



Information notice

This notice is for prior information only

Main activity

General public services

Scope of the procurement

Title:

Adult Education Budget (AEB) Procurement

Type of contract

Service

Estimated total value: c.£25m per annum (based on/subject to confirmation of West Midlands Combined Authority's (WMCA) annual AEB allocation)

1 year contract with the opportunity to extend on an annual basis (for a maximum of 3 years)

The WMCA is committed to ensuring fairness, openness and transparency, and to following EU procurement regulations. The Prior Information Notice (PIN) is however, issued solely for the purpose of conducting pre-procurement market testing.

Interested parties will not be prejudiced or advantaged by any response or lack thereof to the PIN and a response to this PIN does not guarantee any invitation to participate in any future procurement.

This PIN does not constitute a call for competition to procure any services, supplies or works for the WMCA.

The WMCA is not liable for any costs, fees, or expenses incurred by any party in replying to the PIN.

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1 PURPOSE & BACKGROUND

- 1.1 The purpose of this PIN is to conduct initial pre-procurement market testing in relation to procurement of provision funded by its devolved share of the Adult Education Budget in the 2019/20 academic year. It is testing principles and seeking provider input ahead of a formal market engagement event and forms part of a wider engagement/ consultation process informed by the work of the Productivity and Skills Commission and many of our stakeholders

It is envisaged that the key milestones for procurement will be:

- October: Prior information notice released
- November: Provider engagement event
- January: PQQ & ITT Launch
- April: Confirmation of contract awards

Please note this is an indicative timeline and the WMCA reserves the right to change its approach and timelines as appropriate.

- 1.2 From the 2019/20 academic year, the West Midlands Combined Authority (WMCA) will take responsibility for the region's Adult Education Budget (AEB) and how it is delivered.
- 1.3 The AEB aims to engage adults and employers to provide the skills and learning needed in the region to equip adults for work, upskill current employees and find specialist training. The AEB enables more flexible, tailored programmes of learning to be made available in the West Midlands, to help eligible adults engage in learning, build confidence, enhance their wellbeing and provide future opportunities.
- 1.4 We will align our funding with priority growth sectors, particularly those targeted through our strategic economic plan (<https://www.wmca.org.uk/media/1382/full-sep-document.pdf>), to drive up skill levels amongst our communities to secure sustainable employment and enhance skills at higher levels and ultimately improve productivity across the region.
- 1.5 WMCA will fund adult education for residents across the region through a range of delivery providers.

WMCA's overall commissioning approach will involve a combination of plan-led commissioning through the agreement of Delivery Plans with grant providers and procured provision delivered through Contract for Services. **This Notice is concerned solely with procured activity.** Details of the WMCA's approach to grant funding will be issued separately in due course.



2. OUR AMBITION & PRIORITIES

- 2.1 The WMCA want an agile and responsive skills system where people from its diverse communities can access a skills system which better matches the skills of the people in the region to the current and future needs of businesses, to accelerate productivity and deliver economic growth.
- 2.2 The WMCA knows the challenges it faces: high unemployment, low paid and low skilled workers, skills shortages and limited social mobility. Through this procurement round it will deliver more for its residents and businesses. The WMCA will better articulate information on current and future local jobs, career opportunities, and the longer term economic value to both residents (through increased earnings) and businesses (through increased profits).
- 2.3 The WMCA recognises that there is excellent activity currently being delivered and wants to grow that. Equally it is taking this opportunity to consider what could be done differently to improve the outcomes for residents and deliver greater impact.
- 2.4 The WMCA, in its Regional Skills Plan, sets out the key challenges in the local labour market, including:
- A low employment rate and high levels of unemployment in some parts of the region
 - Growing issues of poverty for those in employment, driven by low wage levels
 - Low skill levels in the population, with fewer people qualified to Level 4 and above and more people with no qualifications, compared to other areas
 - Persistent skills shortages faced by employers
- 2.5 The WMCA has identified that it can use the AEB to enhance the quality of life, self-confidence and opportunities to its adult residents, while supporting employers to provide them with the talent and skills they need from staff to boost productivity and growth.
- 2.6 We will align our AEB to priority residents, communities and sectors to drive up skill levels, provide sustainable employment and enhance skills at higher levels, eventually improving productivity across the region.
- 2.7 Within our regional skills plan we have set out the following 5 priorities:
- More people to move into employment
 - More people to move into higher skilled jobs
 - More skilled employees to support business growth and productivity
 - All communities to benefit from the region's economic growth
 - An agile and responsive skills system that is more aligned to the needs of business and individuals



