

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3195

Title: GLA approach to the national adult education reforms and 2024-25 Adult Skills Fund indicative allocations

Executive summary:

This Mayoral Decision (MD) seeks the Mayor's approval of the GLA's proposed approach to incorporating national funding reforms to the Adult Education Budget (AEB) (to be known as the Adult Skills Fund (ASF) from the 2024-25 academic year) and the 2024-25 academic year indicative grant allocations.

The Education and Skills Funding Agency (ESFA) will implement a new national funding model from the start of the 2024-25 academic year, with the AEB becoming the ASF.

The GLA will adopt much of the new model but adapt it to ensure it meets the needs of London's learners, employers and wider skills and employment stakeholders. GLA ASF grant providers will be given details of the GLA's approach to the national funding reforms when they are informed of their indicative allocations in December 2023. Indicative ASF allocations for the 2024-25 academic year are based on the final AEB and Free Courses for Jobs (FCFJs) allocations for 2023-24.

Decision:

That the Mayor approves the:

- proposed approach to incorporate national adult education funding reforms which are to take full effect from the start of the 2024-25 academic year with the creation of the Adult Skills Fund (ASF), into future years of GLA ASF funding arrangements
- 2024-25 indicative Adult Skills Fund (previously known as the Adult Education Budget) grant allocations as set out in Appendix A.

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:

14/12/23

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

Decision required – supporting report

1. Introduction and background

National funding reform

- 1.1. From the start of the 2024-25 academic year, the Education and Skills Funding Agency (ESFA) will implement a new adult education funding model. What is currently known as the Adult Education Budget (AEB) will, from August 2024, become the Adult Skills Fund (ASF). The ASF will be split into two main parts:
- Skills Fund Adult Core, comprising:
 - the four legal entitlements
 - any other formula-funded regulated qualifications¹
 - Free Courses for Jobs (ringfenced as a separate line within providers' funding agreements)
 - Skills Fund Tailored Learning, comprising:
 - what is currently Community Learning
 - what is currently formula-funded AEB non-regulated learning²
 - any employer-facing innovative provision (specific to non-devolved areas only).
- 1.2. As part of the national reform, the rates at which regulated formula-funded qualifications will be paid will be refreshed, with the majority receiving an uplift as a result. The new national funding rates will be applied as follows:
- subject sector areas (SSAs) at tier two level will be assigned to one of five new funding bands
 - each band will have its own hourly funding rate which will be used to calculate the funding for each individual qualification
 - SSAs in the higher funding bands are those in areas of nationally identified greatest skills needs and/or with higher cost of delivery
 - functional skills in maths at entry level (funded at £941), and maths Level One and Level Two together with English entry level, Level One and Level Two (funded at £724) will continue to receive the current policy rate
 - the funding rate for the new digital functional skills qualifications will increase to £462.
- 1.3. In adopting the national reforms, the GLA is able to adapt the new funding model in order for it to fully meet the needs of Londoners and adult education providers across the capital, subject to feasibility being agreed with the Department for Education (DfE).
- 1.4. In determining its approach to the new national funding model, the GLA has set a series of policy principles to underpin decision making. This is to help ensure London's skills and employment offer meets the Mayoral and local priorities as set out in the Skills Roadmap for London and the London Local Skills Improvement Plan (LSIP). These principles are:

¹ Formula funded regulated provision refers to those qualifications accredited by an awarding body

² Formula funded non-regulated provision refers to those qualifications without accreditation from an awarding body

- protecting funding for essential skills, including basic/lower level and transferable skills
- supporting priority sectors for London's economy
- ensuring the accessibility of learning, through reducing the disproportionate impact on underrepresented groups and Londoners furthest from the labour market
- protecting the stability of the market and quality of provision in London, by reducing the risk of loss of funding for providers during a cost-of-living and doing business crisis and ensuring that funding rates reflect the increased costs of delivery
- ensuring changes are affordable and proportionate for the GLA.

