the number of providers by provider type delivering AEB funded provision to residents in County Durham, Gateshead, South Tyneside and Sunderland Local Authority Districts in AY 2021-22.

Chart 1



209 providers offered a broad range of provision across the 4 Local Authority districts. The provider base includes colleges, local authorities and independent training providers. These providers were located across England and the funding allocations from both grant funding agreements and contract for services varied from less than £100 up to more than £4.5 million.

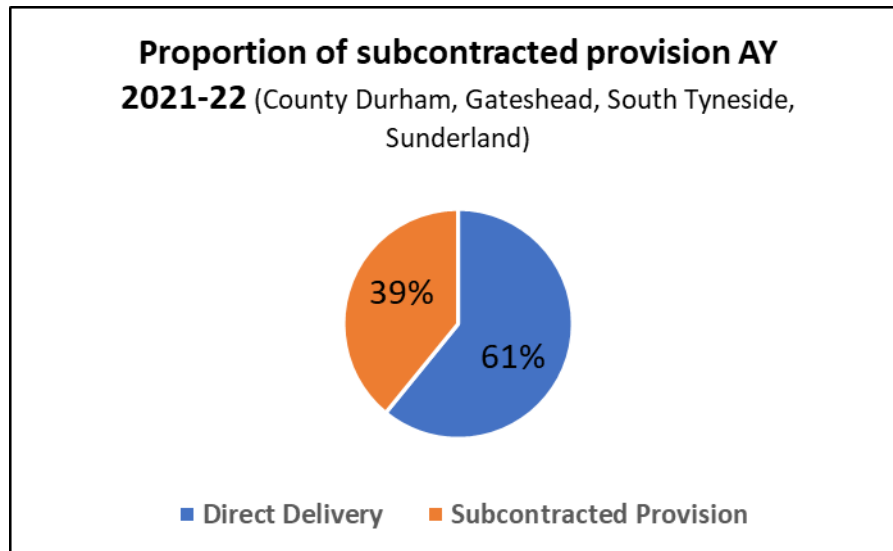
By contrast, NTCA has focussed on reducing and rationalising the provider base in the North of Tyne (which includes Newcastle upon Tyne, North Tyneside and Northumberland local authorities), with the total number of providers delivering in devolved areas falling from 192 providers in AY 2019/20 to 31 in AY 2021-22. This has enabled NTCA to build a small, more cohesive provider base and introduce more robust performance management and a greater focus on place, with providers aligning provision with local area needs and priorities.

¹⁰ NEMCA region: County Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside, Sunderland).

Subcontracted Provision

Chart 2 below illustrates the proportion of AEB provision that was subcontracted in AY 2021-22. 39% was subcontracted by providers across County Durham, Gateshead, South Tyneside, and Sunderland compared to 12% in the NTCA area.

Chart 2



Subcontracting and collaborative partnerships have an important role to play in AEB in providing outreach to communities, supporting non-traditional routes to learning, supporting the delivery of specialist and niche provision, and creating partnerships which benefit learner progression. Where approached strategically and with integrity, subcontracting can build capacity and support flexibilities across the sector.

Acknowledging the benefits that subcontracting can provide, NEMCA will drive forward best practice in terms of the management of subcontracted provision and intends to include the following terms within all Grant Agreements and contracts:

- All subcontracted provision must be declared up front in Annual Delivery Plans, with a clear strategic rationale
- No additional subcontractors can be brought on board during the Academic year without prior approval from the Combined Authority

We will minimise management fees and focus funding towards the learners: no fees should exceed 20%.

MEMCA will closely monitor subcontracting activity throughout AY 2024/25 to identify any subcontracted activity that would be more appropriate to be directly delivered by main providers.

Enrolments

Charts 3 & 4 illustrate the number of enrolments undertaken by residents across the NEMCA region in AY 2021-22.