The WMCA regional skills plan can be found here:

<https://www.wmca.org.uk/media/2267/regional-skills-plan.pdf>

3. PROCUREMENT & FUNDING APPROACH

- 3.1 All providers who currently receive Adult Education Budget funding will be affected by devolution. The WMCA will be responsible for funding AEB provision for its residents and the Education Skills Funding Agency (ESFA) will be responsible for funding provision for residents of non-devolved areas. The geographic delivery footprint chosen by providers will impact on the number of funding relationships it has moving forward.
- 3.2 The provision procured through this PIN by the WMCA will provide the opportunity to generate a shift in the way the region works together, to deliver more for its residents.

The Procurement process will:

- provide residents who have not yet got the basic skills and qualifications needed to enable them to enter the work place or to be active members of their local communities.
 - enable more unemployed people to access sustainable employment which pays enough to enable them to no longer be dependent upon state benefits.
 - improve the skills and resilience of those employed in lower skilled jobs who are at risk of becoming increasingly limited in their future employment/career opportunities
 - enable greater levels of achievement at Level 2, as this provides the catalyst in many cases to progressing into an apprenticeship or further learning.
 - increase in the number of Level 3 and 4 qualifications being achieved in priority sectors, as the demand for higher level skills within the West Midlands grows.
- 3.3 Based on the WMCA's indicative allocation of AEB, the value of procured activity for the 2019/20 academic year will be an estimated £25m, with the final value expected to be confirmed early in 2019 following DfE confirmation of the WMCA's overall AEB budget.
- 3.4 The WMCA's intention is that contracts awarded from this procurement will initially last for one year (academic year 2019 to 2020), with an option to extend for a further 2 years. The WMCA reserves the right to extend contracts for a second and third period of up to 12 months subject to funding availability, the provider's delivery and performance against the contract, and skills policy (including any changes to the overall the WMCA budget arising from the Spending Review or adjustments to the way in which the WMCA's allocation is calculated by central government).



We expect providers to move beyond organisational boundaries and work collectively to deliver the outcomes our residents and businesses deserve.

3.5 The following principles for managing the devolved AEB have emerged from consultations with stakeholders to date:

- AEB investment should be aligned with the WMCA's key priorities as set out in the WMCA regional skills plan
- Investment should support and promote all high quality providers regardless of their scale and procurement processes should guard against disadvantaging providers of different sizes/types as an unintended consequence
- AEB is a long-term journey of change to ensure positive outcomes and impact for the residents of the WMCA
- The WMCA AEB investment must be considered in the broader skills landscape of ESFA, Apprenticeship, Student Loans and HE activity, none of which are devolved to the WMCA but all of which are inextricably linked in terms of learner progression within the post-16 skills and employment system
- The relationship between the WMCA and skills providers of all kinds should be primarily strategic rather than transactional, with a strong focus on proactive performance management
- The WMCA will be mindful of the stability and capacity of the skills delivery infrastructure in West Midlands, as well as the WMCA's own capacity to manage, monitor and assure activity on this scale
- Providers of all kinds should strive to deliver high quality skills training provision to the WMCA residents.

3.6 Over time, the WMCA will make full use of the freedoms and flexibilities afforded by devolved funding policy. However, this is a long-term vision which cannot be delivered in the short term and should not be embarked upon without first building a proper evidence base.

