LANCASHIRE

COMBINED COUNTY AUTHORITY

Adult Skills Fund

Lancashire Strategic Skills Plan

Contents

Charts and Data **3**
1. Introduction **4**
2. The Strategic and Funding Context **5**
3. Labour Market Drivers **9**
Future workforce **9**
Inclusive workforce **12**
Skilled and productive workforce **13**
4. Priorities for ASF Investment **15**
Future workforce **15**
Re-engagement of adults in learning 15
Access to Higher Education and to Higher Technical Qualifications 15
Inclusive workforce **15**
Tailored Learning 15
English, maths and digital skills 16
English for Speakers of Other Languages (ESOL) 16
Community Grants 16
Addressing economic inactivity 16
Skilled and productive workforce **16**
In-work learning 16
Sector Work-Based Academies 17
Skills for priority occupations 17
5. Delivering Impact **18**
6. Commissioning Approach **20**
Plan-led **20**
Focussed procurement **21**
Sub-contracting **21**
Cross-border learning **21**
Indicative timeline **21**
Plan-led 22
Focussed procurement 22
7. Funding policy **22**

Charts and Data

Figure 1: The Lancashire Skills Escalator and ASF 7

Figure 2 Skills funding sources and their policy intent 8

Figure 3 Net change and replacement demand for occupations in Lancashire, 2020-2035 ... 7

Figure 4 Skill requirements in Lancashire, 2015-2035 11

Figure 5 Percentage change in skill requirements in Lancashire, 2015-2035 8

Figure 6 Percentage of 16-64 population with no Level 3; % of population out of work and searching for work 13

Figure 7 Top 10 occupations with the highest forecast average annual openings in Lancashire, 2024-2032. 14

1. Introduction

The establishment of the Lancashire Combined County Authority (LCCA) in February 2025 and Lancashire's first devolution deal marks a major milestone not just in the county's governance, but also its economic future.

Lancashire is home to over 1.5 million people. Its 55,000 businesses provide around 640,000 jobs, which, as the devolution deal notes, is pivotal to the success of the wider Northwest region. The skills of the local population have a critical role to play in supporting Lancashire's future prosperity – allowing employers to access the talent they need, attracting inward investment, whilst enabling more local people to share in the benefits of that growth through the labour market.

However, Lancashire's labour market currently underperforms relative to national benchmarks. As the Lancashire Skills and Employment Strategic Framework notes, the area's employment rate is low, amid recent increases in economic inactivity driven by poor health. The proportion of the population with low or no qualifications is higher than average. Meanwhile, forecasts suggest that employer demand for advanced and higher skilled labour are likely to grow.

Lancashire's initial Devolution Deal recognises the long-term nature of the opportunities and challenges facing the county's economy and labour market. It hands new powers and new investment funds to the LCCA to drive forward growth sectors, as detailed in the draft Lancashire Growth Plan, including UK security and defence, clean growth and nuclear, digital and AI, advanced engineering and manufacturing, and coastal investment with a focus on tourism. The skills of Lancashire residents are an enabler and are critical to capitalising on the growth opportunities that the devolution deal seeks to build. The draft Lancashire Growth Plan references inclusive economic growth and ability through devolution to maximise residents' ability to secure higher value job opportunities aligned with growth.

The full devolution of the Adult Skills Fund (ASF), amounting to an estimated £41 million per annum, from academic year 2026/27 was confirmed as a core element of Lancashire's devolution deal. This gives the LCCA and its partners the chance to better connect labour market need and opportunity via investment in adult skills.

This strategy and commissioning plan has a central role to play in informing preparations for devolution led by the LCCA, working with its partners. It is built on an extensive evidence base developed through detailed desk-based analysis of existing need and provision, along with an expansive programme of engagement with local partners and other combined authorities.

As per the section above, the Lancashire Strategic Skills Plan for ASF was produced in consultation with a range of consultees. A steering group oversaw the development of the plan which included the three upper tier local authorities, representatives from the Lancashire College Group and a representative from the Chamber of Commerce (responsible for the Lancashire LSIP) and Lancashire Work Based Learning Forum. In

addition, over thirty interviews were undertaken with a wide range of stakeholders including district councils, colleges, independent training providers, third sector providers and employers.

The plan, which was approved by LCCA on 24 April 2025, describes Lancashire's priorities for ASF investment; outlines an approach to understanding impact; sets out how the LCCA plans to commission devolved ASF activity; and finally, highlights opportunities to flex funding policies to address high priority local needs and opportunities.

2. The Strategic and Funding Context

Lancashire 2050 sets out an ambition for the county to be seen across the world as the best place to make a home, raise a family, develop a career, do business, and grow old. A place made up of communities everyone is proud of, that celebrates our sense of place, heritage, and natural environment. Lancashire 2050 is supported by eight themes:

- Economic Prosperity
- Transport and Infrastructure
- Environment and Climate
- Housing
- Early Years and Education
- Employment and Skills
- Health and Wellbeing
- Communities and Place

Lancashire 2050 provides an umbrella strategy, which enhances connections between the eight themes and their respective priorities, to enable joint ambitions and actions. The draft Lancashire Growth Plan is currently out to consultation (as of March 2025) and identifies the growth opportunities for the economy. A theme of the Lancashire Growth Plan is inclusive economic growth, recognising that skills are an enabler to support economic growth, and in maximising Lancashire residents' opportunity to secure higher value employment.

The economic context for Lancashire is one of significant changes to the structure of the local economy. Some are driven by demographics – for example, with an ageing workforce it is expected that Lancashire's Health and Social Care sector will account for an ever-increasing proportion of the economy. Beyond this, Lancashire's economic future will be driven by technological advancement and by flagship investments. For example, the National Cyber Force will bring high value high-tech jobs with a supply chain cluster at the heart of the North West Cyber Corridor; the related specialisation of Lancashire's manufacturing base towards Advanced Manufacturing, with opportunities coming from programmes such as Future Flight, and Low Carbon technologies and the investment in the Advanced Manufacturing Research Centre at Samlesbury. The proposed investment in Eden Project Morecambe will also drive growth in tourism. The Adult Skills Fund has an important role to play in connecting these opportunities to local

communities via training and jobs, helping more people share in the benefits of Lancashire's growth.

