

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT

Fourth Delegated Legislation Committee

DRAFT GREATER MANCHESTER COMBINED  
AUTHORITY (ADULT EDUCATION FUNCTIONS)  
ORDER 2018

DRAFT WEST MIDLANDS COMBINED  
AUTHORITY (ADULT EDUCATION FUNCTIONS)  
ORDER 2018

*Monday 15 October 2018*

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

**not later than**

**Friday 19 October 2018**

© Parliamentary Copyright House of Commons 2018

*This publication may be reproduced under the terms of the Open Parliament licence, which is published at [www.parliament.uk/site-information/copyright/](http://www.parliament.uk/site-information/copyright/).*

**The Committee consisted of the following Members:**

*Chair:* SIR HENRY BELLINGHAM

- |  |   |
|--|---|
| Beckett, Margaret ( <i>Derby South</i> ) (Lab)                   | † Milling, Amanda ( <i>Cannock Chase</i> ) (Con)                  |
| † Brereton, Jack ( <i>Stoke-on-Trent South</i> ) (Con)           | † Milton, Anne ( <i>Minister for Apprenticeships and Skills</i> ) |
| † Cadbury, Ruth ( <i>Brentford and Isleworth</i> ) (Lab)         | † Rimmer, Ms Marie ( <i>St Helens South and Whiston</i> ) (Lab)   |
| † Campbell, Mr Ronnie ( <i>Blyth Valley</i> ) (Lab)              | † Robinson, Mary ( <i>Cheadle</i> ) (Con)                         |
| † Fletcher, Colleen ( <i>Coventry North East</i> ) (Lab)         | † Rowley, Lee ( <i>North East Derbyshire</i> ) (Con)              |
| † Freeman, George ( <i>Mid Norfolk</i> ) (Con)                   | † Skidmore, Chris ( <i>Kingswood</i> ) (Con)                      |
| † Hayes, Mr John ( <i>South Holland and The Deepings</i> ) (Con) |   |
| † Hepburn, Mr Stephen ( <i>Jarrow</i> ) (Lab)                    | Ian Bradshaw, Kenneth Fox, <i>Committee Clerks</i>                |
| † Knight, Julian ( <i>Solihull</i> ) (Con)                       |   |
| Mann, John ( <i>Bassetlaw</i> ) (Lab)                            |   |
| † Marsden, Gordon ( <i>Blackpool South</i> ) (Lab)               | † <b>attended the Committee</b>                                   |

## Fourth Delegated Legislation Committee

Monday 15 October 2018

[SIR HENRY BELLINGHAM *in the Chair*]

### Draft Greater Manchester Combined Authority (Adult Education Functions) Order 2018

4.30 pm

**The Minister for Apprenticeships and Skills (Anne Milton):** I beg to move,

That the Committee has considered the draft Greater Manchester Combined Authority (Adult Education Functions) Order 2018.

**The Chair:** With this it will be convenient to consider the draft West Midlands Combined Authority (Adult Education Functions) Order 2018.

**Anne Milton:** What a pleasure it is to serve under your chairmanship, Sir Henry. These orders, if approved and made, will provide for the transfer of certain adult education functions and associated adult education budgets to the Greater Manchester and West Midlands combined authorities. They provide an opportunity for the authorities to help their residents to fulfil their potential in life.

In 2015 and 2016, through a series of devolution deals agreed between the Government and the combined authorities, we made the commitment fully to devolve the adult education budget. The orders will deliver on that commitment. They are made under the Local Democracy, Economic Development and Construction Act 2009 and will transfer certain adult education functions set out in the Apprenticeships, Skills, Children and Learning Act 2009 from the Secretary of State to the combined authorities. Those functions will relate to the area of each specified combined authority for the academic year 2019-20 and thereafter. The transfer does not include the functions in so far as they relate to apprenticeships or those subject to adult detention.