Chart 3

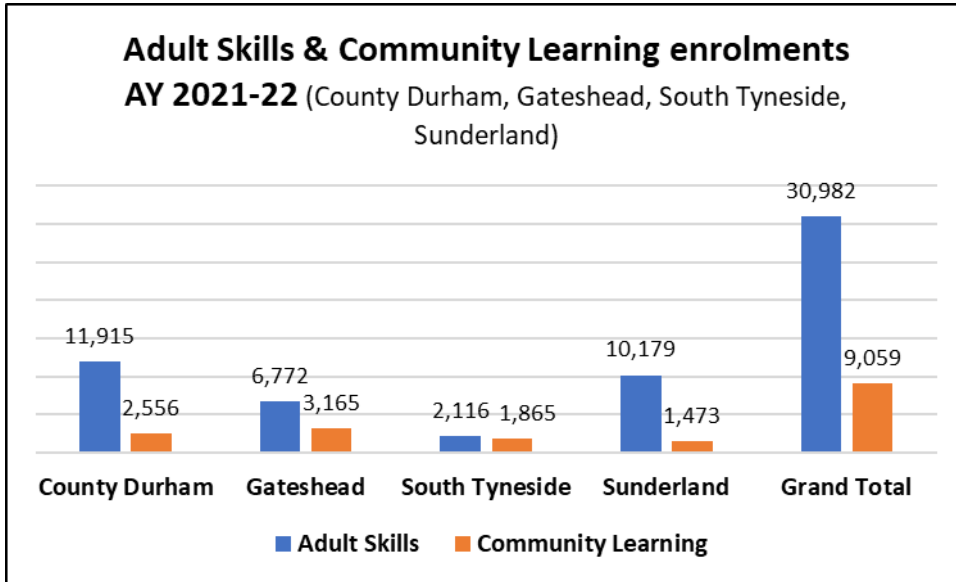
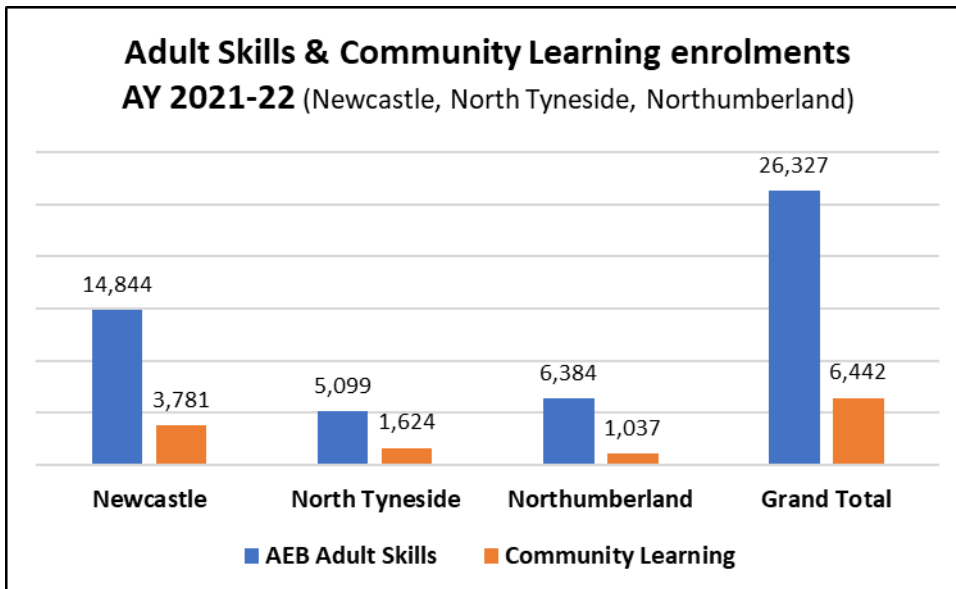


Chart 4



Over 72,700 enrolment opportunities were delivered across the NEMCA region during AY 2021-22. 23% were delivered as Community Learning in County Durham, Gateshead, South Tyneside, and Sunderland. 20% were delivered as Community Learning in the NTCA area.

NEMCA recognises the value and positive impact that community learning can have on our residents' health and well-being. We will continue to invest in community learning activity that has the primary aim of engaging residents, providing outreach into disadvantaged communities, and support to engage our residents, build confidence and improve life chances.

Enrolment by level of provision

Charts 5 and 6 illustrates the proportion of AEB enrolments below level 2, at level 2 and at level 3 in AY 2021-22. There is a good balance of provision below level 1 and at level 2.