The Lancashire Skills and Employment Strategic Framework was refreshed and published in February 2024, in line with the ambitions of the evolving LCCA. The Strategic Framework's aspiration is to empower individuals to continually develop their skills throughout their lifetimes, thereby enticing businesses to invest in the county due to the presence of a highly skilled and productive workforce. It establishes a dynamic vision designed to enhance the adaptability of the skills and employment ecosystem, aligning it more effectively with the ever-evolving demands of Lancashire's businesses and residents.
The Delivery Plan that supports the 2024-29 Strategic Framework brigades the action and investment required to achieve this vision against four themes:

- Future workforce
- Inclusive workforce
- Skilled and productive workforce
- Social value

The scope of the Strategic Framework is broad, encompassing careers provision in schools and colleges; English, maths and digital skills required for life; technical education provision in colleges; employment and employability support; the growing economic inactivity challenge; graduate retention; reskilling and upskilling; community-based learning, Higher Technical Qualifications; health and wellbeing; and social value. ASF investment will be directed to address some, not all, of the issues identified in the Lancashire Skills and Employment Strategic Framework. ASF investment will be marshalled alongside other budgets to ensure that its strategic impact is maximised, duplication is avoided, and progression is facilitated.

ASF has a pivotal role to play in the Lancashire's Skills Escalator, enabling more people living and working in Lancashire, regardless of their starting point, to progress towards the opportunities presented by employers' growing needs for advanced and higher skills. As the diagram below illustrates, aspects of the Adult Skills Fund (such tailored learning, Sector Work-Based Academies, ASF-funded intermediate and advanced provision) are key to providing the education and training that local people need to progress up the escalator.

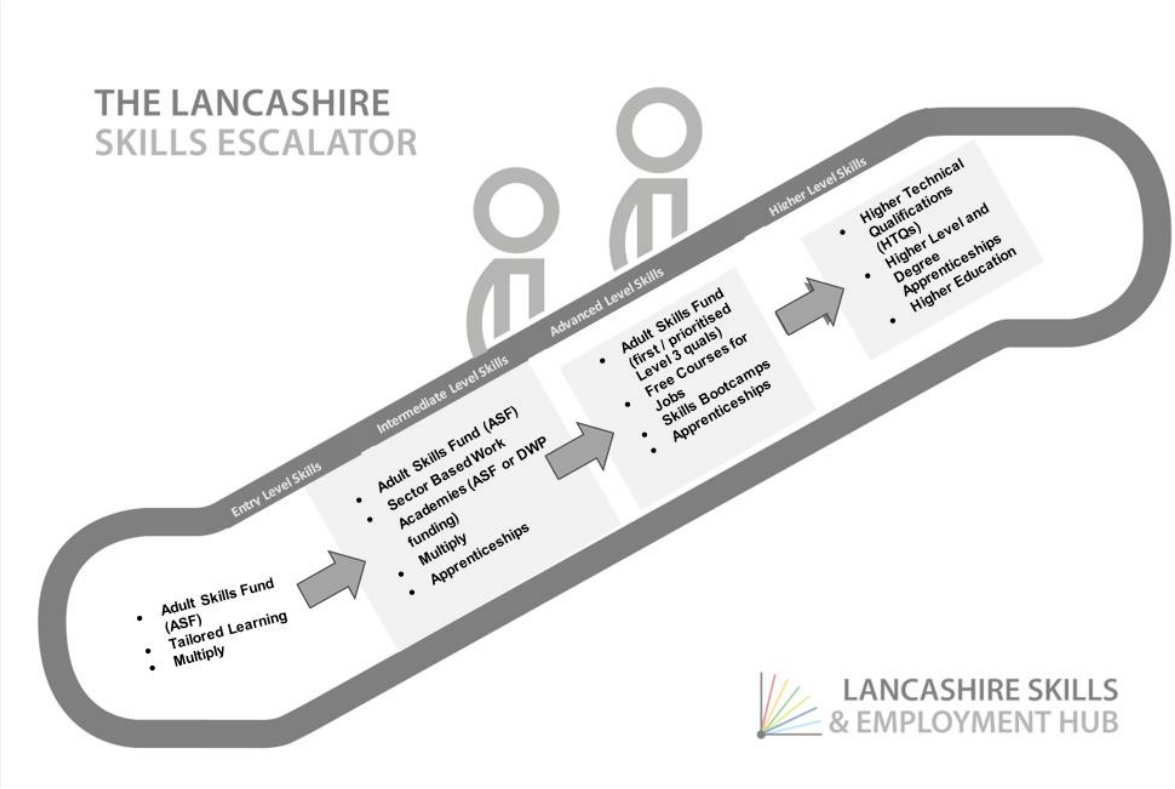

Figure 1: The Lancashire Skills Escalator and ASF

ASF is integral to the education and training available via the escalator, but it cannot act in isolation. As an example, a learner could be supported by an ASF-funded Tailored Learning provider as a first engagement step via community-based learning, before progressing to a more vocationally focused ASF course either with that provider or another provider to help them enter work. That same learner could, perhaps having gained work experience, subsequently access ASF or Free Courses for Jobs level 3 provision to gain the knowledge and skills required to progress in their career, coupled with a complementary Multiply programme (noting that Multiply may continue in Lancashire under UKSPF in some districts) to secure the maths qualifications required to meet their career aspirations. Other learners will have a different path depending on their needs, given the wide variety of possible scenarios.

Work will be required from the LCCA, ASF providers and other stakeholders (such as National Careers Service and in the future, the reformed Jobs and Careers Service) to ensure that adults in Lancashire – particularly those in greatest need – are aware of and are able to access ASF delivery. The LCCA and its partners will therefore consider the steps required to further publicise and promote ASF-funded learning, to help improve the impact of devolved funding on people and places in Lancashire.
The scope of the main post-16 skills budgets that are, as of March 2025, currently in play in Lancashire is set out in the table below.

