

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3100

Adult Education Budget: 2023-24 Financial Forecast and 2021-22 Annual Report to the Department for Education

Executive Summary:

This Mayoral Decision (MD) seeks the Mayor's approval of Adult Education Budget (AEB) expenditure for the 2023-24 academic year (AY) of £342,930,255, covering August 2023 to July 2024, as set out in the table at section 2.8 of this MD. As a result, expenditure in the 2023-24 financial year (FY) will be £356,829,647, as set out in the table at section 2.9 of this MD, and includes up to £7,441,491 to cover 2023-24 FY management and administration (M&A) costs.

The AEB allocation received from the Department for Education (DfE) is £320,303,241 for the main annual grant provision for the 2023-24 AY and a further sum of £22,627,014 will be received for Free Courses for Jobs (FCFJ) funding (formerly known as the Level 3 Adult Offer).

This MD also approves the Annual Report to HM Government on the delivery of delegated adult education functions (see Appendix A) as required under 'The exercise of delegated adult education functions: Guidance for the Mayor of London and Greater London Authority'. Once approved and signed by the Mayor, the report will be submitted to the DfE by 31 March 2023. The report covers delivery of the adult education functions in Greater London, Mayoral policy and AEB actual expenditure for the 2021-22 AY – 1 August 2021 to 31 July 2022.

Decision:

That the Mayor approves:

1. AEB expenditure of £342,930,255 for the 2023-24 academic year (AY), including up to £7,441,491 for management and administration (M&A) costs for the 2023-24 financial year (FY) noting that any future reprofiles will be agreed by the Mayor at the AEB Mayoral Board meetings and via the GLA's budget management processes
2. the Mayor's Annual Report at Appendix A for submission to the Department for Education (DfE) by 31 March 2023.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

27/3/23

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

Budget

- 1.1 On 9 February 2023, the Department for Education (DfE) wrote to the Mayor to confirm that London's Adult Education Budget (AEB) allocation for the 2023-24 academic year (AY) is £320,303,241 for the main annual grant and a further sum of £22,627,014 for Free Courses for Jobs (FCFJ) funding (formerly known as the Level 3 Adult Offer). The increase in the main AEB grant compared to last year includes the previously top-sliced funding managed nationally to support the 2019-24 Traineeships programme. The end of the national programme means that this top slice is unringfenced and added to the AEB budget.
- 1.2 The total budget for the 2023-24 AY is therefore £342,930,255 split across financial years (FYs) as follows:
- £213,546,171 and £15,085,430 for AEB and FCFJ respectively (a total of £228,631,601) for August 2023 to March 2024 (sum to be received in April 2023)
 - £106,757,070 and £7,541,584 for AEB and FCFJ respectively (a total of £114,298,654) for April to July 2024 (sum to be received in April 2024).
- 1.3 In addition to the remaining payment for the ongoing AY (April to July 2022) which will be received in April 2023, the FY budget is therefore £356,962,980. This amount does not include any carry forward from the previous or current year which will be carried forward as part of the GLA's end of year process. The profiles for both AY and FY are presented in section 2.

Annual Report to HM Government regarding the delivery of delegated adult education functions

- 1.4 The exercise of delegated adult education functions: Guidance for the Mayor of London and Greater London Authority ("the London Guidance") states that the Mayor must provide government with an annual report each year as follows: in January, an indicative draft, incorporating the key financial information; and in March, the fully signed document covering delivery of the adult education functions in Greater London.
- 1.5 As specified by the London Guidance, the annual report should include, but not be limited to:
- the Mayor's policies for adult education
 - spend from the AEB
 - analysis of the Mayor's delivery of the adult education functions in Greater London. This can draw on published data from DfE and use other data where necessary to present this analysis¹
 - local impact – it should consider the impact the Mayor's exercise of adult education functions has had upon skills in Greater London, with regard to:
 - overall participation in AEB funded provision
 - number of learners exercising their statutory entitlement to full funding for: i) English and maths up to Level 2; ii) first full Level 2 (learners aged 19-23); and iii) first full Level 3 (learners aged 19-23)

¹ This analysis could be released into the public by government departments. For example, presenting the impacts to Parliament of the delegation of the exercise of adult education functions to the Mayor.

- o completion and achievement rates.

1.6 The Mayor is also encouraged to produce further monitoring and evaluation which goes beyond the data sets the DfE publishes annually such as relevant employer or learner surveys. The draft Annual Report is outlined at section 4 below and attached at Appendix A.