Participation at level 3 has increased by 2 percentage points in the North of Tyne Local Authority areas. NTCA became responsible for the Level 3 Free Courses for Jobs Offer in AY 2020-2021 and has been able to commission more provision at Level 3. Participation in this offer has been slow to gather pace although did improve in AY 2021-22.

From August 2024 NEMCA's devolved AEB will also include additional funding for Free Courses for Jobs (this funding is currently delegated to Mayoral Combined Authorities). The amount to be allocated to this provision in AY 2024-25 is still to be confirmed by DfE. This targeted Level 3 provision has been developed to support adults without an existing full Level 3 qualification and has recently been extended to include a second Level 3 qualification. It introduces free fully funded Level 3 qualifications for learners aged 24 years and over.

Chart 5

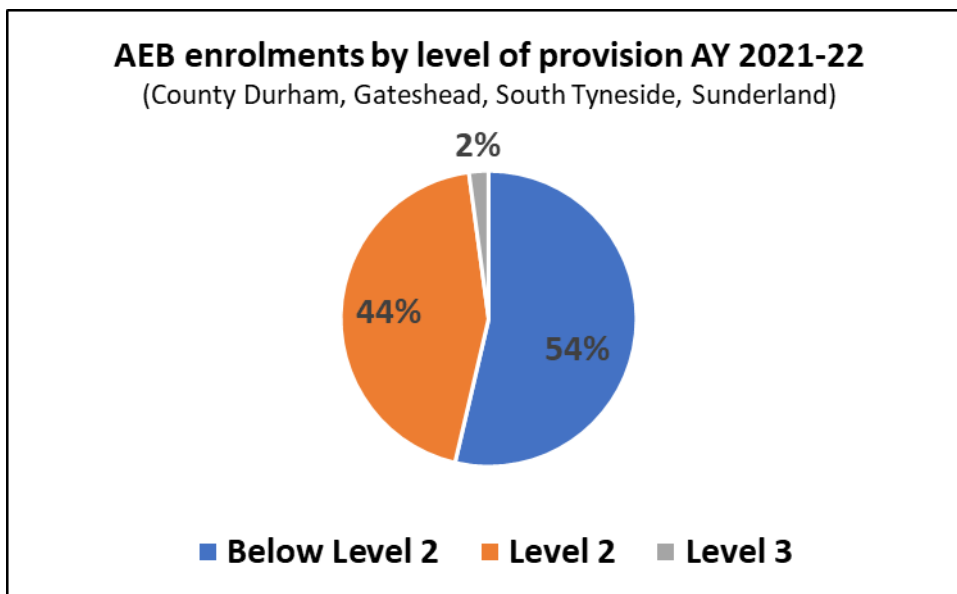
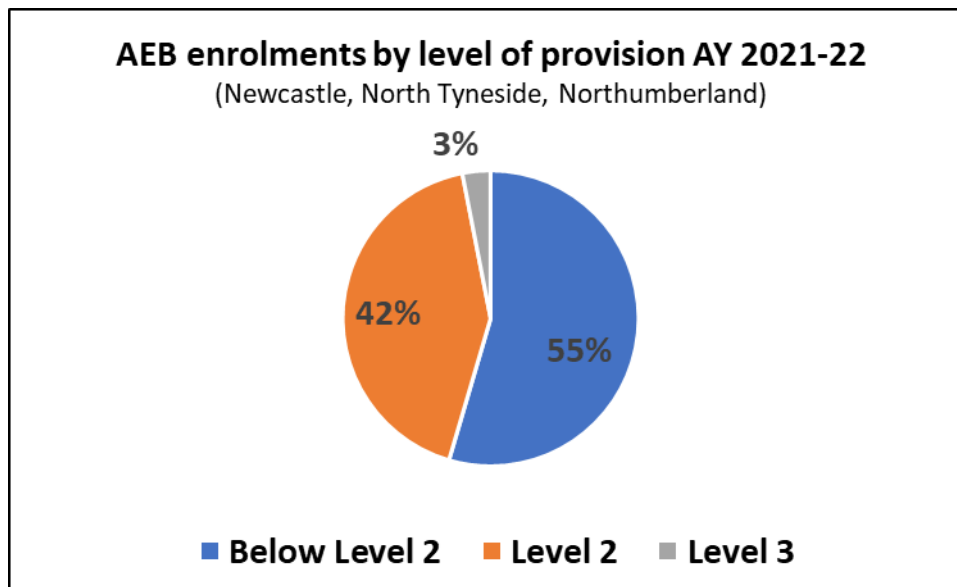


Chart 6



Enrolments by Subject Sector Area

Charts 7 and 8 illustrate the number of AEB enrolments by subject sector area.