		Adult Skills Fund	Multiply	Other UKSPF (certain districts)	Skills Bootcamps	Free Courses For Jobs	16-19 FE	16-19 Schools	Apprenticeships	Student Loans Company
Age	16-19			x			x	x	x	
	19+	x	x	x	x	x			x	x
Level		0-3	0-2	0-2	2+	3	0-3	2-3	2+	3+
Employment status	Employed	x	x	x	x	x			x	x
	Unemployed	x	x		x	x				x
	Economically inactive	x	x	x		x				x
Learning type	Classroom	x	x	x	x	x	x	x		x
	Community	x	x	x						
	Work-based				x				x	

Figure 2 Skills funding sources and their policy intent

Alignment with National Objectives

The Adult Skills Fund (ASF) in Lancashire will be strategically aligned with national objectives to ensure coherence between local delivery and the UK's broader economic and social ambitions. This alignment is shaped by three key national frameworks:

Get Britain Working White Paper

This White Paper sets out a range of actions to reverse the growth in economic inactivity and improve employment rates. ASF delivery in Lancashire will support its core aims by:

- Engaging residents who are economically inactivity, especially among those with health conditions or caring responsibilities.
- Supporting young adults who are unemployed or economically inactive through targeted skills provision.
- Improving basic skills for adults lacking essential literacy, numeracy, and digital capabilities.
- Joining up of work, health, and skills provision as per the Get Lancashire Working Plan, working collaboratively with the NHS Lancashire and Cumbria Integrated Care Board, Jobcentre Plus and other partners. ASF-funded programmes will contribute to the White Paper's ambition of achieving an 80% employment rate by helping more residents access secure, well-paid jobs and progress in their careers.

Skills England Priorities

Skills England is tasked with creating a unified national skills strategy. ASF in Lancashire will align with its priorities by:

- Identifying and addressing skills gaps in key growth sectors such as health, digital, and sustainable industries.
- Supporting lifelong learning and reskilling, especially for adults needing to transition into new roles.
- Co-designing solutions with local partners, ensuring that ASF investment reflects both national priorities and local labour market intelligence.
- Contributing to the national goal of reducing reliance on overseas labour by building a skilled domestic workforce.

UK Industrial Strategy

The Industrial Strategy sets out a ten-year vision for economic renewal, with skills at its core. ASF will support this strategy by:

- Developing talent pipelines for high-growth sectors such as clean energy, AI, life sciences, and advanced manufacturing.
- Addressing vocational and technical skill shortages, particularly in trades essential to the green transition.
- Supporting regional growth through targeted investment in priority sectors.
- Embedding lifelong learning and adult retraining to meet the evolving demands of the economy.

By aligning ASF delivery with these national frameworks, Lancashire will play a pivotal role in advancing the UK's goals for inclusive growth, productivity, and social mobility while ensuring that local residents and employers benefit from a responsive and future-ready skills system.

3. Labour Market Drivers

In helping to deliver elements of the Lancashire Skills and Employment Strategic framework it is important that ASF investment is cognisant of the drivers of the key themes of the Skills and Employment Strategic Framework: the future workforce; an inclusive workforce; and a skilled and productive workforce. Some of the key drivers in each of these priorities are discussed below.

Future workforce

Forecasts for labour demand in Lancashire show that replacement demand (i.e. the demand for labour caused by people leaving the labour market through, e.g. retirements) will far outstrip growth demand in all occupations (Figure 2). So, for example, whilst slight declines are forecast in the numbers of those employed in administrative and secretarial occupations; in skilled trade occupations; and for process, plant and machine operatives; these occupations will see much higher levels of replacement demand than the overall decline in the numbers employed in them. The occupational groups with the largest overall labour requirement (i.e., demand arising from growth and replacement demand combined) are professional occupations; associate professional occupations; and caring, leisure and other service occupations.

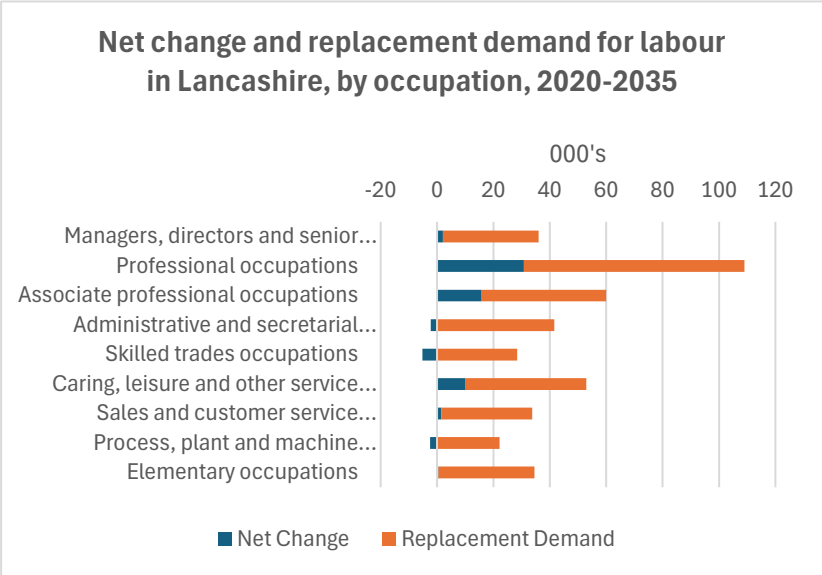

Figure 3 Net change and replacement demand for occupations in Lancashire, 2020-2035, Institute of Employment Research, University of Warwick

These forecast changes in the mix of occupations employed, together with many occupations requiring higher levels of skills in the future, will give rise to the need for a richer skill mix in the Lancashire economy. This is illustrated in Figure 3 which shows increased demand of 4k, 8k, 34k, 30k and 9k at Levels 3,5, 6, 7 and 8 respectively between 2015 and 2035. By contrast demand for skills at levels 2, 1 and unskilled will decline by 16k, 19k and 12k respectively by 2035 compared with 2015. This increase in demand for higher level skills and decrease in lower level skills will feature in all sectors including those areas that are of particular importance to Lancashire – including digital/cyber, manufacturing, low carbon, health and social care, tourism and culture. ASF, alongside other budgets, has an important part to play in helping to ensure that employers in Lancashire (such as those in the above sectors) can access the talent they need to grow, while at the same time allowing more Lancashire residents – particularly those who might be unemployed, or in low paid work - to enter skilled occupations and progress in the jobs these employers will create.

