

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3253

Title: 2024-25 Adult Skills Fund (ASF) Final Allocations and ASF Funding Rules

Executive Summary:

This Mayoral Decision (MD) seeks the Mayor's approval of the final Adult Skills Fund (formerly the Adult Education Budget) and Free Courses for Jobs Grant allocations for the 2024-25 academic year. The 2024-25 final allocations are based on the 2024-25 indicative allocations (approved by the Mayor under cover of MD3195) and, where necessary, have been adjusted where a provider has submitted a successful case for adjustment to their allocation.

Decision:

That the Mayor approves the:

1. final Adult Skills Fund (ASF) and Free Courses for Jobs (FCFJ) grant allocations for the 2024-25 academic year (see Appendix A)
2. change in approach to paying overperformance for ASF Grant providers from the 2024-25 academic year, and a corresponding change to the ASF Funding Rules in line with this approach.

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:

12/3/24

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

Decision required – supporting report

1. Introduction and background

2024-25 (Adult Skills Fund) ASF Grant final allocations

- 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). In adopting the national funding and accountability 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. The GLA's approach to the national funding reform was approved by the Mayor under the cover of MD3195.
- 1.2. In December 2023, the Mayor approved the indicative Adult Skills Fund (ASF) and Free Courses For Jobs (FCFJ) allocations for the 2024-25 academic year (under cover of MD3195). The final AEB and FCFJ grant allocations for the 2023-24 academic year were used as the basis for the 2024-25 ASF and FCFJ indicative allocations.
- 1.3. In line with the funding approach adopted by the Mayor in previous academic years, providers were sent letters communicating their indicative ASF and FCFJ grant allocations in December 2023, to provide grant-funded providers with an early indication of funding for the 2024-25 academic year.
- 1.4. Providers were also invited to submit exceptional cases for adjustment with supporting evidence, where they considered they would be able to utilise an increase in funding above their 2024-25 indicative ASF and FCFJ allocations.

2024-25 draft GLA ASF Grant Funding Rules

- 1.5. The GLA publishes its draft Funding Rules in the April prior to the start of the academic year. The 2024-25 GLA ASF Grant Funding Rules have been revised to account for the new adult education funding model.

2. Objectives and expected outcomes

2024-25 ASF final allocations

- 2.1. Final ASF Grant allocations for the 2024-25 academic year are set out in Appendix A. Final allocation letters will be issued to providers in March 2024. The GLA received confirmation of its 2024-25 ASF and FCFJ budget from the DfE in January 2024. The budget and any underspend from previous academic years covers the cost of the ASF Grant allocations for 2024-25.
- 2.2. The GLA received twenty-nine cases for growth from providers in response to the 2024-25 indicative allocation letters, requesting an increase to their 2024-25 ASF and/or FCFJ allocations. The total value of additional funding requested for 2024-25 was £18.5m and mainly related to further investment in English for Speakers of Other Languages (ESOL), employability skills, green skills and sector-based work academies.
- 2.3. Taking into account published criteria, including alignment to Mayoral priorities, budget availability and an assessment of providers' ability to deliver, sixteen exceptional cases will be partly endorsed for adjustments which will result in an increase of £1,418,000 FCFJ allocation, as well as endorsement of two FCFJ voluntary reductions totalling £145,000. This results in a net adjustment of £1,273,000 to FCFJ allocations.
- 2.4. The new adult education funding model encompasses the ASF and FCFJ. The adjustments to FCFJ allocations detailed at paragraph 2.3 mean that should all providers deliver to their allocations there will be an over-delivery of £1.5m. Based on historic delivery, it is unlikely that the GLA will fully

utilise the FCFJ budget. However, should all providers deliver to their allocation this over-delivery can be funded through the ASF. Due to budget availability, requests to increase 2024-25 ASF allocations are not able to be approved. If additional funding becomes available, the GLA will seek to run an in-year adjustment to allocations process in January 2025.

- 2.5. The final ASF allocation for the academic year 2024-25 totals £283,387,548 and the FCFJ allocation totals to £14,336,146. Therefore, the total allocation for ASF and FCFJ grants amounts to £297,723,689.

2024-25 draft GLA ASF Grant Funding Rules

- 2.6. For the 2023-24 academic year, the GLA has in place an AEB overperformance tolerance of 103 per cent and therefore must pay providers for any eligible delivery up to this threshold. However, consistently high provider performance and an increase to funding rates from the start of the 2024-25 academic year have led to GLA ASF budget constraints. Furthermore, the GLA's ASF budget from the DfE has not changed significantly for 2024-25 to account for the uplift in national funding rates.
- 2.7. From the 2024-25 academic year, the GLA will revert its method of paying ASF Grant providers for delivery above their ASF allocation back to the methodology used before the 2022-23 academic year. This is where the GLA will confirm, subject to budget availability, any payment for ASF Grant overperformance at the 2024-25 reconciliation point. This approach will be kept under review and any further changes will be reflected in the final ASF Grant 2024-25 funding rules, to be published in July 2024.

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 decision set out and any future decisions relating to the AEB made pursuant to those arrangements which will be subject to separate decision forms.
- 3.4. In determining the GLA's grant allocations approach for the 2024-25 academic year, due consideration was given to its impact on learners with protected characteristics. The approach to use the 2023-24 academic year allocations for ASF Grant funded providers as the basis for 2024-25 academic year allocations will ensure that funding arrangements will not reduce the existing range and breadth of provision available to London residents. This approach means that no groups of learners should be disadvantaged as funding will continue in line with prior actual delivery.
- 3.5. 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 above. The GLA's ASF 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 (NEET), people without basic skills and people who are workless. It will also support Londoners in low paid/low-skilled jobs.