Chart 7

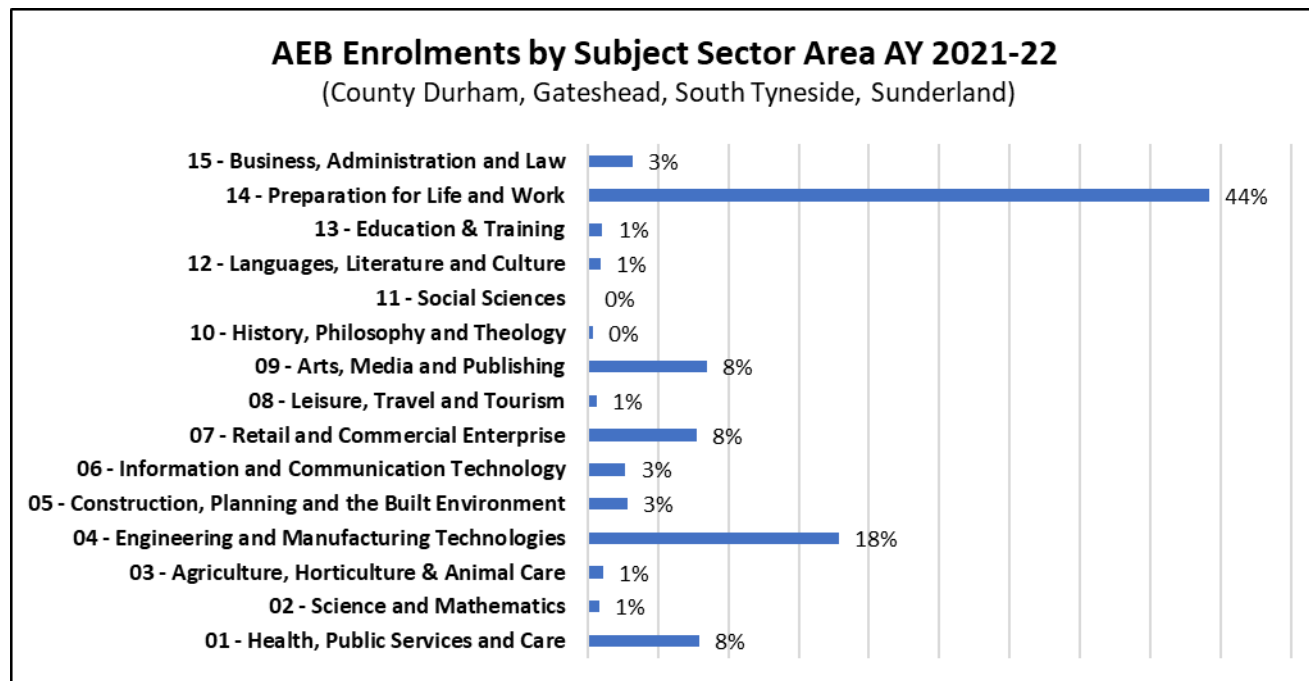
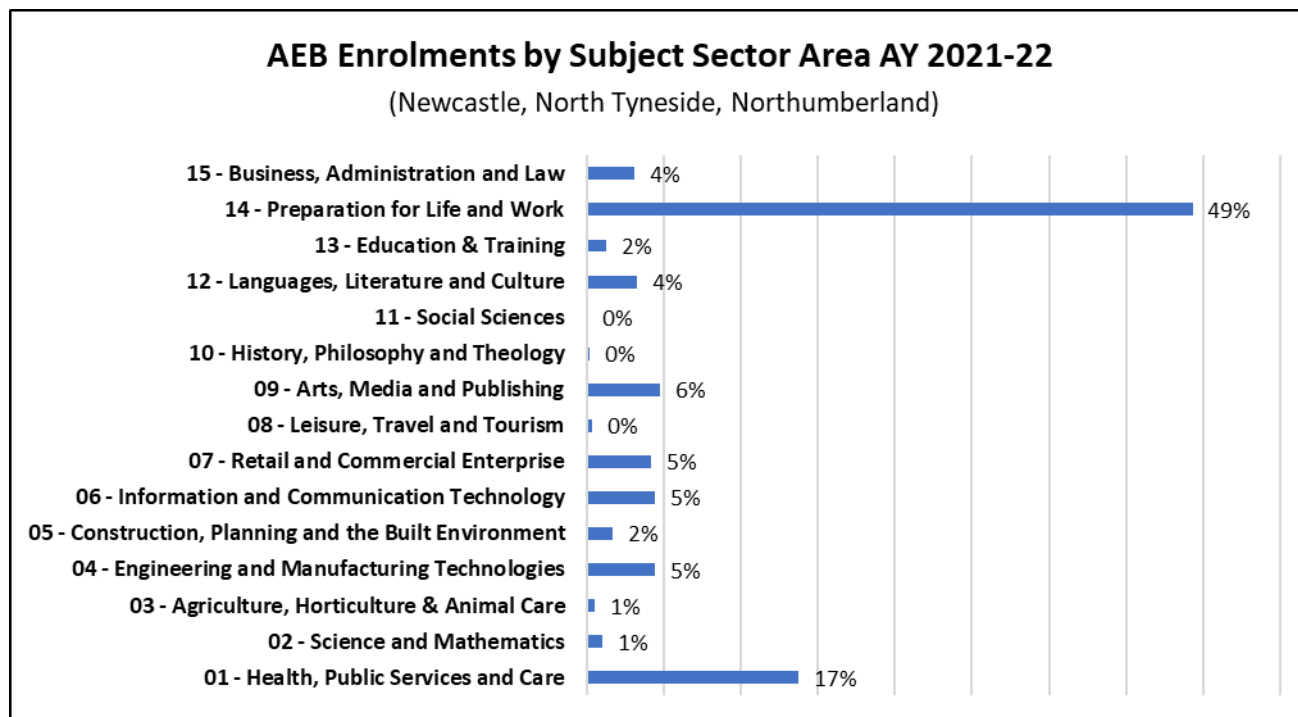