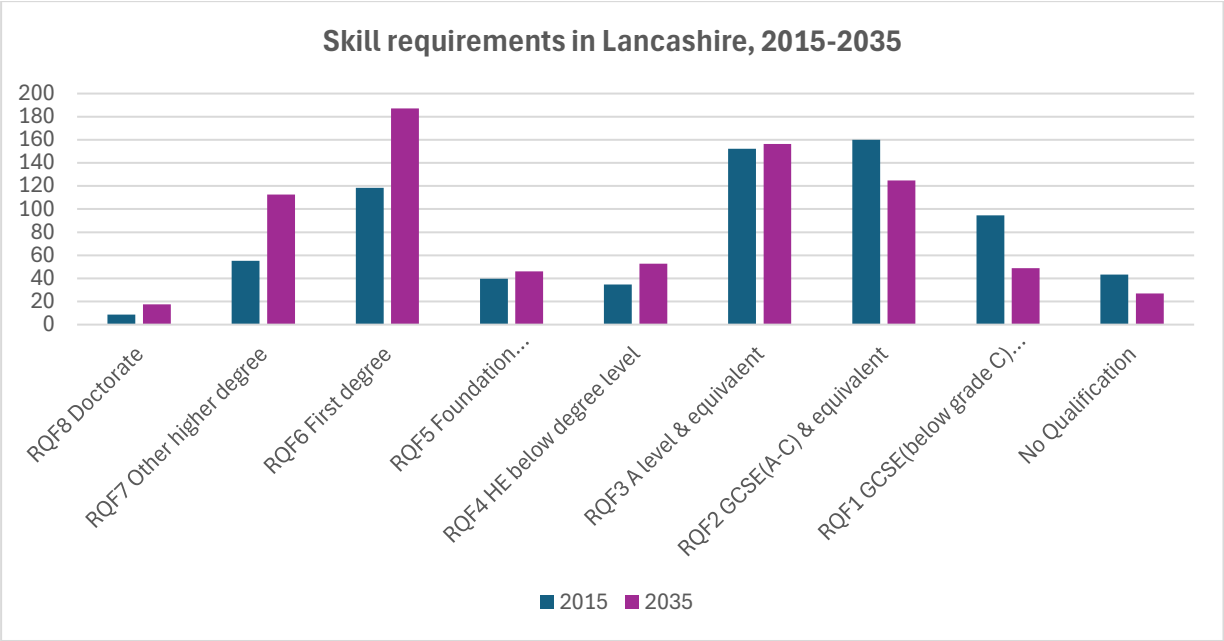

Figure 4 Regulated Qualifications Framework (RQF) skill requirements in Lancashire, 2015-2035, Institute of Employment Research, University of Warwick

The percentage change in the volume of different jobs requiring skills at different levels is shown in the chart opposite (Figure 4). Between 2015 and 2035, the number employed in Level 7 and Level 8 occupations (i.e. post-graduate) is projected to double. The numbers employed at Levels 6 and 4 is projected to both increase by more than 50%. By contrast the numbers employed at Levels 1 and 2 and with no skill requirement are projected to all decrease, with the numbers employed in Level 1 occupations almost halving in this period.

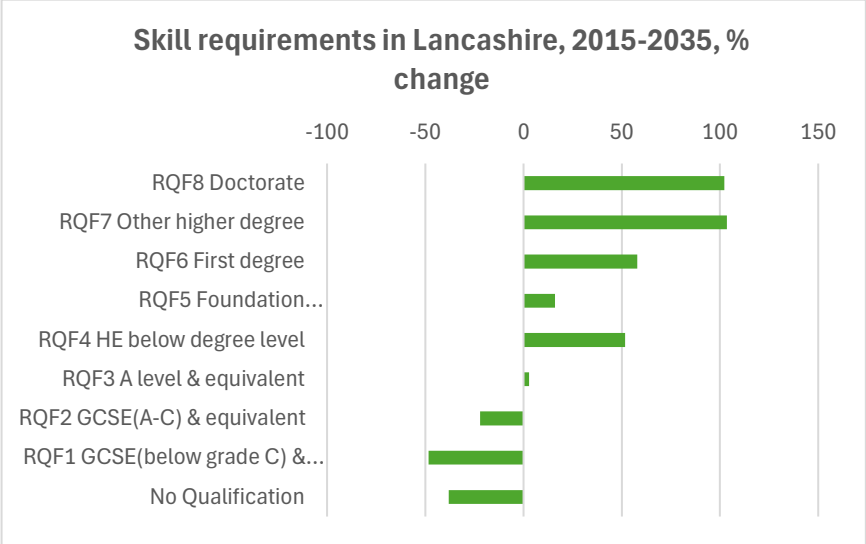

Figure 5 Percentage change in skill requirements in Lancashire, 2015-2035, Institute of Employment Research, University of Warwick

These dynamics in the labour market suggest that skills investment will be required to support more residents to retrain and upskill at Level 3 and above over the medium to long term. Skills Bootcamps, Free Courses for Jobs, Student Loans and Apprenticeships all have a part to play in addressing this. However, where skills are best acquired in a classroom setting, ASF can support learners to acquire skills at Level 3. At present,

national policy is that ASF can be used to support learners in this way if they are unemployed; or low waged; or not yet qualified to Level 3.