3.7 While building that evidence, and to maintain stability in the system, the WMCA is proposing for this procurement round to align (where appropriate) with the current funding eligibilities, rates and entitlements in line with national policy.

3.8 However, the WMCA is considering whether any of the current entitlements around co-funded provision should be changed to fully funded provision for priority sectors. Linked to this, the WMCA will review any further policy changes introduced by the Government and consider whether to implement and/or adapt them for the WMCA learners.

3.9 In addition, we are considering how funding models which incorporate outcome payments can be used to drive better impact for learners based on progress from the starting point of their individual journey. We are also considering pilot activity around funding additional elements of provision where they are linked to job outcomes.

Meet the buyer

A meet the buyer event will be taking place on the 30th November at the Studio Birmingham. To register for this event please click on the link below:

https://www.eventbrite.co.uk/e/west-midlands-combined-authority-adult-education-meet-the-buyer-tickets-51761004558?utm_term=eventname_text

Soft Market Testing

THIS IS NOT A CALL FOR COMPETITION

The WMCA would like to explore current and emerging good practice in their AEB services to facilitate continuous improvement. The purpose of this exercise is to research the market in order to help the WMCA draft and formulate a specification. This would include looking at delivery models which would maximise opportunities for the WMCA to deliver value for money. Consequently, the WMCA would like to invite interested organisations to participate in this exercise.

Soft Market Test/ Expression of Interest Process

Step 1 – Interested potential providers are required to complete the following documents:

- a) General Information
- b) Undertaking by Potential Providers; and
- c) Request for Information and upload their completed documents onto the WMCA Bravo Solution Portal.

Link to portal: <https://wmca.bravosolution.co.uk>

Project: project_219 - Adult Education Budget (AEB)

PQQ: pqq_96 - AEB - Market Testing Response Only - NOT EVALUATED

a) General Information

Full name of your organisation:	
Contact Details - Name:	
Job Title:	1).
Address:	2).
Telephone no:	3).
Fax No:	4).



Mobile No:	5).
Email Address:	6).
Web Address (if any):	7).

Current legal status of the Potential Provider (e.g. partnership, private limited company, etc.). Please tick 1 box	
Sole Trader	
Partnership	
Public Limited Company	
Private Limited Company	
Other (please state)	

Company Registration:	
Registration Number:	
Date of Registration:	
Registered Address:	
VAT registration number:	
Brief Description of Primary Business activities and services	

B) Undertaking by the Potential Providers

I/We certify that the information supplied is accurate to the best of my/our knowledge and I/we accept the conditions and undertakings requested in this document.

Name*	
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Signed	Duly authorised on behalf of the Potential provider (Electronic signature required here)
Position	
Date	

C) Request for Information

Please complete the following questionnaire fully, highlighting any information that you consider to be commercially sensitive*.

1	<p>As you will have read in this prior information notice, the strategic economic plan and regional skills plan we have set out the priorities that we wish the adult education budget to tackle.</p> <p>Please provide a short description of the nature and scale of provision you want to deliver in the WMCA area. Please consider residents, sectors and geography to engage with communities and employers.</p>
	<p>Response</p>

2	<p>We are keen to see more flexible models of delivery which could support adults in work to upskill. What delivery models do you believe could work to create an environment where employees can develop skills and increase their wealth?</p>
	<p>Response</p>

3	<p>The learner support fund provides the opportunity to reduce barriers for eligible adult residents to access learning. We're interested to hear views on how learner support funds are currently used to engage those residents who require that additional support to engage and stay in learning.</p> <p>Can you provide examples where the use of learner support funds has worked well to support this engagement as well as areas of difficulty in the current system inhibiting engagement?</p>
	<p>Response</p>