Chart 8



Preparation for Life and Work which includes maths, English and English for Speakers of Other Languages accounts for a significant proportion of enrolments across the NEMCA region. Health, Public Services and Care are another significant proportion in the NTCA region, whereas Engineering & Manufacturing account for a significant proportion in County Durham, Gateshead, South Tyneside, and Sunderland.

Enrolments by age and gender

Charts 9 and 10 illustrate the number of enrolments by age and gender.

Chart 9

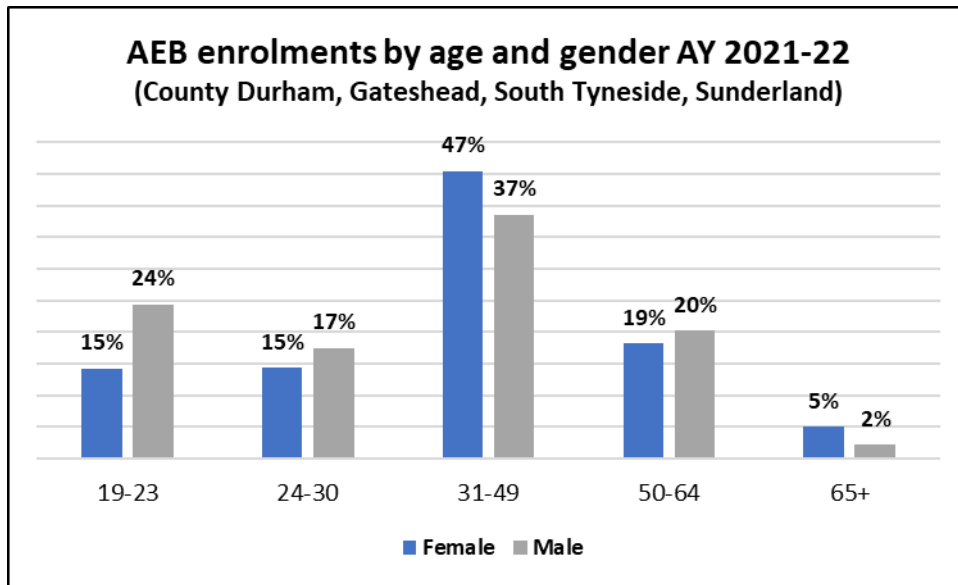
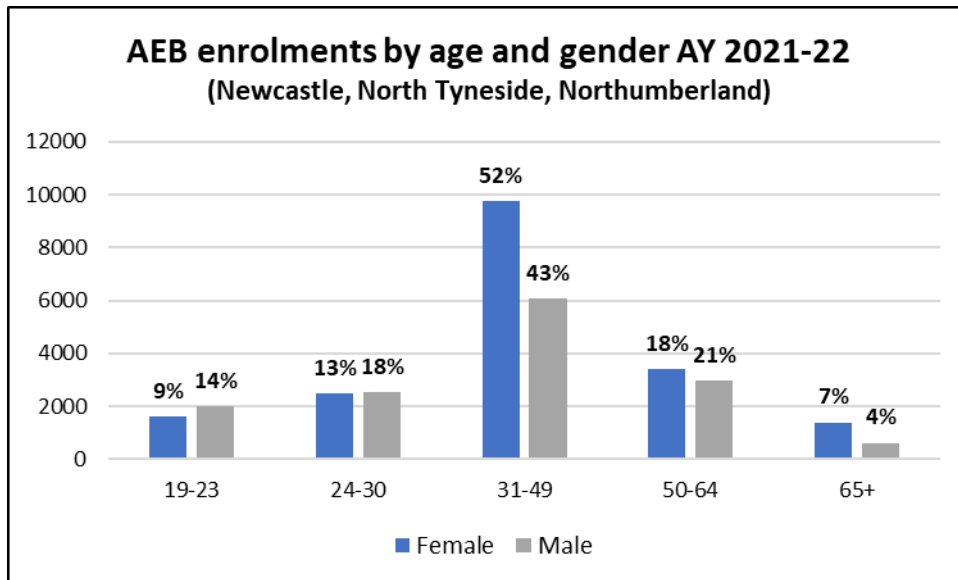


Chart 10



A significant proportion of AEB enrolments across the whole of the NEMCA region are undertaken by residents aged 31-49 (40%). Young people aged 19-23 account for 12% of the enrolments, the majority of these young people are undertaking statutory full level 2 or full level 3 provision. Just 20% of the overall enrolments are undertaken by residents aged 50-64, targeting this age group to re-skill and/or recognise transferable skills would unlock their significant social and economic potential and address skills shortages experienced by employers.

Profile of residents engaged in AEB across the NEMCA region

The summary below highlights the profile of residents engaged in AEB provision across the NEMCA region (County Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside, Sunderland).