- 1.5. The national funding reforms will also have implications on how the GLA applies its London Factor uplift to adult education provision in London (see paragraph 2.7). The uplift to qualifications at Level Two and below was introduced in the 2021-22 academic year (MD2764). The aim was to enable providers to better support the progression of Londoners from lower levels to Level Three and beyond. The London Factor uplift stands at 15 per cent in the current (2023-24) academic year.
- 1.6. Furthermore, changes will also be made to the GLA's non-formula funded flexibility as a result of the introduction of the new funding reform (see paragraph 2.9). In the 2020-21 academic year (MD2718) the GLA introduced flexibility for grant providers to use up to 10 per cent of their AEB formula-funded allocation for non-formula funded provision. This was to further enable providers to respond to local skills needs and adapt provision in innovative ways to support Londoners to progress into work.

2024-25 ASF indicative allocations

- 1.7. Final allocations for 2023-24 were approved under cover of MD3099 and were set out in letters sent to grant providers in March 2023. Subsequently, 2023-24 grant agreements were sent to and executed with providers in July 2023 ahead of the commencement of the 2023-24 academic year.
- 1.8. 2024-25 ASF grant funding will be allocated in line with the final AEB and Free Courses for Jobs (FCfJ) allocations for the 2023-24 academic year, excluding any additional funding awarded in-year. Provider indicative allocations are presented in Appendix A.

2. Objectives and expected outcomes

National funding reform

- 2.1. From the start of the 2024-25 academic year, the GLA will adopt many aspects of the new national funding model, including the refreshed rates at which formula-funded qualifications will be paid. The adoption of the new rates and the subsequent average uplift to the funding of qualifications will support the GLA's ASF providers in delivering quality provision, including in those sectors that have been identified as priorities for London whilst also providing funding rate consistency for those providers who might have both GLA and national funding agreements. However, the GLA will adapt some elements of the ASF to ensure it meets further the needs of Londoners by offsetting any potential negative impact on providers' provision that will arise as a result of the national funding reform.
- 2.2. Under the national funding reform, all current non-regulated formula-funded provision will be transferred into Adult Skills Tailored Learning. The GLA however, will continue to formula-fund, under the Skills Fund Adult Core, the following non-regulated provision:
- essential skills (English, maths, ESOL and digital skills) learning aims
 - any learning aims specifically funded by the GLA only (e.g., licence to practise).

- 2.3. By continuing to formula-fund non-regulated 'essential skills' learning provision, the GLA will retain the ability to secure a smooth transition for providers and set consistent funding rates for these qualifications. The provision of non-regulated essential skills and any GLA specific learning aims support London's diverse communities, and those furthest from the labour market to access and progress in learning. By keeping this provision formula-funded, the GLA will ensure continuity of provision, with providers delivering these learning aims within existing funding parameters.
- 2.4. All other non-regulated formula-funded learning aims will be delivered within the Adult Skills Tailored Learning. This will give ASF providers better flexibility to provide tailored learning in accordance with the specific delivery needs of learners that equip them with transferable/employability skills and support their progression into employment and thereby meet the needs of employers.
- 2.5. Under the approach outlined at 2.2, providers' Tailored Learning allocations will be based on 2022-23 delivery of identified non-regulated formula-funded provision, any other 2022-23 delivery against the 10 per cent non-regulated flexibility (see 2.9), and any existing community learning allocations.
- 2.6. From the 2024-25 academic year, the new national funding rates for formula-funded qualifications will result in a funding uplift to the majority of qualifications, including those that currently receive a GLA uplift via the London Factor.
- 2.7. Given the uplift to the national rates, it is no longer necessary, or feasible, to apply the London Factor to all qualifications at Level Two and below. However, the GLA has identified certain qualifications that would benefit from the 15 per cent London Factor uplift in the 2024-25 academic year. These are:
 - non-regulated formula-funded Entry Level learning aims relating to essential skills³
 - regulated formula-funded Entry Level learning aims relating to essential skills
 - legal entitlements (English, maths and digital) at Level Two and below
 - non-regulated formula-funded learning aims that are specific to the GLA (e.g. licence to practise).
- 2.8. By applying a 15 per cent London Factor uplift to the qualifications listed at paragraph 2.7, the GLA will ensure that some of the learning aims that are receiving a relatively low uplift nationally will continue to be appropriately funded in London. Furthermore, the GLA wants to continue to promote the delivery of entry level essential skills provision to meet the Mayoral priority around encouraging Londoners with no or lower-level qualifications to continue to access learning that will support them into employment, better jobs or further training.
- 2.9. In view of the upcoming funding reforms, the GLA will also transfer any non-formula funded provision delivered under the 10 per cent non-formula funded flexibility to the Adult Skills Tailored Learning provision. The amount of funding to be transferred to Adult Skills Tailored Learning will be based on a provider's 2022-23 delivery against the above flexibility.
- 2.10. By allowing the above non-formula funded provision to be delivered within the Adult Skills Tailored Learning, the GLA will encourage providers to continue to use a proportion of their ASF allocation to provide wraparound support that meets the needs of specific learners and helps them into work or further learning. Where a provider can demonstrate an innovative plan to support learners' progression, particularly where it is in line with the Local Skills Improvement Plan (LSIP), they will be able to submit a business case to either receive an Adult Skills Tailored Learning allocation or to