In the 2015 spending review, the Government made £1.5 billion available annually until 2020 for the adult education budget. Across England, that support to help adults with skills and learning is vital in equipping them for work, an apprenticeship or further learning. It acts as an integral stepping stone, particularly for adult learners who may have suffered disadvantage. In 2016-17, the adult education budget supported adults to study English, maths, English for speakers of other languages, full level 2 or level 3 qualifications and a wide range of different community learning provision.

Combined authorities have a role to play in supporting the introduction of T-levels, including working with employers to provide high-quality industry placements. Each combined authority has its own needs and circumstances. Local authorities, including combined authorities, are fantastic enablers and facilitators. We are working with combined authorities, businesses and

learning providers to establish how skills provision and reforms can be best shaped to fit the needs of local areas.

The orders will transfer certain adult education functions of the Secretary of State in the Apprenticeships, Skills, Children and Learning Act to the combined authority in relation to its area and enable the transfer of that relevant part of the AEB to the combined authority. I apologise for getting technical, but it is important that this is covered. In particular, the following functions will be exercisable by the combined authority in its area instead of by the Secretary of State: section 86, which relates to education and training for persons aged 19 or over; section 87, which relates to the learning aims for such persons and the provision of facilities; and section 88, which relates to the payment of tuition fees for such persons.

Conditions are set with the transferred functions. In particular, the combined authority must have regard to guidance issued by the Secretary of State and must adopt eligibility rules in accordance with any direction of the Secretary of State. The Department for Education will transfer the relevant part of the AEB to the combined authority to undertake the functions. It will be the responsibility of each area to manage its overall AEB allocation efficiently and effectively to meet the needs of the local population.

Prior to the introduction of the orders, the Department has considered business cases from the combined authorities for implementation funding in preparation for the transfer of functions. After evaluating those cases, the Department agreed to provide appropriate implementation funding to support the combined authorities' preparations and ensure each area was able to prepare effectively for taking on the functions.

From academic year 2019-20, Greater Manchester and West Midlands combined authorities will be responsible for providing funding for statutory entitlements for eligible learners in maths and English up to and including level 2; first full level 2 for learners aged 19 to 23; first full level 3 qualifications for learners aged 19 to 23; and the forthcoming digital skills entitlement. We talk about the northern powerhouse and the midlands engine, and I think we can agree that skills are an essential driver for economic growth in those regions; they also ensure that adults can fulfil their potential.

I have a number of anecdotal cases of success in those areas. I will not detain the Committee with them, but I am happy to outline them should anybody want to know about them. I would also be happy to write to Committee members with those examples.

The scale of the challenges faced by those combined authorities is significant. There are 41,000 Greater Manchester combined authority residents with no qualifications at all, and across the districts there are significant variations between residents' skills levels. West Midlands combined authority has the lowest employment rate of any of the mayoral combined authorities—72.3%, against a national average of 78.4%. Employment in both combined authority areas is typically lower skilled and lower paid than the UK average.

Through these orders, the combined authorities will be able to deliver a step change to support their residents into good jobs with opportunities for people to progress and develop; improve the earnings potential of their

low-paid, low-skilled workers; deliver a thriving and productive economy; and—it is important to reiterate this—harness the collective enthusiasm, expertise and social capital of the local area from the third sector, businesses, the public sector and local authorities. I commend the orders to the Committee.

4.37 pm

**Gordon Marsden** (Blackpool South) (Lab): It is a great pleasure to serve under your chairmanship, Sir Henry. We welcome these orders enthusiastically, and I am pleased that we are finally able to have this discussion. Originally, the former Skills Funding Agency said that seven regions were supposed to get devolved AEBs for 2018, but the proposal has been delayed for a year. Still, better late than never.

I welcome the terms in which the Minister concluded her peroration. She talked about the broader aspects of the issue, as well as the technical aspects, which must be discussed on such occasions. We believe it is important that we give the combined authorities the power to start making changes locally as soon as possible. I know from personal contact with the Mayors of Greater Manchester and of Liverpool combined authorities, and from what the Mayor of the West Midlands combined authority, Andy Street, has said, that they are itching to get moving in those areas.

