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# **Adult Education – Pathways to Devolution**

Economic Development, Transport and Climate  
Emergency (EDTCE) Scrutiny Committee

Date of meeting: 22<sup>nd</sup> April 2026

Lead officer: Kerry Gray

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## Useful information

- Ward(s) affected: All
- Report author: Kerry Gray
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- Report version number: 1

## 1. Summary

The Leicester Adult Education service have been invited to participate in a DfE programme called the Pathways to Devolution Pilot. The aim of the initiative is to enhance local decision making about provision to address local skills gaps. To achieve this the DfE have decided not to procure national providers of Adult Skills Funded courses in the pilot areas, and from 1<sup>st</sup> August 2026 they will reallocate that funding to the local authority's Adult Education service to manage as an extension to their existing Adult Skills Funding grant.

This will be an increase of around £1.95M per annum and trebles the existing £950K Adult Skills Fund grant to £2.9M. In year 1 £290K of the funding can be used for preparatory work and capacity building.

This paper sets out the proposed approach to utilise the additional funding and highlights the opportunities and key risks it presents.

## 2. Recommended actions/decision

- (a) To note the Adult Education service's participation in the pilot
- (b) To consider the proposed approach and make recommendations regarding priorities.

## 3. Background and options with supporting evidence

### 3.1 Adult Skills Fund – Pathways to Devolution pilot

The Leicester Adult Education service has been invited to participate in a DfE programme called the Pathways to Devolution Pilot. The aim of the initiative is to enhance local decision making about provision to address local skills gaps. To achieve this the DfE have ceased to procure national providers in the pilot areas, and from 1<sup>st</sup> August 2026 will reallocate that funding to the local authority's Adult Education service to manage.

The funding will be subject to the existing, [national funding rules](#) and [Ofsted](#) requirements:

- Selected, nationally determined, qualification courses up to Level 3
- for those aged 19+ in non-devolved areas (Leicester, Leicestershire & Rutland).
- for those who meet the residency requirements
- Fees and fee remission criteria are nationally determined.
- The flexibilities that are available through full devolution do not apply.
- All courses delivered using this funding will be part of the Leicester City Council Adult Education programme and therefore likely to be inspected in 2028.

- Funding is on a payment by results basis, with any underachievement recovered in the following academic year.

### 3.2 Nationally procured places

This funding was previously used by the DfE nationally to procure training provision. In the latest full year with data available (2024-25) this was delivered by 40 organisations to Leicester City residents.

No of enrolments in 2024-25	No. of providers	Total enrolments
Fewer than 10	12	43
10-49	14	381
50-99	6	422
100-199	2	238
200-299	4	927
300-399	1	338
400-499	0	
500-599	1	506
<b>Total</b>	<b>40</b>	<b>2885</b>

The smaller providers were mainly delivering generic, online courses and there was a lot of duplication of the same courses. One provider has now closed, and one has been investigated and found not to have complied with DfE funding rules.

### 3.3 Principles

In 2025, the Assistant Mayor for Jobs and Skills endorsed five overarching principles to underpin Leicester City Council’s Adult Learning and Skills Development programmes. These principles draw together the **UNESCO Learning Cities framework**, the **Local Skills Improvement Plan (LSIP)**, the **Tailored Learning Grant** purposes, and the **Get Leicester Working Plan**. They provide a clear foundation for programme design, delivery, and partnership working.

#### **Principle 1: Empowerment and Inclusion**

*Ensure all adults have equitable access to learning that empowers individuals, tackles barriers, and promotes social cohesion across diverse communities.*

#### **Principle 2: Relevance and responsiveness**

*Design and commission high-quality adult learning and skills programmes that meet individual, business and community needs and embrace modern technologies.*

#### **Principle 3: Collaboration and Partnership**

*Strengthen cross-sector partnerships between education providers, employers, communities, and government to co-design skills solutions and maximise shared resources.*

#### **Principle 4: Lifelong and Life-Wide Learning**

*Foster a culture of learning at every stage of life — in families, communities, workplaces, and formal education — to build resilience, adaptability, and wellbeing.*

#### **Principle 5: Leadership and Sustainability**

*Demonstrate strong political will, good governance, and effective resource use to embed skills development as a driver of inclusive economic growth, health, and social value.*

### **3.4 Proposed priorities for 2026-28 and alignment with other strategies and existing programmes**

The additional grant funding will be used to extend existing, successful provision and develop or commission new provision to meet identified skills gaps. The priorities draw upon the research and analysis completed as part of the [Get LLR Working plan](#), the work of the Chamber of Commerce who have consulted with local employers to develop the [Local Skills Improvement Plan](#) and the development of the [Connect to Work](#) programme which is aiming to address economic inactivity in the region.