2 Objectives & expected outcomes

- 2.1 The AEB funds the delivery of education and training for adult learners aged 19+ through a range of provider types including general Further Education (FE) colleges, local authorities, independent training providers, sixth form colleges and universities. The annual objective remains unchanged in ensuring that the funding is fully allocated in time to support Londoners to have the appropriate training, education and associated interventions.
- 2.2 There were 221,280 GLA funded learners in London during the 2021-22 AY. This was an increase of 11 per cent in learner participation compared with the previous AY which outstrips performance in the rest of England in the same period and suggests that the post-pandemic recovery has been stronger in London. This performance is expected to continue in 2023-24 with additional flexibilities introduced by the Mayor in the 2022-23 AY as the AEB continues to make a significant contribution to GLA missions.
- 2.3 The budget is expected to support education and training for a minimum of 205,000 learners in the 2023-24 AY with the main diversity reach for females, black, Asian and minority ethnic (BAME) and the disadvantaged Londoners achieving above the London population benchmark of 50 per cent, 41 per cent and 27 per cent respectively. The disabled Londoners' participation will be closely monitored and reported corporately in the new FY for the first time comparing to the 13 per cent disabled Londoners in the "20-64" age group.
- 2.4 2021-22 delivery showed positive impacts from the policy changes introduced by the Mayor to support recovery: 23,590 Londoners made use of the Mayor's low-wage flexibility (an 18 per cent increase from the previous AY), which helps people earning less than the London Living Wage gain skills through the AEB; and 2,290 adults gained skills through Level 3 qualifications introduced by the Mayor to help people impacted by the pandemic compared with 930 in previous AY. It is expected a minimum of ten per cent of learners participating in the AEB in 2023-24 AY will be supported by the low-wage flexibility.
- 2.5 The main AEB grant providers are asked to present a delivery plan ahead of the start of each AY to align with the London recovery missions which they are being monitored against. The new Jobs and Skills grant providers (a minimum of £110m over three years) will be monitored against delivery plans submitted as part of the grant applications and are paid by outputs. The programme is expecting to support over 10,000 Londoners into jobs starting delivery in August 2023 over the programme lifetime.
- 2.6 The management and administration (M&A) spend enables the GLA to be able to have the required staff to manage the budget adequately. The independent annual valuation report has shown the sector appreciating the dedicated Provider Managers for each provider. The publicity and engagement activities will enable the GLA to increase awareness of AEB, especially to hard-to-reach Londoners, which is expected to increase the participation levels and maintain the diversity range of learners. Over 10,000 Londoners are planned to be reached, whilst over 750 businesses will be targeted via the new employer engagement services.
- 2.7 The continued investment in the GLA OPS² enables the efficient processing of the provider payments and managing over 150 contracts and grants. The quality of the delivery is monitored through the investment in Provider audits and compliance checking of sample evidence.

² GLA OPS is the system for AEB registration, contract management and payments.

AEB 2023-24 AY expenditure forecast

- 2.8 Based on the total indicative income of £342.9m including the ringfenced FCFJ allocation, the table below shows the proposed breakdown of spend for the 2023-24 AY:

Budget Category	Allocation (£)	Allocation Plan – 2022-23 FY August to March 2023 (£)	Allocation Plan – 2023-24 FY April to Jul 2024 (£)
Grant Provision	297,506,335	198,347,474	99,158,861
Jobs & Skills Grant Provision	35,880,187	19,734,103	16,146,084
Academies Job Payment	2,000,000	1,253,000	747,000
M&A	7,543,733	5,746,066	1,797,667
Total	342,930,255	225,080,643	117,849,612

*The total funding does not include previous underspend carry forward.

Budget implications for 2023-24 FY

- 2.9 The table below shows the expenditure profile for the full FY taking into account the forecast for April to July 2023 previously approved by the Mayor under cover of MD2953, the forecast for April to July 2023 to support 3.5 per cent uplift for grant providers (under cover of MD3016), and the August-March 2024 forecast from the table at section 2.8 above.

Items/Commitment	Budget (£) Including FCFJ
Grant Provision	309,012,236
Procured Provision	11,068,400
Jobs and Skills Grant Provision	19,734,103
Good Work for All Grant	7,706,750
Academies Job Payment	2,000,000
Management and Administration	7,441,491
Total	356,962,980

* £3.7m advanced income received from the DfE for August to March 2024 is not required and will be carried forward to 2024-25.