³ Essential skills are defined by the GLA as qualifications relating to English, maths, ESOL and Digital. This encompasses all qualifications in Sector Subject Areas 6.1 (ICT Practitioners), 6.2 (ICT Users) and 14.1 (Foundations for Learning and Life).

increase it where a provider already has such an allocation. Any increase in Adult Skills Tailored Learning delivery would need to be offset from the provider's Skills Fund Adult Core allocation.

2024-25 indicative allocations

- 2.11. In line with the funding approach adopted by the Mayor since the 2019-20 academic year, the GLA will communicate indicative allocations in December 2023 in order to provide ASF grant funded providers with an early indication of anticipated funding for the 2024-25 academic year for outline-planning purposes.
- 2.12. Providers will be notified of their final and definitive allocations for 2024-25 in March 2024. Prior to this date, the Education Skills Funding Agency (ESFA) will confirm the GLA's ASF funding allocation for the 2024-25 academic year.
- 2.13. When notifying grant providers of their indicative allocations in December 2023, the GLA will also provide detail of its approach and adaptations to the national funding reforms. Providers will be able to factor in the new GLA ASF funding arrangements when planning their curriculum for the 2024-25 academic year.
- 2.14. Seventy-three grant providers will be funded in the 2024-25 academic year, one fewer than the 2023-24 academic year, due to the University of the Arts London's AEB funding being reallocated to Morley College in 2023-24. ASF grant funded provider allocations are presented in Appendix A.
- 2.15. The allocation approach is as follows:
 - the GLA will write to grant providers in December 2023 to set out the allocation process and the indicative allocations. This will include details of the GLA's approach to the national funding reform
 - providers will be asked to submit any exceptional business cases in respect of funding to the GLA by mid-January 2024
 - final allocations including recommendations on exceptional cases will be considered at the AEB Mayoral Board meeting in March 2024
 - the Mayor will be asked to approve the final allocations, and these will be issued to providers in March 2024.
- 2.16. The total value of the ASF grant programme (excluding FCfJ), as per the proposed indicative allocations, amounts to £283,387,543 and the final amount will be recommended to the AEB Mayoral Board in March 2024, prior to the issuing of final allocations in March 2024.
- 2.17. The total value of FCfJ-funding, as per the proposed indicative allocations amounts to £13,063,144 and the final amount will be recommended to the AEB Mayoral Board in March 2024, prior to the issuing of final allocations in March 2024.
- 2.18. Providers that do not have a FCfJ allocation but deliver FCfJ provision will be able to claim up to £50,000 in funding at the 2024-25 academic year reconciliation point.