Analysis of current ASF delivery suggests that approximately two thirds of Level 3 learning aims pursued by adults are offered as infill on 16-18 programmes rather than as discrete programmes for adults. The proposed reform of qualifications funding for 16-19 year olds (if it proceeds) will reduce the number of learning aims where it will be possible to infill adults (for example T Levels are not currently appropriate for adults). Adults without a Level 3 have, by definition, previously been failed by education up to the age of 19. It is therefore preferable, where possible, to have discrete adult learning for these individuals. In many cases this will not currently be possible because demand from adults for particular Level 3 learning aims is not at the critical mass required to support a viable discrete offer. Following devolution, the LCCA will work with providers to address this issue.

Inclusive workforce

The key objectives of the Adult Skills Fund are:

- To support those qualified below Level 3 to upskill and reskill.
- To support those out of work with the skills needed to access employment.
- To provide support in English, Maths and Digital as skills for life.
- To engage those at a distance from the labour market.

These objectives define, by implication, the priority cohorts of learners for whom ASF-funded provision has a key role to play in enabling them to access opportunities within Lancashire's labour market. Priority learners are not evenly distributed across Lancashire but rather, there are concentrations of need in particular communities. Figure 5 below illustrates this in relation to Level 3 attainment. The map on the left shows the percentage of the 16-64 population whose highest level of qualification is below Level 3. The communities shaded red in this map have the highest percentage without a Level 3, blue represents communities with the lowest percentage without a Level 3. Similarly, the map on the right shows the percentage of the population out of work and searching for work.

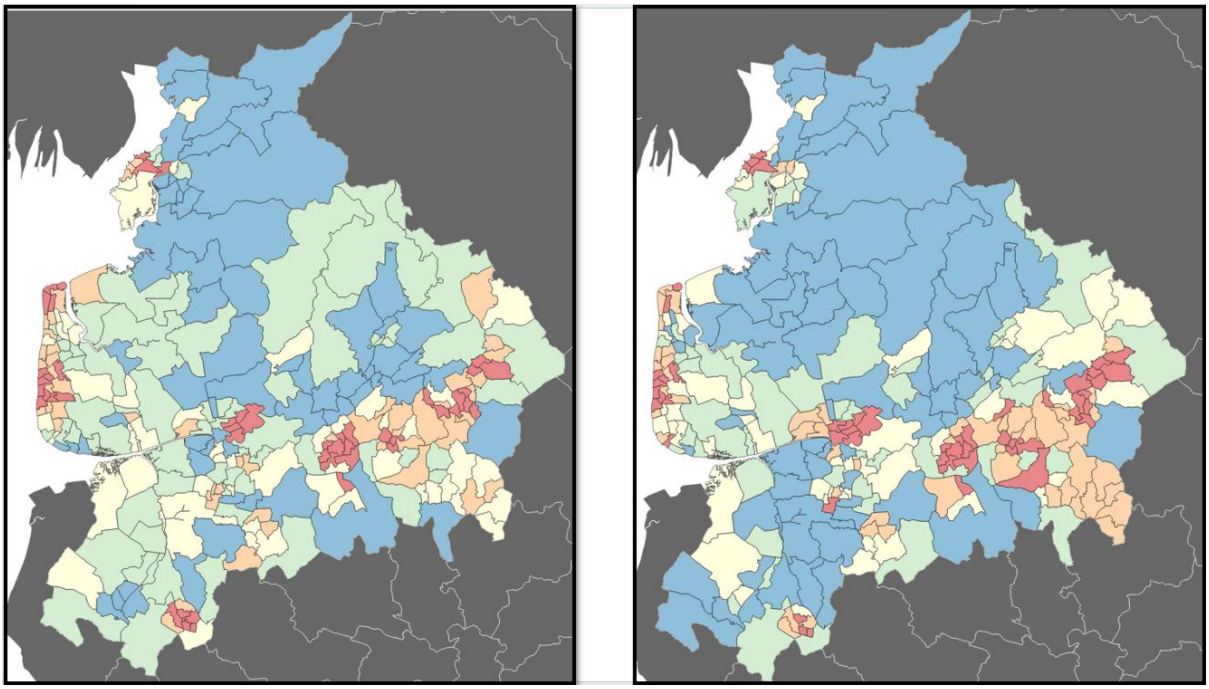

Figure 6 Percentage of 16-64 population with no Level 3 (left map); Percentage of population out of work and searching for work (right map). Sources: Stat Xplore and Census 2021.

The intention is that the map of ASF investment will mirror the maps of need shown above; with investment in a community being broadly commensurate with the level of need in that community. Initial analysis indicates that this is currently mostly the case. For those cold spots that have been identified, the LCCA will, in the first instance, discuss with the relevant anchor providers how this might be addressed, in addition to other partners such as referral agencies. If necessary, the LCCA may commission additional provision in these places.

Skilled and productive workforce

Whilst it is clear that Lancashire will require a richer skills mix in its future workforce, it is also clear that the individual occupations with the highest levels of annual demand in Lancashire will tend to be at Level 2 and below.

Figure 7 below shows the occupations with the highest number of openings, which largely derive from replacement demand vacancies created when someone changes occupation or leaves the workforce. The former tends to be more common within occupations at level 2 and below, which have lower barriers to entry. Many of these will be occupations where ASF can support unemployed learners to achieve job entry.

Top 10 occupations with the highest forecast average annual openings in Lancashire, 2024-2032		
	Average Annual Openings	Education Level
Sales and Retail Assistants	418	Level 2
Other Administrative Occupations n.e.c.	391	Level 2
Care Workers and Home Carers	318	Level 2
Large Goods Vehicle Drivers	291	Level 2
Bar Staff	268	Level 2
Book-keepers, Payroll Managers and Wages Clerks	258	Level 2
Kitchen and Catering Assistants	256	Level 2
Warehouse Operatives	253	Level 1
Nursing Auxiliaries and Assistants	197	Level 3
Waiters and Waitresses	196	Level 2
Source: Lightcast Analyst		

Figure 7 Top 10 occupations with the highest forecast average annual openings in Lancashire, 2024-2032.