There are clear opportunities via these new structures, but there also needs to be horizontal, not simply vertical, co-operation, and infrastructure projects should be tied up with local delivery and co-operation wherever possible. I do not believe we can micromanage it all from Whitehall. That is why we welcome these proposals. Place and sector are always critical factors in supply and demand.

Tentative progress has been made in the devolution of adult skills funding, but we need a much bigger debate about the devolution of broader apprenticeship and skills funding. That is particularly pressing because of the sharp downturn in apprenticeship starts since the levy was introduced, especially in the 16 to 24 age range. One potential avenue that must be explored is devolved skills and the implications of the adult education budget's relative narrowness.

Devolving apprenticeships, including for adult apprenticeships and other skills funding, and not just the adult education budget, is the right way to go. As the Minister has made clear, devolution of FE should be the way forward in terms of community growth and cohesion. If we do not see the overall context of that and if we do not use all the levers for delivering the change we need, things could be very narrow. It could be a case of Hamlet without the prince. The reality is that if we want a proper economic plan across these areas—Greater Manchester, which I know very well, having grown up there, and the west midlands, which I know reasonably well—simply looking at devolving the adult skills budget and not considering the broader issue around apprenticeships is, to use a good old-fashioned northern phrase, pretty daft in the medium to long term.

However, we are where we are, and I want to ask the Minister specific questions about the orders before us today. Article 3(2)(b) does not include any functions relating to persons subject to adult detention. I assume that refers to the education of prisoners. The Minister

might need to send a note, but will she clarify the role of continuity between the Department for Education and the Home Office when the devolution takes place?

On the memorandum, in terms of the policy background—cited in the context of sections 86 to 88—the Minister made the point that the measure is subject to an exception in relation to apprenticeship training. I thought the wording was slightly ambiguous, but it is clear from what she said that the Government do not propose moving beyond the parameters in terms of apprenticeships. I want to ask her why, because the argument for that is compelling.

The explanatory memorandum states that “the Department for Education and the Education and Skills Funding Agency...will agree a collaborative approach through a Memorandum of Understanding”.

Given that the order has been delayed by roughly a year—it is not uncommon to introduce orders when lots of details have already been addressed within a Department—will the Minister tell us where the Department is up to with those memorandums of understanding with the two combined authorities? Related to that is the question of facilitating the alignment, where appropriate, of local and national policy. That plays to the stability of the sector throughout the process of transition. I will come back to that in due course.

At paragraph 10.6, the explanatory memorandum alludes to the fact that the Greater Manchester combined authority

“set out its ambition in response to the consultation and work to integrate the education, skills and employment landscape.”

That is far wider than the Government propose at this stage. I hope that they will reflect on that enthusiasm from Greater Manchester and try their best to accommodate it.

We know what the situation is with the separate skills agreement with the west midlands. It would be interesting if the Minister explained why it was appropriate for the West Midlands combined authority to have the skills deal and not Greater Manchester when the statistics she used showed that both areas are in sore need of that arrangement. In that respect, I can only add to what the metro Mayor of Greater Manchester, Andy Burnham, has said. This picks up on what the Minister has said about T-levels—I understand the importance of a collaborative process, but it is curious to have one without involving T-levels at this stage. Andy Burnham said:

“Further devolution to allow a less fragmented post-16 skills system...for young people, including apprenticeships and T-Levels, would go a long way to connecting residents and businesses with the growth of Greater Manchester.”

One important matter for Greater Manchester and West Midlands, and cities and combined authorities that might be affected more generally, is the impact on ESOL funding. I am happy to be corrected by the Minister or officials, but my understanding is that ESOL will be treated as part of the adult education budget. I therefore assume that responsibility for ESOL will be transferred in the same way for Greater Manchester and West Midlands. If so, and on the assumption that DFE is the lead agency for ESOL—obviously, the Home Office and the Ministry of Housing, Communities and Local Government contribute to provision for migrants and asylum seekers—what will the Minister do to ensure that the devolution process works smoothly?

[Gordon Marsden]

The Minister will be aware that ESOL funding has decreased from £203 million in 2010 to £90 million in 2016, a real-terms cut of 60%. Colleges and other providers have had their capacity to deliver vital courses slashed. It is therefore important that ESOL funding is devolved smoothly so that there is no further impact on the people who need that funding.