Over the next twelve months there will be further significant changes to the employment and skills landscape, including the introduction of the Lifelong Learning entitlement which extends the student loan system to a wider variety of courses and a more modular approach at Level 4 and above.

This funding is for courses at levels up to Level 3 (A Level standard) and therefore the additional provision will focus on developing core, transferable, essential skills and first steps into technical vocational pathways, including Skills Bootcamps.

Places funded through this programme will be prioritised for Leicester city residents, as they will no longer be eligible for nationally procured programmes, however county residents are eligible for any remaining places.

Once the funding allocation is confirmed further work is required to develop a detailed delivery plan, however the type of courses that could be developed include:

#### Leicester Adult Education – Direct delivery

- Existing over delivery - The grant was cut in 2025-26 and the service is on track to over-achieve the allocation. Funding of over-delivery is at the discretion of the DfE. This delivery (mainly ESOL) will be funded in 2026-27 with an increased allocation.
- Additional Essential Skills provision to meet current unmet demand– ESOL, English, Maths and Digital skills.
- Development of practical construction and craft skills at Bishopdale Adult Learning Hub in Beaumont Leys as part of the Leicester Construction Hub.
- Programmes to extend the Connect to Work and Work Well offer and those who are NEET at age 19 – 25.

#### Partnership or sub-contracted provision –

- Provision previously subcontracted nationally which has proven, local impact and meets the principles outlined above.
- Additional Essential Skills provision to meet current unmet demand– ESOL, English, Maths and Digital skills.
- Vocational progression opportunities that complement an existing Adult Education or Skills Bootcamp programme e.g. Accountancy L3
- Specialist vocational courses which meet sectoral priorities in the Local Skills Improvement plan and Get LLR working plan.
- Skills to support the Creative Industries aligned to the Council's Creative Industries Strategy
- Programmes to support digital and management skills for efficiency and productivity in the small business, public and VCS sectors.

### 3.5 Sub-contracting and partnership provision

There are 3 models for delivery of Adult Skills –

- **in house delivery** (LCC directly employ all the staff and manage all aspects of the courses),
- **partnership provision** (LCC directly employ the teaching staff but commission partner organisations to host the courses and recruit the participants),
- **sub-contracted provision** (a third-party training provider recruits learners, hosts and teaches the courses)

It is proposed to use a mixture of these approaches; however, the Adult Education service is not currently approved to be a Lead Provider which sub-contracts its Adult Skills Fund grant. The DfE has indicated that an application would now be considered in the light of this pilot.

There are significant, known risks in subcontracting provision from failure to deliver and poor-quality provision to fraud. The DfE therefore have strict [subcontracting rules](#).

The education rationale for subcontracting must meet one or more of the following aims:

- enhances the opportunities available for learners
- fills gaps in niche or expert provision or provides better access to training facilities
- supports better geographical access for learners
- offers an entry point for disadvantaged groups; or
- gives consideration of the impact on individuals with shared protected characteristics, where there might otherwise be gaps

All partnership or subcontracted provision will be specific, additional activity managed and marketed as part of the LCC Adult Education programme.

All subcontracted provision will be commissioned using the established Skills Bootcamp process.

### 3.6 Use of the development grant

In year 1, £290K of the funding will be used for preparatory work and capacity building including:

- Data analysis, stakeholder engagement, research and consultation on a Skills Strategy for Leicester City. We will work closely with the chamber of commerce to align this to the LSIP and help them meet their objective of engaging more SMEs and more diverse business perspectives.
- Procurement & Legal costs
- Recruitment, induction and training of a new subcontracting management, quality assurance and administration team members for the Adult Education service.
- Website development and marketing strategy for the expanded programme.

- MIS and data collection systems upgrade to enable management of subcontractors. Report writing to adapt performance management systems to incorporate subcontractors.
- Costs associated with expanding direct delivery – venues, marketing, recruitment of learners, exam registration costs for new qualifications.

### 3.7 Risks

- Under-delivery and clawback of funds – especially in year 1 when new processes need to be implemented and time frames are tight. In line with the existing Adult Skills Fund grant any funding which has not been earned through delivery of courses in the 2026-27 academic year needs to be accrued as it will need to be paid back in the spring of 2028.
- Quality of subcontracted provision – the provision will be inspected as part of future Adult Education Service Ofsted Inspections.
- Fraud – there is history of fraud within the sub-contracted provision sector and with some of the nationally procured training providers.

### 3.8 Timeline

April 2026 – confirmation of funding allocation.