The draft Lancashire Growth Plan, currently under consultation, focuses on growth priorities in the following sectors – building on Lancashire's strengths: UK security and defence, clean growth and nuclear, digital and AI, advanced engineering and manufacturing, and coastal investment with a focus on tourism.

The Lancashire Local Skills Improvement Plan (LSIP) identifies priority shortage occupations in:

- Digital
- Manufacturing and Engineering
- Health and Social Care
- Construction
- Hospitality, Leisure and Tourism
- Transport and Distribution
- Farming and Agriculture
- International trade

ASF funding policy in Lancashire will be informed by the Lancashire Growth Plan and the important work that the LSIP is doing with employers, in collaboration with the LCCA which will proactively foresight around future opportunities and threats to Lancashire's economy and labour market, aligning with the priority sectors outlined in the Lancashire Growth Plan. The LCCA will use these insights along with the LSIP to flex ASF funding rules to respond to them.

4. Priorities for ASF Investment

Set out below are the priorities for ASF investment, mapped against the relevant themes of the Lancashire Skills and Employment Strategic Framework:

- Future Workforce
- Inclusive workforce
- Skilled and productive workforce

Future workforce

Re-engagement of adults in learning

ASF will be used to support adult learners aged 19-24 to acquire the technical skills that the Lancashire economy needs, enabling more residents to enter well paid work and helping employers to find the skills they need to grow. Technical skill needs will focus on ensuring learners have the attitudes and aptitudes required to succeed across sectors, including digital and low carbon in particular, while addressing functional skills barriers in relation to literacy, numeracy and digital.

The Lancashire LSIP emphasised the importance of Work Ready skills – a joint project with the Lancashire Careers Hub with the LSIP team and local employers has enabled the development of the Work Ready Lancashire framework. The framework has enabled a common language and understanding, and is being used by schools, colleges and employers to support careers activities and the transition from education to the world of work. Providers will be encouraged to align provision targeted at 19-24 year olds with the framework to develop Work Ready and employability skills.

Where possible, providers will be encouraged and supported to deliver substantial vocational qualifications via discrete provision for adults, rather than through adult infill on 16-18 learning. This includes by supporting progression for ASF learners to the Lancashire Skills Bootcamp programme, which offer free, flexible courses of up to 16 weeks, accompanied by a guaranteed job interview on completion.

Access to Higher Education and to Higher Technical Qualifications

ASF will provide pathways for adult learners to acquire the technical skills at Level 4 and above that the Lancashire economy needs now and in future. In particular, ASF will support clear curriculum routes from Level 3 to Higher Technical Qualifications (and other higher-level learning aims) offered by local providers including through the Lancashire and Cumbria Institute of Technology, at Level 4 and above. ASF will also support the delivery of a range of Access to Higher Education programmes to give adults a second chance at HE.

Inclusive workforce

Tailored Learning

ASF will be used to support learning in informal and community-based settings to support those furthest from the labour market and those suffering social exclusion –

helping more Lancashire residents improve wellbeing, build social networks, engage with the labour market, and to foster community integration. Types of provision supported will include Family Learning and First Steps Learning, which have long been delivered by Adult Community Learning providers.

English, maths and digital skills

ASF will support adults to secure the English, maths and digital skills needed for life and employment up to, and including, Level 2.
Where appropriate, essential digital skills, literacy and numeracy should be embedded in the curriculum offered to adults. The Lancashire LSIP reinforced employers' need for basic skills in the workplace.

English for Speakers of Other Languages (ESOL)

ASF will support adults whose first language isn't English to speak, read and write English. Where possible ESOL provision should also foster progression to, or within, employment (including within sectors).

Community Grants

ASF will support a programme of Community Grants, intended to allow smaller organisations who would not be able to access a devolved ASF contract, the opportunity to deliver activities which support adults in hard to reach communities to enter the labour market.

Addressing economic inactivity

ASF will be used to provide learning opportunities to adults who are economically inactive and are seeking to re-join the workforce. The growth in economic inactivity among the working age population weakens productivity, growth and the prosperity of places and communities in Lancashire. Support for economically inactive residents includes tailored learning that enables residents to progress to further learning, as well as the use of ASF in combination with health and/or employment-focused interventions (such as Connect to Work) which seek to prevent and/or address recent growth in health-related economic inactivity.

Skilled and productive workforce

In-work learning

ASF will be used to support in-work progression through the provision of short courses in relevant large-employment sectors (e.g. health, social care, education, hospitality). There is also potential for ASF to support the reskilling of employees, including in relation to the impact of the transition to Net Zero and digital technologies (such as AI and cybersecurity). It should be noted that, while most mid- and large-sized employers typically have staff whose job it is to manage training, most small employers lack this capacity – meaning that providers need to support smaller employers to effectively navigate training options.

Sector Work-Based Academies

ASF will link need to opportunity by providing short vacancy-focussed programmes for unemployed adults. These Sector Work-Based Academy programmes will provide adults with the skills needed to fill live vacancies. The focus of provision will be where vacancies exist which are likely to include the occupational areas identified in Figure 7 above. The provision will complement Skills Bootcamps, which are typically positioned at a higher level.

Skills for priority occupations

ASF will be used to support the development of training for residents that meets employers' occupational skill needs. This must include delivery that is accessible to adults who are already in the workforce and are seeking to retrain (often via learning undertaken outside of usual working hours) to progress in their careers.

Priorities will include those set out within the Lancashire Local Skills and Improvement Plan (LSIP), the current version of which spans the period 2023-26. The LSIP identifies priority occupations within each of the following sectors:

- Digital
- Manufacturing & Engineering
- Health and Social Care
- Construction
- Hospitality, Leisure & Tourism
- Transport & Distribution
- Farming & Agriculture
- International trade

Whilst many key occupations are best accessed by Level 3, and increasingly Level 4+ qualifications or apprenticeships, ASF can be used to support job entry in some areas, and progression to relevant higher-level qualifications in others.