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 reassignment, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
 - 3.3. The aim of the ASF is to improve opportunities for people who are disadvantaged in the labour market. Many potential ASF participants have protected characteristics listed at paragraph 3.2. The GLA's ASF provision will support a range of underrepresented groups, particularly the most disadvantaged Londoners who are not currently receiving sufficient support to enter into employment or education. These include young adults who are not in education, employment, or training; Londoners who are lacking basic skills; and Londoners who are unemployed. It will also support Londoners in low-paid/low-skilled jobs.
 - 3.4. In determining the GLA's response to the national funding model the GLA established several policy principles to help drive and underpin decision making in response to the new model. This included a focus on ensuring the accessibility of learning, especially for Londoners with protected characteristics and those furthest from the labour market. In addition, the DfE has also conducted the FE Funding and Accountability Reform Equality Impact Assessment which has been considered as part of the GLA's decision making on the funding reform. The GLA will conduct its own Equality Impact Assessment, looking specifically at the impact the national reform and how the GLA's response impacts those Londoners with protected characteristics.
 - 3.5. In determining the GLA's grant allocations approach for 2024-25, due consideration was given to its impact on learners with protected characteristics. The proposed approach to use 2024-25 as the basis for 2024-25 grant funded allocation will ensure that funding arrangements will not reduce the existing range and breadth of provision available to Londoners. This approach means that no groups of learners should be disadvantaged as funding will continue in line with prior actual delivery.

4. Other considerations

Links to Mayoral strategies and priorities

- 4.1. The Skills Roadmap for London sets out how the Mayor plans to ensure London's skills offer better serves London's communities and economies. Mayoral priorities, as set out in the Roadmap have informed the GLA's approach to national funding reform, including the objective to meet the needs of businesses in London through the skills offer.
- 4.2. The Equality, Diversity and Inclusion Strategy sets out how the Mayor will work to create a fairer, more equal, integrated city where all people feel welcome and able to fulfil their potential. The new ASF model supports the strategy by ensuring Londoners from disadvantaged groups continue to have access to employability and skills support to help them move into and progress in London's labour market.
- 4.3. The Economic Framework for London was developed as a result of the impact the Covid-19 pandemic had on the capital. It identified the need to restore confidence in the city, provide targeted support to London's most vulnerable communities, and rebuild the city's economy and society. By adapting the new national funding model to provide continuity of skills provision in London, the ASF will continue to support the objectives of the Framework.

Risks arising/mitigation

- 4.4. The number of learners enrolling on ASF courses in London may fall. The increased average cost of qualifications to the GLA and a lack of additional funding from the ESFA may mean providers will

not deliver provision to the same number of learners as in previous academic years. Given the average increase to the national funding rates, the GLA has considered how it applies the London Factor from the 2024-25 academic year to ensure learner numbers remain stable.

- 4.5. Providers may be negatively impacted by the GLA restricting the London Factor uplift to certain elements of ASF provision. In the 2023-24 academic year, a 15 per cent London Factor uplift was applied to all formula-funded qualifications at Level Two and below. However, the uplift to the rates at a national level from the 2024-25 academic year will, in many instances, compensate for the removal of the London Factor from certain qualifications. The GLA has identified those qualifications that, relatively speaking, are going to see a smaller uplift in funding. Where such provision aligns with Mayoral skills priorities, the GLA will continue to provide a 15 per cent funding uplift via the London Factor (e.g. essential skills at Entry Level and English, maths and digital legal entitlements at Level Two and below).
- 4.6. Despite the retention of the London Factor uplift on certain provision, some ASF grant providers may still be negatively impacted by the new funding mechanism. This will be dependent on a provider's current delivery and whether they are delivering qualifications that will, relatively speaking, receive a lower funding uplift via the new rates. The GLA will identify providers it believes are most at risk of not delivering against their full ASF allocation in 2024-25 as a result of the reforms. If this scenario materialises, these providers will be given the opportunity to submit a business case to retain the funding at the 2024-25 reconciliation point.
- 4.7. There is a risk that the DfE deems the GLA's adaptations to the new national reforms unfeasible in terms of system requirements. The GLA is reliant on the DfE's data collection systems to administer the ASF in London. The DfE will need to agree to any adaptations to the national model that the GLA would like to make, specifically in relation to the funding of what are currently non-regulated formula-funded learning aims (set out at paragraph 2.2). The GLA and Mayoral Combined Authorities informed the DfE of their respective 2024-25 proposed approach in November 2023 and the DfE will confirm feasibility of that approach in December 2023. This allows a substantial lead in time for the DfE to implement any necessary systems changes prior to the start of the 2024-25 academic year. If the GLA's approach set out at paragraph 2.2 is not feasible, all current non-regulated formula-funded learning aims can still be delivered by providers under the Skills Fund Adult Core instead of the Skills Fund Tailored Learning.
- 4.8. GLA ASF grant providers may be dissatisfied with the changes to the management of the non-formula funded 10 per cent flexibility. Analysis of 2022-23 data shows that providers utilised 21 per cent of the total value of the flexibility. Providers will have the value of their 2022-23 delivery against the flexibility included in their 2024-25 Skills Fund Tailored Learning allocation. Additionally, where providers can demonstrate an innovative plan to support learners' progression, particularly where it is in line with the Local Skills Improvement Plan (LSIP), they will be able to submit a business case to either receive an Adult Skills Tailored Learning allocation or, in cases where a provider already has such an allocation, to increase it. Any increase in Adult Skills Tailored Learning delivery would need to be offset from the provider's Skills Fund Adult Core allocation.
- 4.9. The GLA's final ASF, including FCFJ allocation awarded by DfE is lower than anticipated. The GLA would need to reduce AEB provider grant allocations to align with the programme level budget. It is estimated that the DfE will notify the GLA of its allocations in January 2024.
- 4.10. There are no conflicts of interest to declare from those involved in the drafting or clearance of this decision.
- 4.11. This decision was considered by the AEB Mayoral Board on 5 December 2023.