May 2026 – revised Accountability Agreement and acceptance of the revised contract.

June 2026 – sub-contracting approval application, stakeholder engagement for partnership delivery. Procurement of subcontracted provision.

Autumn 2026 – delivery can start

## 4. Financial, legal, equalities, climate emergency, and other implications

### 4.1 Financial implications

The following points need considering:

- We need more detailed costing as the additional grant will need to cover all Council costs, including any additional overheads which will now be incurred e.g. additional IT equipment and support.
- Do we have any draft contract / partnership agreement / memorandum etc? We will need to review these for any financial aspects.
- The income & payment arrangements will need to be reviewed. What is the basis of the income we receive, when will we be paying the providers and under what conditions could we find ourselves repaying?
- There needs to be a bit more of a focus on potential risks which may arise e.g. could we find ourselves expending money which cannot be recovered if there are insufficient learner numbers? What happens if the pilot period ends and we incur redundancy costs for the additional staff which have been recruited?
- Are there VAT implications which could affect LCC partial exemption status? These need further exploration to determine the extent of this - VAT expertise should be sought.
- Is there a requirement by DfE for the sub-contracting arrangements to be internally audited? Due to the fraud risks cited by DfE and grant sub-contracting of teaching

being a new arrangement to Adult Education, this may be worth considering in any case.

Signed: Joel Martin

Dated: 3 March 2026

#### 4.2 Legal implications

##### **Commercial Legal**

It is understood the Authority currently receives Adult Skills Funding directly from the Department for Education under its designation as a local authority adult education provider.

This funding is governed by an annual contract, which sets out the terms, conditions, and performance expectations for delivery. As the report suggests the increase will taking the funding to £2.9 million allocation for 2025–2026 will be amalgamated into the Authority's existing annual contract with DfE, with revised delivery expectations and performance measures. Any additional conditions of funding should be reviewed before accepted and appropriate advice sought on this and subsidy control compliance.

The report suggests three models of Adult Skills delivery utilising the DFE funding. In respect of the partnership and sub-contracted provision, the Authority should appoint through a compliant procurement process to deliver the commissioned activity in compliance with the relevant Procurement Legislation and internal Contract Procedure Rules. There is also mention of website development, therefore Procurement teams both Corporate and where relevant ICT Procurement should be engaged too.

Signed: Mannah Begum, Principal Solicitor, Commercial Legal Team

Dated: 24 February 2026

##### **Employment Legal**

There are no direct employment legal implications arising from this recommendations sought in this report. However, it is noted that there will to be further report(s) regarding how the provision might be delivered. It this therefore recommended that employment legal advice is sought as to any implications that arise as the proposals develop.

Signed: Julia Slipper, Principal Solicitor (Employment & Education)

Dated: 26 February 2026

#### 4.3 Equalities implications

When making decisions, the Council must comply with the Public Sector Equality Duty (PSED) (Equality Act 2010) by paying due regard, when carrying out their functions, to the need to eliminate discrimination, advance equality of opportunity and foster good relations between people who share a 'protected characteristic' and those who do not.

Decision makers need to be clear about any equalities implications of the proposed changes. In order to consider the likely impact on those likely to be affected by the recommendation and their protected characteristics.

Protected groups under the Equality Act are age, disability, gender re-assignment, pregnancy/maternity, race, religion or belief, sex and sexual orientation. The Leicester Adult

Education service have been invited to participate in the Pathways to Devolution Pilot. The aim of the initiative is to enhance local decision making about provision to address local skills gaps.

The proposed expansion of ESOL, English, maths, digital skills, construction and employability programmes is likely to benefit people who face barriers in the labour market, including many from minority ethnic communities, recent migrants, disabled people, women returners and young adults who are NEET.

Prioritising Leicester city residents could help reduce local inequalities. A fuller equalities analysis should be completed as the detailed delivery plan is developed, using participation and outcome data and feedback from stakeholders and community organisations. It is important that any planned engagement is accessible.

Signed: Equalities Officer, Surinder Singh, Ext 37 4148

Dated: 25 February 2026

#### 4.4 Climate Emergency implications

There are no direct climate emergency implications arising from this report, however the funding may provide an opportunity to further embed sustainability principles in adult education to further develop green skills pathways, net-zero literacy and strengthen provider readiness for green skills delivery.

Signed: Phil Ball, Sustainability Officer, Ext 372246

Dated: 24<sup>th</sup> February 2026

#### 4.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

N/A

#### **5. Background information and other papers:**

#### **6. Summary of appendices:**

#### **7. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?**

#### **8. Is this a “key decision”? If so, why?**