There is currently limited Level 3 Provision taking place under the Adult Skills Fund in Lancashire. However, in 2023/24 providers in Lancashire spent approximately £2.2m on Level 3 Free Courses for Jobs (FCFJ), which will also be devolved to Lancashire alongside the Adult Skills Fund. This provision lines up at a high-level sector subject area (Tier 2) with the LSIP priorities, and reaches learners with lower qualification levels, with £1.6m being spent on learners with a prior attainment level below Level 3, and more than 10% of the overall FCFJ spent on learners with no qualifications. There is opportunity to build on these foundations to support learners to improve employment prospects inline with LSIP priorities.

5. Delivering Impact

The Adult Education Budget (AEB) touched the lives of many families in Lancashire. In 2021/22 there were c66,000 learning aim starts by Lancashire residents funded through the Adult Education Budget. Over 60% of these learners were not in paid employment and learners tended to be low-skilled. Almost half of all starts by Lancashire residents funded through the Adult Education Budget were below Level 2. In addition, almost a quarter were not assigned a Level (almost all of these will have been Community Learning provision). Analysis commissioned by 'The Lancashire Colleges' shows the profile of adult learner recruitment is weighted towards the most deprived areas in Lancashire.

In 2021/22, a total of 205 providers were funded by the ESFA to deliver Adult Skills provision to Lancashire residents, delivering learning with a value of c£28 million. The top 17 providers delivered over 80% of the funded activity, with the remaining 188 providers delivering an average contract value of less than £30,000. In addition to Adult Skills provision, approximately £7 million of Community Learning will have supported Lancashire residents in this year.

This pepper potting of investment across 200+ providers will not deliver the focussed impact in Lancashire that could be secured. Fewer providers with generally larger average budgets will enable critical mass to be developed in priority areas. Having fewer providers will also facilitate an approach to managing ASF (previously named AEB) that is shaped by a shared understanding of the key issues and how they might be addressed through transformational change, rather than a transactional contract management approach.

Compared to data on AEB delivery, comparatively little is known about the impact of AEB investment, particularly in relation to the employment outcomes that are key to connecting the needs of individuals and communities with opportunities in Lancashire. Available information, which matches DfE Individualised Learner Record (ILR) data with HMRC and DWP datasets, relates to learners who completed adult learning aims in 2020/21 and is only available for Northwest England, not Lancashire. An improved understanding of the role AEB plays in enabling progression to further learning and skilled employment will be of pivotal importance to the LCCA, as it seeks to evidence and improve the impact of ASF investment in Lancashire.

Defining Success for ASF

Success for the ASF in Lancashire will be defined by its ability to deliver measurable improvements in skills participation, progression, and alignment with local economic priorities. Using benchmarking data from the Localities Data Cube and insights from the Strategic Skills Plan, success will be tracked across several dimensions:

Re-engaging Young Adults

Lancashire continues to face challenges in engaging economically inactive young adults aged 19–24 through ASF. In December 2024, there were 20,800 economically inactive

individuals in this age group, yet only 822 accessed ASF-funded provision in AY 2023/24, an engagement rate of just 3.95%. Efforts will focus on enhancing outreach, tailoring provision and strengthening referral pathways.

Needs-Led Learning

A district-level needs formula has been developed using population size, income, employment, and education deprivation indicators. ASF-funded provision will aim to reflect this model, supporting more needs-led access to learning across Lancashire. Monitoring will include tracking provision against modelled need and identifying areas for further development, especially in currently under-served districts.

Essential Skills Uptake

Participation in English, maths, and digital skills has declined since AY 2022/23. ASF will seek to support a renewed focus on these essential skills, embedding them across programmes with progress assessed through participation trends and the integration of essential skills into broader learning pathways. Sustained demand for ESOL provision will also be supported, recognising its role in social inclusion and employability.

Priority Sector Skills Learning

ASF investment will be aligned with the Lancashire Strategic Skills Plan and Lancashire Growth Plan, focusing on sectors such as digital, health and social care, manufacturing, and tourism. Success will be reflected in the extent to which provision supports these priority areas and contributes to sector-specific skills development.

Strengthening Level 3 Pathways

Currently, only 2.76% of ASF-funded starts (excluding community learning) are at Level 3. ASF will aim to support increased access to Level 3 learning, particularly for those without prior attainment, enabling progression into higher technical qualifications and skilled employment. Indicators may include growth in Level 3 starts and improved learner outcomes.

Progression Through Purposeful Pathways

ASF will play a pivotal role in Lancashire's Skills Escalator, enabling learners to move from entry-level provision through to advanced skills. Success will be demonstrated by improved learner progression rates, stronger links between ASF and programmes like Skills Bootcamps and Connect to Work, and better coordination with employment and health services aligned with the ambitions of the Get Lancashire Working Plan.

In 2026/27 the impact of ASF funded provision will be monitored through data on each individual learner funded as captured through their Individual Learner Record. This data will be provided to the LCCA by the DfE and analysed to ensure that funding is deployed against identified priorities. In addition, the wider impact of local commissioning will be evaluated, particularly in terms of meeting local needs and priorities.

The evaluation of the impact of the transfer of the ASF to the Lancashire Combined County Authority will first take place from January 2028 when the full year delivery data

will be available for the first year of devolution. The evaluation will review the effectiveness of the approach to commissioning along with the impact of the delivery on local priorities. A key source of information supporting the evaluation will be the 2026/27 academic year data.

In years 1 and 2 of devolution, the LCCA will work with providers and other stakeholders to develop more effective systems of providing timely information on learner progression. In doing this a balance will need to be achieved between the desire of comprehensive data and unnecessary bureaucracy.

The LCCA will discharge its responsibilities in managing devolved ASF so that impact is maximised while administrative costs are minimised. Feedback from combined authorities indicates that administration costs are, for places managing ASF resources of similar size to those anticipated for Lancashire, around 3% of total devolved funds.