4	<p>The WMCA is keen to develop an environment where we can make things happen for residents and employers across communities, ensuring the region's growth is inclusive.</p>
	<p>We need to understand what barriers exist that could impact on achieving these outcomes for groups of residents. What current national policy entitlements or funding rules may be a barrier to delivering the outcomes we're looking for (as set out in this PIN, the SEP and RSP), and how?</p>
	<p>Response</p>

5	<p>What future flexibilities could be applied to policy entitlements and/or funding rules to better meet the needs of residents and communities, as aligned to our inclusive growth agenda?</p>
	<p>What do you believe would be the specific outcomes from adopting these policy changes in ensuring inclusive growth e.g. communities, potential numbers?</p>
	<p>Response</p>

6	<p>As set out in the regional skills plan the WMCA identifies the digital sector as a sector priority. We are seeking views on how we can use the AEB to support this sector in addressing skills gaps particularly at higher levels and what this provision would look like in terms of accessibility and delivery.</p>
	<p>Response</p>

7	<p>WMCA is exploring how an element of payment by results within the funding model might help to incentivise/support positive outcomes for residents, while still enabling providers to manage operating costs, cashflow and risk.</p>
	<p>a. We are considering a number of payment models and would welcome your views on the respective advantages and disadvantages of:</p> <ul style="list-style-type: none">i. The current model, in which an element of funding is attached to the achievement of a qualification with 20% held back for achievement of itii. Full payment by results, with the majority of funding predicated on achieving the stated outcomeiii. Partial payment by results, combining funding elements linked to service delivery, on-programme milestones, for achievement of the



agreed outcome/progression and an additional payment linked to a positive destination (e.g. employment, further learning at a higher level)

- b. Are you aware of any examples of payment models which have worked particularly well in terms of allowing providers the freedoms and flexibilities to support positive, evidenced outcomes for residents while remaining robust enough to provide adequate assurance and value for money?

Response

WMCA wants to focus on positive impact and outcomes for residents, rather than on outputs in terms of qualifications and learning aims. We are looking to use existing systems and data collection as far as possible but are keen to understand where additional MI might help to build the evidence base to support development of payment models, future commissioning decisions, and other flexibilities now and in the future.

- a. What does and doesn't work well in the current system around data recording/reporting?

- b. Do you currently collect data/MI which is not required by the ESFA but which you use for internal business/curriculum planning purposes which might assist with measuring outcomes/impact?

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- c. If we were to require quarterly qualitative performance report would that be reasonable (taking account of your answer to b above)?

- d. ILR: Based on your use of the ILR, are there potential flexibilities in the way that user defined fields could be utilised by WMCA providers to facilitate a standardised collection of additional information?

- e. Are you aware of any examples of particularly good practice in terms of outcomes, progression or destinations tracking and how these might be evidenced and incentivised?

Response

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The WMCA is focused on maximising its funding to meet the needs of its residents, communities and employers. To support this focus we will need to introduce a performance management cycle in year to tackle under/over performance. With regards to this:



- a. How might the timeline and scope of reporting projected performance/delivery be improved for WMCA, allowing timelier reviews of underspend and development of evidenced applications for growth?
- b. Should grant funded providers be subject to the same in year assessments of delivery for growth and reconciliation as private training providers and why?

Response

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The WMCA aims to put in place management systems and processes to allow partnership working including sub-contracting that expands the curriculum for WMCA residents, whilst ensuring value for money for the public purse from management fees.

How could consortium arrangements be incorporated as part of commissioning plans that could add value whilst providing value for money for the public purse?

Response

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WMCA wants to ensure that as much funding as possible reaches residents but recognises that there are costs involved in properly managing and assuring supply chains. We will be considering relevant guidance and best practice in relation to all management fees and those generated by subcontracting arrangements.

In order to ensure a properly planned and transparent approach to subcontracting, we are proposing that:

- Providers with whom the WMCA contracts should outline any plans to use subcontracting/supply chains at the beginning of the funding year, clearly setting out the fees/costs associated with each layer
- Approval should be required for any in-year changes to subcontracting arrangements.

What are your views on this approach?

Response