4. Other considerations

Links to Mayoral Strategies and priorities

- 4.1. Both ASF Grant and FCFJ funding will support Londoners to develop the skills needed to move into employment in some of the sectors considered critical to London's economic growth.
- 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 final ASF and FCFJ allocations 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 Skills Roadmap for London sets out how the Mayor plans to ensure London's skills offer better serves London's communities and economies. The delivery of ASF and FCFJ provision will help meet the Mayoral priorities as set out in the Roadmap, including the objective to meet the needs of businesses in London through the skills offer.

Risks arising/mitigation

- 4.4. There is a risk that additional FCFJ funding awarded through the January 2024 exceptional adjustment process is not utilised fully by ASF Grant providers. Provider performance against their allocation is constantly measured, and where underperformance is identified in-year, FCFJ funding can be reallocated to other providers.
- 4.5. There is a risk that ASF provider performance in 2024-25 takes the GLA over its ASF budget. The GLA was previously committed to paying ASF grant providers up to 103 per cent of their allocation, dependant on provider performance. From 2024-25, the GLA will revise its approach to paying overperformance, confirming with providers at the end of the academic year whether there is budget availability to pay anything above the original ASF allocations.
- 4.6. There is a risk that provider performance in 2023-24 and 2024-25 takes the GLA over its FCFJ budget. However, historic provider performance against this funding has resulted in underspend each academic year. If the GLA was to overspend on its FCFJ budget, AEB/ASF underspend will be used to cover the additional costs.
- 4.7. There are no conflicts of interest to declare from those involved in the drafting or clearance of this decision form.
- 4.8. This decision was considered by the AEB Mayoral Board on 7 March 2024.

5. Financial comments

- 5.1. Approval is sought for the:
 - final ASF and FCFJ grant allocations for the 2024-25 academic year (see Appendix A)
 - change in approach to paying overperformance for ASF Grant providers from the 2024-25 academic year, and a corresponding change to the ASF Funding Rules in line with this approach.
- 5.2. From the start of the 2024-25 academic year, the ESFA will implement a new adult education funding model. What is currently known as the AEB will, from August 2024, become the ASF.
- 5.3. In line with the funding approach adopted by the Mayor in previous academic years, the GLA communicated to providers their indicative ASF and FCFJ grant allocations in December 2023

(approved under cover of MD3195), in order to provide grant-funded providers with an early indication of funding for the 2024-25 academic year.

- 5.4. The final grant allocations for 2024-25 academic year which will be confirmed to providers in March 2024 are based on the 2024-25 indicative allocations and, where necessary, have been adjusted where a provider has submitted a successful case for adjustment to their allocation.
- 5.5. The GLA received confirmation of its 2024-25 ASF and FCFJ budget from the DfE in January 2024.
- 5.6. Sixteen exceptional business cases will be partly endorsed for funding adjustment to FCFJ indication allocation resulting in £1,273,000 net increase to the FCFJ allocation.
- 5.7. The final ASF allocation for the academic year 2024-25 totals £283,387,548 and the FCFJ allocation totals to £14,336,146. Therefore, the total allocation for ASF and FCFJ grants amounts to £297,723,689.
- 5.8. This will be contained within the AEB.

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. If the Mayor makes the decisions sought officers must ensure that:
 - the allocations proposed align with those set out in all applicable funding rules and agreements are documented in accordance with the provisions of the agreements with the providers concerned
 - the rules for and mechanics payments for overperformance are documented within the funding rules and agreements to which they will apply in advance of seeking to rely upon the same
 - no reliance is placed upon future GLA or DfE budgets remaining subject to approvals until fully approved and legally binding commitments are secured for the provision of the same.
- 6.4. As the proposals in respect of which the decisions are sought involve the making of commitments which extend beyond current approved budgets and the current Mayoral term, the terms of all agreements entered into in respect of the expenditure do not have the effect of fettering the discretion of the GLA to amend such future budgets and/or any successor administration, considering in particular the London elections taking place in May 2024. Accordingly, officers must ensure that all agreements which involve making such commitments include a GLA right to terminate at any point for convenience (at no cost to the GLA) and all such agreements are managed in such a manner, and any deliverables, milestones and/or output requirements are structured so as to mitigate risks of the GLA incurring abortive expenditure (which might be reasonably be taken to fetter, practically, the exercise of such discretion).

7. Planned delivery approach and next steps

7.1. The table below outlines future activity related to the ASF grant allocations process for the 2024-25 academic year:

Activity	Timeline
Final allocations letters sent to providers	March 2024
2024-25 Draft ASF Grant Funding Rules published	April 2024
2024-25 academic year commences	1 August 2024

Appendices and supporting papers:

Appendix A – Final ASF and FCFJ grant allocations 2024-25.

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: ASF Grant delivery will commence on 1 August 2024 with publication of allocations data expected in September 2024.

Until what date: 30 September 2024.

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:

Dipti Seetohul and Harry Sanders have 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 11 March 2024.

✓

INTERIM CHIEF FINANCE OFFICER:

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

Signature:

[Handwritten Signature]

Date:

11/03/2024

CHIEF OF STAFF:

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

Signature:

[Handwritten Signature]

Date:

11/03/2024