- 16% of AEB learners are aged 19-23
- 19% are aged 50+
- 52% of AEB learners are female
- 25% self-identified as having LLDD and/or a health problem
- 30% of enrolment opportunities were undertaken by residents from our black and minoritised ethnic communities
- 23% of enrolment opportunities are undertaken by residents with no qualifications, 23% are undertaken by residents with prior attainment at Level 1 or below
- 38% of enrolments are being undertaken by residents with a home postcode in the top 10% deprived wards across the NEMCA region. 50% of enrolments are undertaken by residents in the top 20% deprived wards
- 71% of enrolment opportunities are undertaken by unemployed residents, 53% are unemployed and actively looking for work

Achievement Rates

The table below illustrates participation and achievement in AY 2021-22 taken from the government website '[Explore education statistics](#)'. These statistics do not include Community Learning. The achievement rates are based on the individual qualification aims that were completed in the relevant year.

	Education & Training 2021-22		
	Participation	Achievement	%
County Durham	11760	9290	79%
Gateshead	4480	3640	81%
Newcastle	7240	6160	85%
North Tyneside	3410	2860	84%
Northumberland	4250	3500	82%
South Tyneside	3630	2970	82%
Sunderland	7130	5880	82%
Total	41900	34300	82%
England	878520	682510	78%