- 2.10 The total budget is £10m more compared with the current 2022-23 FY. This is due in part to the 3.5 per cent uplift for grant providers in the 2022-23 AY, which has resulted in an additional sum of £9,301,494, part of which will be paid in the 2023-24 FY. Additionally, a few grant providers' allocations have increased following a successful business case application that acknowledged the good performance for an increasing demand.
- 2.11 A breakdown of the M&A forecast was considered by the AEB Mayoral Board on 8 March 2023. The forecast covers spend on staffing, research and evaluation, contract management system, provider audits, provider engagements, legal services, the London Learner Survey, and evidence sample checking for compliance with contract requirements. Additionally, there is a spend forecast on the work of promoting and increasing the awareness of the AEB to Londoners, especially the hardest to reach, to increase the take up of the AEB and the diversity of the learners.
- 2.12 New activity to be supported in the new FY includes Anchor institution support to ensure the selected provider list meets the expectations of the Skills Roadmap for London, with a focus on building an inclusive workforce and to meet the Good Work Standard (GWS). The employer engagement services are targeted at SMEs to join up different parts of the skills and employment support system and to

help employers meet unmet skills and recruitment demand and better understand the Mayor's skills offer.

- 2.13 Based on the commitment of the GLA to improve efficiencies across its operations, GLA officers are regularly monitoring the M&A to ensure value for money is always maintained. Underspends from M&A are released to support direct provision annually. Approximately £500k of underspend in the 2021-22 AY was released and added to the unused reserve to support growth requests from providers in year in the 2021-22 AY.
- 2.14 The total underspends from the 2022-23 FY will be processed as part of the GLA end of year financial processes and carry overs applied to 2023-24 FY or future years as appropriate.

Annual report to HM Government regarding the delivery of delegated adult education functions

- 2.15 As required under the London Guidance (see paragraph 1.4 above), officers submitted a 'draft' Annual Report to HM Government by the 31 January 2023 deadline. A revised version of the report was considered by the AEB Mayoral Board at its 8 March 2023 meeting.
- 2.16 The final report set out at Appendix A mainly reports on the third full year of delivery from 1 August 2021 to 31 July 2022 with emphasis on showing the impact of the flexibilities introduced by the Mayor following the request from the DfE to the submission in 2022.

3 Equality comments

- 3.1 Section 149(1) of the Equality Act 2010 provides that, in the exercise of their functions, public authorities, of whom the Mayor is one, must have due regard to the need to:
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 3.2 Relevant protected characteristics are age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 3.3 The Mayor is required to comply with the duty set out above in making the decisions set out in this report and any future decisions relating to the AEB made pursuant to those arrangements which will be subject to separate decision forms.
- 3.4 The aim of the AEB and European Social Fund (ESF) is to improve opportunities for people who are disadvantaged in the labour market. Many potential AEB participants have the protected characteristics listed above. The GLA's AEB provision will support a range of groups, particularly the most disadvantaged people not currently receiving sufficient support into employment or education. These include young adults who are not in employment, education or training, people without basic skills and people who are workless. It will also support Londoners in low-paid/low-skilled jobs. The AEB Procured provision is used as match funding for ESF which also means the provision forms part of the total ESF programme.
- 3.5 The publicity and the community engagement proposed for the new year, whilst directed at Londoners, will target hard-to-reach groups to ensure they have access to the training and education opportunities provided by the AEB. Following successfully introducing the community grant programme in the 2022-23 FY, the programme is proposed to be increased to further reach more Londoners, especially the hard-to-reach in 2023-24. The GLA has established an inclusive

commissioning protocol which provides guidance for commissioning and procurement in such a way that avoids discriminating against any suppliers or education providers.

4 Other considerations

Risks arising/mitigations

- 4.1 There is a risk, as stated in the Memorandum of Understanding with the DfE, that underspends are recovered by the Secretary of State in circumstances where the Secretary of State considers funds have not sufficiently been committed to be spent. There is also a reputational risk for the GLA not being able to discharge its responsibility for the benefit of Londoners.
- 4.2 Officers are regularly reviewing the underspend profiles, identifying new ways to use the funding, and recommending this to the Mayor. The 2023-24 DfE allocation has been fully allocated as presented in table at section 2.8 above. The previous underspends have also all been allocated as considered by the AEB Mayoral Board of 8 March 2023 including the funds to support the in-year growth request for performing providers (Included as part of MD3099 approving in year growth requests).

Links to Mayoral strategies

- 4.3 The successful delivery of the AEB is a commitment made in the Mayor's Skills for Londoners Strategy to:
- empower all Londoners to access the education and skills to participate in society and progress in education and work
 - meet the needs of London's economy and employers, now and in the future
 - deliver a strategy city-wide technical skills and adult education offer.
- 4.4 The objectives set out in this MD also align with the expectations of the Skills Roadmap which sets out the overarching ambition of the Mayor for the skills and adult education in the capital delivered through three pillars – locally relevant skills, making an impact and access to skills.