6. Commissioning Approach

There will be two pathways followed in commissioning ASF activity in Lancashire:

a. A plan-led approach for anchor institutions in Lancashire (Lancashire based colleges, Blackpool and Blackburn with Darwen Councils and WEA). ASF allocations will be based on an analysis of actual delivery, in previous years (subject to central Government allocations and any funding cuts).
b. Focussed procurement for activity that is innovative; requires specialist capacity; or can rapidly bring to market priority activities.

Plan-led

All plan-led organisations will be grant-funded and provide 3 year delivery agreements to set out how they will shift more of their provision into key priority areas and support learner progression. Where relevant, the delivery agreement will include the provider's Accountability Agreement with Government as an annex.

The delivery agreement, which will be refreshed annually, will have involved relevant stakeholders (e.g. District Councils) in its formulation and will include a statement of how the provider will work with Local Authorities and other key local partners to target more joined up activity to support low skilled, low waged, unemployed and economically inactive residents. It is expected that change will be measured and incremental and be achieved through consultation with local partners to better meet residents' needs.

A key objective is to establish a cohesive and collaborative adult skills system within the Lancashire to establish an improved focus on the residents, communities, and employers in greatest need of the type of support that adult skills can offer. To do this, providers should plan their provision in a collaborative manner, actively engaging with each other and other key stakeholders to avoid nugatory competition and foster learner progression.

Focussed procurement

We are considering whether to establish an open framework for ASF and Skills Bootcamps which will give flexibility for providers to join the system at different times and for the LCCA to issue multiple specifications for delivery according to needs and changing circumstances. Options to extend the framework to encompass other skills programmes would be kept under review.

Establishing a framework could provide an opportunity to test innovative ways of delivering, with greater flexibility and a more considered focus on local outcomes, than is currently available through national funding rules. Provision will be procured against local skills priorities and closely tailored to local needs. A market testing process will precede procurement.
Dependent on the market response, we expect to seek to procure activity from a wide range of providers focused on:

- learning to tackle unemployment especially amongst young adults;
- encouraging more grass-roots provision through a community grants programme to better engage the economically inactive and address local skills needs;
- targeted provision to engage and support priority groups;
- improving the skills of low-paid, low-skilled workers;
- increasing delivery in priority sectors.

Relevant stakeholders may be invited to participate in the assessment of framework tenders in line with ethical wall protocols.

Sub-contracting

Sub-contracting arrangements should be agreed with the LCCA in advance and specified in the delivery agreement or contract for services.

Cross-border learning

The Lancashire Combined County Authority will seek agreements with other neighbouring MCAs (West Yorkshire, Liverpool City Region, and Greater Manchester and Cumbria, once established) to ensure that natural travel to learn patters are not distorted by the funding system and that reasonable cross-border adult learning will be funded by the relevant Authority.

Indicative timeline

In order to be operationally ready for devolved ASF delivery to commence in August 2026, the following indicative high-level timeline will apply:

Plan-led

May 2025 - October 2025: Development of refreshed ASF priorities considering any changes in the labour market and developments in Government policy (such as the change from community-based learning to tailored learning).
October 2025-April 2026: Agreement of delivery agreements with anchor institutions for Academic Year 2026/27 delivery and beyond.

Focussed procurement

August - September 2025: Supplier market engagement event(s).
September - November 2025: Initiate procurement process.
January 2026: Invite bids against agreed categories of activity.
May 2026: Contract awards for Academic Year 2026/27 and beyond delivery.

7. Funding policy

One of the opportunities that the devolution of ASF affords is the power to exercise derogation from national funding policy. This power means that the LCCA can change learner eligibility, learner entitlements, funding rates, and data collection arrangements. This brings the opportunity to secure a more effective linkage between funding levers and local priorities, such as the need to better connect economic opportunities to communities in Lancashire.

New local funding rules will immediately apply to activity procured by the LCCA and the details of the approach(es) adopted will be published concurrent with the call for activities to be supported through the framework (Winter 2025).

Guidance from other combined authorities stressed the need to, in year one of devolution, focus on ensuring that the transfer of the management of ASF from Government to Lancashire proceeds without disruption to learning for learners or the destabilisation of the local provider base. As part of this, the LCCA will focus on building the data and market intelligence required to shape the use of ASF, working with providers to better align investment with opportunity and need. For this reason, the LCCA could choose to introduce a broader range of funding policy flexibilities from years 2 and 3, building on year 1.

Reforms to funding rules in Lancashire will be focused on ensuring that the use of ASF better responds to local needs and opportunities, while avoiding any unintended adverse consequences. In doing so, the LCCA will work with local stakeholders and providers to develop funding policy flexibilities which could include:

- The rollout of ‘Test and Learn’ approaches whereby providers work together to make case for funding flexibilities in line with LCCA priorities to address evidenced labour market failures. These tests can then be implemented, evaluated and (if proven to be successful) incorporated within Lancashire’s ASF funding rules in future.

- The development of a 19-24 level 2 / level 3 'study programme' approach, mirroring the structure of 16-19 study programmes, as a way of reducing learning and labour market disengagement among young adults.
- The alignment of skills funding and delivery with other Lancashire growth and reform priorities, whereby the volume and content of ASF-funded learning delivery clearly supports the achievement of LCCA priorities (examples from other CAs include in relation to ESOL standards; childcare workforce development; digital skills).
- The extension of learner entitlement to funded level 3 provision (such as by raising the low pay threshold).
- The use of incentives to providers to stimulate the progression of ASF-funded learners to further learning and towards paid employment.

There will also be the opportunity to test new approaches at the level of individual providers before such changes are rolled out across Lancashire. The delivery agreements will primarily reflect current national funding rules in order to support stability within the system. However, there will be the opportunity to pilot some changes to the funding criteria at provider level. Any provider-level derogation from the national funding rules in year 1 would be reflected in an annex to the delivery agreement.