

Written evidence submitted by WEA [POD 20]

Thank you for the opportunity to give evidence to the Committee's inquiry into Progress on English Devolution on 22 June. One of the Committee members, Daniel Kawczynski MP, asked if we could provide an estimate for the costs associated with bidding for and maintaining multiple grants and contracts with the Mayoral Combined Authorities.

In the hearing, I made the broad point that it was inevitably more straightforward – and hence less costly – when the WEA's primary public grant came directly from the ESFA to cover activity across the whole of England. Moving from that model to one in which we – as a national charity – must engage with multiple funding bodies (the MCAs and the GLA as well as the ESFA in non-devolved areas) has led to more complexity and subsequently more cost.

To some extent we have accepted this and have adapted to it. Devolution of the AEB was not a sudden or unexpected development but one that we prepared for over several years. This means that we have effectively absorbed some of the costs in our planning and financial modelling over time.

We have reconfigured our business model and internal structure to ensure that we can continue to deliver provision in each of the MCA areas and have been successful in securing a grant or a contract in all but one of the authorities which have AEB responsibilities. This was our choice as we felt that the MCAs would be valuable strategic partners and that we could deliver meaningful outcomes for communities in each region (particularly as we had a presence and a track record in each). Had we not chosen to engage with the new authorities we would have been left with a much diminished education offer for our students with some regions excluded entirely. Clearly this was not an option for us.

It is an unintended consequence of devolution that national organisations such as ourselves - who believe in the principle of local delivery and who want to engage with the new devolved authorities - must also invest substantial resources in order to maintain coverage across all of the English regions.

To speak to the question directly, we estimate that the cost of participating in the competitive tendering processes for the MCA contracts so far have required one-off costs (including redundancies) of approximately £365k.

Having secured a contract, there are also ongoing costs of contract management and reporting which we estimate at approximately £155k pa (not including any additional costs of managing sub-contractors)

Because of the short term planning and funding horizon which national and regional adult education funding is subject to, it is likely that new tenders will be issued (or existing contracts re-tendered) frequently. This leads to a cycle of uncertainty where upwards of £5.6m of our funding p.a. is perpetually "at risk" which in turn necessitates contingency planning around redundancies and other transitional costs.

Even if we are successful in our bids and we do not need to draw on contingency funds, bidding effectively takes funding out of our budget (at least temporarily) which could otherwise be spent on the front line. In the first wave of devolution when the WEA was bidding for major grants in several devolved areas at once, for example, we had to plan for the possibility of facing transitional costs (redundancies, closed facilities etc) of up to £1.5M.

When we are successful in a bid, most of the contingency funding can be released but even so it is not 100% - some funding is required to manage the transition to a new contract arrangement. The MCA contracts nearly always call for a different type of provision from

what was previously delivered in the region, usually focusing on employability and workplace skills at the expense of a wider curriculum. Some staff and some students who were included in our pre-devolution courses, therefore, are not part of the provision delivered under the new contract and face redundancy and the loss of their learning opportunities. In non-devolved regions, with ESFA funding, it is easier to provide a wider curriculum (which could include work-related skills alongside a broader cultural offer).

Where we are unsuccessful in securing a grant or contract there is a double threat for our students and tutors in that there is no funding available for either current regional priorities or the sort of provision previously funded through ESFA. This is the case for us in Cambridge & Peterborough, where we have had to reduce the number of courses we are running in the region because we did not secure an MCA contract.

In summary, therefore, there are costs associated with:

- The process of bidding for contracts in some MCA areas
- The process of transitioning from an ESFA administered grant to a grant administered by the MCA in other devolved areas
- Contract management and reporting against MCA grants and contracts (compared with the previous cost of reporting against a single ESFA grant)
- Reporting against remaining ESFA grant in non-devolved areas
- Contingency planning in case a bid is unsuccessful
- Transition from one type of provision to another where the new contract calls for a different approach

As I hope this demonstrates, even as an organisation which champions local participation and decision-making, devolution is not without its difficulties for us.

We wish to retain our national structure which has proven its considerable worth in the current Covid19 crisis, enabling us to scale up our online provision to maintain a strong learning offer across England and Scotland throughout the lockdown period.

At the same time, we want to continue to engage with devolved authorities and to deliver at the most local level possible but we would look to central and regional government for a number of measures which would help us with this:

- An enhanced national grant to support us in maintaining flexible provision in all English regions
- In particular a national fund which supports online delivery, where administrative boundaries are less meaningful for students joining online courses from all over the country
- Transitional support for the period when providers are engaging (and perhaps bidding to) new devolved authorities. There is a precedent for this in the two-year extension to their national grant which residential colleges received when the AEB was first devolved.
- More flexibility for the MCAs to support a wider range of adult education provision under the AEB than currently – a relatively narrow focus on workplace skills omits successful provision such as cultural and arts courses, for example. This in turn may also encourage and enable MCAs to draw on budgets other than the AEB which can facilitate the delivery of outcomes in strategic areas such as health, wellbeing and community cohesion. These will be essential areas to focus on as the country begins to emerge from the Covid19 crisis.

- In the current coronavirus crisis where adult education providers are under considerable financial pressure, we would also wish to see a promise from funders, including the MCAs, not to reconcile grant funding for the next three years, so that funding is not clawed back because of reduced student numbers.
- Additional access to funds for engaging students digitally while social distancing measures are in place and capital funding to support preparing venues for limited re-opening would also be welcome

I hope that this answers the Committee's question in a helpful way. We are content for the Committee to publish this letter and we would be happy to provide any further information or clarification you might need

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