It is well understood that some adult education budgets are devolved. Some of but not all the areas to which the Government will devolve them will have a significant number of people for whom English is not their first spoken language. In that respect, I cite my county of Lancashire, which is not in a combined authority. In some areas and some ethnic groups, women, and particularly adult women, need that English support for a range of social and cultural reasons with which the Minister may be familiar. I do not expect her to respond in detail, but I hope she reflects on that.

Skills devolution is not just the smart thing to do economically in the community, but the way forward for community growth and cohesion. Labour has made it clear in our party policy that, if we were in government, we would look favourably on local authorities, Mayors and combined authorities if they had the capacity, competence and aptitude to offer those deals. We believe the Government should do the same.

The dramatic decrease in funding since 2010 means that I have to ask the Minister this: as part of this process, and for areas that will not have devolution, will there be additional funding for adult education and FE colleges in the Budget? Will she commit funding to combined authorities for the administration of the education budget? She indicated that that will happen, which I welcome, but is she in a position to say how much money and roughly what staffing support there might be?

I do not want to go into the details of some of the controversies that have characterised what has gone on in Greater London—it would not be appropriate for me to do so—but they shine a light on the need for this process to go through as smoothly as possible.

I want to speak about the inevitable concerns over market instability when rolling out AEB devolution. I said that that has been delayed for a year, and there is no point going into the details of why and wherefore. What happens often in government—Governments of all hues—is that when something is delayed for a year and finally moves forward, there is such a collective sigh of relief, not least from the Minister and senior officials, that there is a danger that the implementation timeframe will be rushed. That is not me raising this issue; just last week, *FE Week* published an article quoting Dr Gareth Thomas, managing director of consultancy firm Skills and Employment Support Ltd, in which he said that

“while the authorities ‘may be able to complete the procurement and contracting’ it was less certain that providers would ‘be able to adapt their delivery models and put appropriate partnership arrangements in place’ in time.”

He said that a lot would depend on how different the delivery requirements were area to area. He added:

“Hitting the ground running from August 1 will be a big challenge.”

The chief executive of the Association of Employment and Learning Providers, Mark Dawe, with whom the Minister obviously is very familiar, said that providers were generally

“facing dramatic changes across...their programmes of delivery. It is the uncertainty as to what is changing when and therefore the ability to plan and vary resource that is and will cause the greatest destabilisation”.

He said that there should be a

“‘clear plan and commissioning’ of all AEB.”

I want to touch on an issue that is tangential but part and parcel of the overall picture of adult education. The Minister will be fully aware of the particular concern of the Workers Educational Association; it is a national body but, as I understand it, the Minister and her officials have decided it will not have special arrangements. That leaves the WEA in quite a perilous situation on devolution issues such as this. No one is saying that Greater Manchester, the west midlands and the other areas we will discuss tomorrow would not want to come to an agreement in that respect, but the question, as always, is about the transition period and how that funding can be managed in that area. I hope that the Minister will say something about that.

We welcome these arrangements, which are very important. The scale of the challenge and the demands on the AEB in Greater Manchester are significant—the Minister quoted some figures on that. Sometimes, we are all guilty of seeing the top line of Greater Manchester and Liverpool and conflating that with the narrow scope of the cities in there. Greater Manchester, which I know very well, and the west midlands, which I do not know anywhere near as well, both have a common theme: the cities of Manchester and of Birmingham have benefited hugely over the last 20 years, but the economic footprint in the combined authorities that we are looking at has been very fragmented. In many cases, the outer boroughs in Greater Manchester and the west midlands have not experienced the economic impact and have quite different economic and employment structures. Those are among the issues that both the metro Mayors and the combined authorities in those areas will need to get a handle on.

With those comments I shall conclude. As I said, we do not intend to oppose the orders.