Consultation

- 4.5 Officers are regularly consulting with key stakeholders on new policies to be developed. The Skills for Londoners (SfL) Board which also acts as the Skills Advisory Panel (SAP) for London and the Skills for Londoners Business Partnership are two key stakeholder boards that are regularly consulted.
- 4.6 The public consultation on the draft Adult Education Roadmap for London (now known as the Skills Roadmap for London) was concluded in Summer 2021 with strong representation from local authorities, colleges and independent training providers. In addition, there were roundtable discussions targeting specific stakeholder groups including businesses and employers, unions, colleges, and special educational needs and disabilities (SEND) practitioners.
- 4.7 As part of the consultation, Londoners and learners have also been engaged directly through a new 'Community Conversations' approach, where discussions were facilitated by providers, volunteer and community services or other organisations within the community, and responses submitted to the GLA. Funding has been set aside for further consultation in the 2023-24 FY.

Others

- 4.8 Budget reprofile: Future reprofiling will generally be agreed through the GLA's budget management processes and presented to the AEB Mayoral Board. Any transfers between the top-level AEB budget lines (see table at paragraph 2.8 above) or matters reserved within the AEB Assurance Framework for the Mayor, will be approved as per the GLA's decision-making process.

- 4.9 There are no conflicts of interest to declare from those involved in the drafting or clearance of this decision.
- 4.10 Procurement of services and grant commissioning will be completed competitively in line with the GLA Contracts and Funding Code. Grant and Contract recommendations will be signed off by the Assistant Director, Skills and Employment as part of the local management arrangements.

5 Financial comments

- 5.1 Approval is sought for the AEB expenditure of £342,930,255 for the 2023-24 AY covering August 2023 to July 2024. In addition to the remaining payment for the ongoing AY (April to July 2023) previously approved under cover of MD2953 and MD3016, taking the total the expenditure in the 2023-24 financial year (FY) to £356,829,647 as set out in the table at section 2.9 of this MD. This figure includes up to £7,441,491 to cover M&A costs.
- 5.2 Any future reprofiles will be agreed by the Mayor at the AEB Mayoral Board meetings and via the GLA's budget setting and management processes.
- 5.3 Approval is also sought of the Annual Report to HM Government on the delivery of delegated adult education functions (see Appendix A) as required under 'The exercise of delegated adult education functions: Guidance for the Mayor of London and Greater London Authority' for submission to the Department for Education (DfE) by 31 March 2023.
- 5.4 The total expenditure for 2023-24 AY will be funded from the confirmed 2022-23 AY allocation set out in the 9 February 2023 AEB funding letter from the DfE.
- 5.5 The Mayor's Annual Report as set out in Appendix A shows circa £2.2m AEB overspend for 2021-22 Academic Year (AY) which will be contained within the AEB budget underspend in the current financial year 2022-23.

6 Legal comments

- 6.1 Section 39A of the Greater London Authority Act 1999 permits the delegation of ministerial functions to the Mayor, subject to certain limitations and conditions. This forms the basis of the delegation to the Mayor of AEB functions from the Secretary of State for Education. A particular limitation of the delegation is that the usual power of delegation by the Mayor is not available in respect of s39A delegated functions.
- 6.2 In taking the decisions requested, the Mayor must have due regard to the Public Sector Equality Duty – namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic (race, disability, sex, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it (section 149 of the Equality Act 2010). To this end, the Mayor should have particular regard to section 3 (above) of this report.
- 6.3 Should the Mayor be minded to make the decisions sought officers must ensure that:
- 6.3.1 no commitment is made to any of the expenditure proposed unless and until DfE have made a legally binding commitment to the provision of the AEB funding to the GLA and funding agreements have been entered into between and signed by the GLA and recipients
 - 6.3.2 funding is distributed fairly, transparently, in accordance with the GLA's Contracts and Funding Code

6.3.3 any AEB M&A services are procured in liaison with Transport for London (TfL) Procurement, in accordance with the requirements of the GLA's Contracts and Funding Code contracts, and are entered into between and executed by the GLA and the service provider(s) before the commencement of the services

6.3.4 the GLA continues to comply with the London Guidance and Delegation of certain adult education functions to the Mayor of London: Memorandum of Understanding liaising with the DfE and Education and Skills Funding Agency(ESFA) as necessary from time to time.

7 Planned delivery approach and next steps

7.1 The profiles will be reflected in the GLA Budget.

7.2 The Mayor's Annual Report to the DfE (Appendix A) will be submitted to the DfE by 31 March 2023.

Appendices and supporting papers:

Appendix A – The Mayor's Annual Report to the Department for Education

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Part 1 – Deferral

Is the publication of Part 1 of this approval to be deferred? NO

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Ayo Akande has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Tunde Olayinka has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Jules Pipe has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

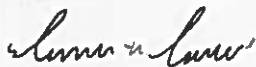
This decision was agreed by the Corporate Investment Board on 27 March 2023.

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

Date



27 March 2023

pp. Enver Enver on behalf of David Gallie

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

Date



27 March 2023