5. Financial comments

- 5.1. Approval is sought for the:

- proposed approach to incorporate national adult education funding reforms to the Adult Education Budget, which are to take full effect from the start of the 2024-25 academic year with the creation of the Adult Skills Fund (ASF), into future years GLA ASF funding arrangements
 - 2024-25 indicative Adult Skills Fund (previously known as the Adult Education Budget) grant allocations as set out in Appendix A.
- 5.2. In line with the funding approach adopted by the Mayor since the 2019-20 academic year, the GLA will communicate indicative allocations in December 2023 in order to provide ASF grant-funded providers with an early indication of anticipated funding for the 2024-25 academic year for outline planning purposes.
- 5.3. Providers will be notified of their final and definitive allocations for 2024-25 in March. Prior to this date, the Education Skills Funding Agency (ESFA) will confirm the GLA's ASF funding allocation for the 2024-25 academic year.
- 5.4. The indicative Adult Skills Fund grant allocations for the 2024-25 academic year set out in Appendix A are within budget and are based on the final allocation for the 2023-24 academic year, excluding any additional funding awarded in-year and factoring in any subsequent voluntary in-year reductions to the 2023-24 allocations.

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, gender, 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. If the makes the decisions sought officers must ensure that:
- they are content that, to the degree the new funding model proposed differs from that set out in the national adult education funding reforms, the differences do not give rise to any failure by the GLA to meet its obligations to DfE
 - the national adult education funding reform related changes proposed by officers are reflected in all relevant funding agreements
 - it is made clear to providers that the allocations to be communicated in December 2023 are only indicative, remain subject to DfE confirmation and should not be relied upon prior to confirmation of the final definitive allocation figures and the execution of all relevant documentation by the GLA and providers.

7. Planned delivery approach and next steps

- 7.1. Next steps are set out below:

Activity	Timeline
2024-25 academic year indicative allocations sent to GLA ASF grant providers	December 2023
GLA ASF grant providers to submit any exceptional business cases in respect of funding	January 2024

Appendices and supporting papers:

Appendix A – 2024-25 indicative GLA ASF grant allocations.

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? YES

If YES, for what reason: It is proposed to defer publication of the MD and its appendices until April 2024 as it contains information intended for publication at a later date. Deferring publication will allow for distribution of provider reconciliation statements and consideration of any queries raised by providers.

Until what date: 30 April 2024.

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under the 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:

Harry Sanders has drafted this report in accordance with GLA procedures and confirm 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 11 December 2023.

✓

INTERIM CHIEF FINANCE OFFICER:

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

Signature:



Date:

14/12/2023

CHIEF OF STAFF:

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

Signature:



Date:

14/12/2023