4.54 pm

**Anne Milton:** The shadow Minister raised a number of points, and I hope I can address them all. To collect the comments together, I suppose that some of the delay was to do with the combined authorities not feeling that they were ready. We felt it was very important that they felt ready to take the functions on, because, as he rightly raised, transition is difficult. Thinking about the providers, he mentioned Mark Dawe and combined authorities getting up to speed. I know that Mark will have raised that point from the providers’ point of view.

Even if we are doing the right thing, in the end we have to manage the process. We have all seen good ideas fall victim to the baby going out with the bathwater, and we want to ensure that that does not happen. Some of the delay was important in ensuring that everything was in place. All the combined authorities have to have skills plans in place so that local residents can see how their money is being spent and so that the aims of the

combined authorities are clear. The shadow Minister is also right to raise the issue of horizontal working and managing the system from Whitehall.

I want to say a word or two about apprenticeships. In some ways, apprenticeships have been devolved down to the smallest point possible, in that they are in the hands of employers. Thinking of the colleges I have been to and the local authority leaders I have met, what has struck me—it is also true of London—is that they can play a significant role not as doers, but as enablers and facilitators in gathering together employers and helping them to understand this new world of apprenticeships.

As a Minister, I am aware of the fact that in some areas, training provision is lacking. There are employers that desperately want training programmes for certain skills and there is not currently a provider. The Mayors can do a great deal more in that area as enablers and facilitators, but also, I hope, by working with us to ensure that employers have all the information they need to take on apprentices.

When things work well—I talk to employers that do well spending their levy, and there now is the facility to pass 25% on to non-levy employers—that is fantastic, but apprenticeships have to become part of workforce planning. There is not a skills budget to devolve, because it is in the hands of employers. I hope that the non-levy employers will soon also benefit from that in a similar way.

The hon. Gentleman specifically asked about adult education for adults in detention. I hope the situation is clear, but I am happy to give more detail. This is obviously a critical area, and there are some imaginative plans and work happening in the construction industry in London, where the Construction Industry Training Board—I know it is familiar to you, Sir Henry—has done some fantastic work with the employment of reoffenders. I will not detain the Committee by going through examples, but previous offenders have got into work and reached senior levels in construction. That sort of joined-up approach is what we want to see.

The memorandums of understanding have been signed and I hope that there will be no more delays, but should there be any that I am not aware of, the hon. Gentleman will perhaps let me know.

Aligning national and local interests is tricky. The hon. Gentleman rightly spoke about the fact that when thinking about combined authorities we think of cities. That disguises the truth. The skills and education needs of individuals in rural areas are complex, as is the need to provide such things in a way that meets their needs. Devolving that to the combined authorities means that there can be a much more granular and locally responsive approach.

I should mention the skills advisory panels; we have been working in seven areas on those. We need to learn how we can best make the panels' work effective. They were launched at the end of 2017, and we are rightly taking a phased approach, working with local enterprise partnerships and local authorities, and—critically—aligning them with local industrial strategies.

The hon. Gentleman mentioned ESOL, and he will be aware of the rules about its availability to unemployed jobseekers. When I go around the country, I see brilliant examples—as I am sure he does—some of which are quite small, of English delivery being done really well.

For instance, I was at a project in the north where they literally grabbed parents—often women—who culturally might not have felt the need to learn English, when they were taking their primary schoolchildren to school, asking them how they get their children ready for the standard assessment tests. That was an effective way of getting to those women, who are sometimes difficult to reach, and of ensuring that they could help and support their children while increasing their ability to speak and get language skills that ideally will get them into the world of work.

Will there be additional funding for FE and the AEB in the Budget? The hon. Gentleman's comments would be best addressed to the Chancellor.

**Gordon Marsden:** I take any opportunity.

**Anne Milton:** The hon. Gentleman should take any opportunity, as do I. I am an unashamed cheerleader for the sector, because it is hard for further education and adult education to get attention. We hear a lot of noise about schools, which are important, but they are just the start of the story. To take a rough figure, about 50% of the population do not go on to higher education. Often, the education system has not worked for those people—they have often underachieved. We must ensure that further and adult education gets the attention that it rightly deserves. I am sure he will take every opportunity to raise that with the Chancellor and Treasury Ministers.

Money spent on administration is important. I hope that local residents and locally elected Members will examine what the combined authorities are doing and ensure that the administration budget is kept as low as possible. It is surprising what can be delivered without over-burdensome administration.

**Gordon Marsden:** I am sorry to interrupt the Minister, who has been very helpful in laying out these things. However, unless I misunderstood her, she said in her first comments that the principle of an administration budget had been agreed, and I asked her whether she was in a position to say anything about what that budget—or indeed logistical support from the Department—might be. If she cannot do so today, I would be happy with a letter to the Committee.

**Anne Milton:** I was referring to start-up money, which has been distributed. We are working closely with the devolved administrations. I did much work on those budgets: we asked them to put in bids and all the rest of it and make sure that it felt as it should for their size of population and so on. From memory, there were wide variations in bids for what one combined authority felt it needed to do the administrative set-up work compared with another. That variation in itself is interesting and of note.

Importantly, the combined authorities will be able to keep any underspend, which will help them to support their administration. The adult education budget—sadly, in some ways—is often underspent: allocations are made, and providers do not use all of their budget. However, we are keen to ensure an open dialogue.

For me, no one has adult education right, because a different approach is needed in different areas, as I said. The work we are doing on the pilots in various areas

[*Anne Milton*]

around the country is complex—how we reach adult learners, how we get them on to courses, how we make them recognise that there is an opportunity for them. We are running the learning pilots at the moment, and those combined authorities that have the adult education project will in a way be another opportunity to see what different areas do.

I have been around the public sector for a long time—well over 40 years—and ever since I started people have been talking about sharing best practice and working more closely together, but the truth of the matter is that we are still saying it and people are not doing it. Why do we not do it? We need to look at the barriers. It is important, and I am keen that, although the Department wishes to devolve those responsibilities, we continue to work with the areas to grab best practice. I also hope that they will work with each other, because they will be greater than the sum total of their individual parts. I hope that they will share what is and is not working, and any ideas, while we will feed into them any intelligence that we get from our learning pilots.

The hon. Gentleman mentioned the WEA. It was founded in 1903 and is the largest voluntary sector provider of adult education and has been rated good by Ofsted. Its object is to widen participation. I am aware of its concerns, as the combined authorities will be. I do not underestimate the situation: transition is never easy. However, we have to take that instability head on to get to where I think will be a better place in the future. I am not a believer in change for change's sake, and I think that the hon. Gentleman recognises that from my time in the Department. I am a great believer, if something is working well, in making it work better incrementally. That is all we need to do; we do not need to change things radically. He and I have enjoyed such conversations, and that is important, because a direction of travel is what matters to the providers.

If I have missed anything, I am sure that the hon. Gentleman will write to me. I am happy to answer any questions. To summarise, the orders must be introduced now to allow the Greater Manchester and West Midlands combined authorities to work with providers to tailor adult further education provision in preparation for the academic year of 2019-20; to give their residents the opportunity to reach their potential, improve their earnings and gain progression in their jobs; and to allow the skills system to deliver in flexible and responsive ways, and to have the agility required to sustain a flexible economy. I therefore commend the orders to the Committee.

5.8 pm

**Gordon Marsden:** I am grateful to the Minister for the content of what she said and for the tone in which she delivered it. We share a common purpose in wanting to see the matter taken forward as smoothly and as fast as possible. If there are other things along the way, she knows that I will not hesitate to prod her further, but I will leave it there for today. I wish the orders and the combined authorities good speed.

*Question put and agreed to.*

*Resolved,*

That the Committee has considered the draft Greater Manchester Combined Authority (Adult Education Functions) Order 2018.

**DRAFT WEST MIDLANDS COMBINED  
AUTHORITY (ADULT EDUCATION  
FUNCTIONS) ORDER 2018**

*Resolved,*

That the Committee has considered the draft West Midlands Combined Authority (Adult Education Functions) Order 2018.—  
(*Anne Milton.*)

5.9 pm

*Committee rose.*