

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3313

Title: Adult Education Budget Reconciliation 2023-24

Executive summary:

This decision seeks the Mayor's approval for the approach to be taken to the reconciliation of the Adult Education Budget (AEB) and Free Courses for Jobs (FCFJ) funding for the 2023-24 academic year. The approach confirms the outturn funding position for AEB and FCFJ grant-funded providers and Jobs and Skills for Londoners (JSFL) providers for the academic year running from August 2023 to July 2024.

Decision:

That the Mayor approves:

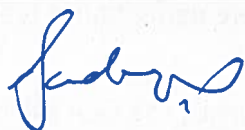
1. the approach to the reconciliation of Adult Education Budget (AEB) grant-funded providers for the 2023-24 academic year, including Free Courses for Jobs funding
2. the approach to reconciliation of funding for the Jobs and Skills for Londoners (JSFL) providers for the 2023-24 academic year
3. that any subsequent changes to reconciliation values that fall within the scope of MD3313 can be made by the Mayor at future ASF Mayoral Board meetings without the need for a further decision as permitted under the 'Schedule of ASF Matters Reserved to the Mayor' set out in the ASF Assurance Framework
4. the re-instatement of the 103 per cent over-delivery tolerance for Adult Skills Fund (ASF) grant providers paid on profile in the 2024-25 academic year.

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:

18/12/24

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

Decision required – supporting report

1. Introduction and background

- 1.1 Adult Education Budget (AEB) funded delivery is reconciled annually following the receipt of final data returns from providers. For 2023-24, the final claim and supplementary data return date was 1 November 2024. These returns form the basis for the reconciliation process.
- 1.2 This MD seeks approval of outturn funding adjustments to AEB grant-funded providers and Jobs & Skills for Londoners (JSfL) providers based on the outcome of the reconciliation process proposed for 2023-24. It also seeks approval of the re-instatement of the 103 per cent over-delivery tolerance for ASF grant providers in 2024-25 after it was originally omitted from the GLA ASF 2024-25 funding rules due to budgetary concerns.
- 1.3 Following the national funding reform, the Adult Education Budget (AEB) was renamed the Adult Skills Fund (ASF) for the start of the 2024-25 academic year.

2. Objectives and expected outcomes

Reconciliation of AEB and Free Courses for Jobs (FCFJ) grant-funded providers

- 2.1 The GLA received final funding claims from grant-funded providers by 1 November 2024. The associated final Individualised Learner Record (ILR) data returns (R14) were reviewed, and officers applied adjustments where funding errors were identified. The outturn position proposed for each provider is set out at Appendix A.
- 2.2 It is proposed that the AEB and FCFJ grant reconciliation is applied as follows:
 - following receipt of the final funding claim information, to set a final performance threshold for 2023-24 of 97 per cent
 - ring-fenced reconciliation of FCFJ delivery between 1 August 2023 and 31 July 2024 at a 97 per cent performance threshold
 - over-performance for AEB provision funded where performance is above 100 per cent and up to 103 per cent, as per the 2023-24 AEB grant funding rules
 - over-performance for FCFJ provision funded where performance is above 100 per cent and up to 110 per cent, as per the 2023-24 AEB grant funding rules
 - over-performance for FCFJ provision funded where performance is above 110 per cent, subject to budget availability.
- 2.3 In line with the national sector accounting arrangements, the GLA will issue reconciliation statements to providers in December 2024 to enable the funding to be included in the financial statements process for each organisation.
- 2.4 Against a total of £285.5m AEB grant allocated funding in London, providers delivered £297m, giving an overall performance of 104 per cent. Factoring in performance thresholds and payment for over-delivery, a total of £5.7m additional AEB grant funding will be allocated for this purpose for 2023-24.

- 2.5 Against a total of £13.9m FCFJ grant allocated funding in London, providers delivered £14m, giving an overall performance of 101 per cent. Factoring in performance thresholds and payment for over-delivery, a total of £100k FCFJ funding will be reconciled for 2023-24.

Reconciliation of the Jobs and Skills for Londoners fund

- 2.6 The GLA received final funding claims from JSFL grant-funded providers by 1 November 2024. The associated final ILR data return (R14) was reviewed, and officers applied adjustments where funding errors were identified. The outturn position proposed for each provider is set out at Appendix B.

- 2.7 It is proposed that reconciliation of funding for the JSFL programme, both AEB and FCFJ grant, is applied as follows:

- for providers delivering below 100 per cent of their allocation, ring-fenced reconciliation will apply based on actual performance
- for providers delivering between 97 and 100 per cent against either or both AEB and FCFJ allocations, underspend against the relevant funding stream will be carried forward to 2024-25 provider allocations
- over-performance for AEB is funded where performance is above 100 per cent, up to a maximum of 110 per cent, subject to budget availability
- over-performance for FCFJ is funded where performance is above 100 per cent, subject to budget availability
- the over-performance growth is funded by AEB and FCFJ underspend funds as appropriate; there will be no transfers between funding streams.

- 2.8 In line with the national sector accounting arrangements, the GLA will issue reconciliation statements to providers in December 2024 to enable the funding to be included in the financial statements process for each organisation.

- 2.9 Against a total of £29.6m JSFL AEB allocated funding in London, providers delivered £28.7m, giving an overall performance of 97 per cent. Factoring in performance thresholds and awarding over-delivery, a total of £1.9m JSFL AEB grant funding will be reallocated within AEB from 2023-24 resources.

- 2.10 Against a total of £8.3m JSFL FCFJ allocated funding in London, providers delivered £6.3m, giving an overall performance of 76 per cent. Factoring in performance thresholds, a total of £2m JSFL FCFJ funding will be unused funding for 2023-24. It is unclear at this point in time what will happen to the residual balance.

2024-25 ASF grant providers paid on profile over-delivery tolerance

- 2.11 For the 2024-25 academic year the GLA will reinstate, subject to budget availability, an over-delivery tolerance of 103 per cent for Adult Skills Fund (ASF (previously AEB)) grant providers paid on profile. Under these arrangements, providers who overperform against their allocations will receive an additional funding amount at year-end, up to 3 per cent of their total allocation. The additional funding will be sourced from ASF resources held in the balance sheet, committed for growth and contingency.
- 2.12 By reinstating the 103 per cent tolerance, the GLA will be supporting ASF grant providers by ensuring they are remunerated to some level for any over-delivery in the 2024-25 academic year.
- 2.13 Furthermore, the average increase to national funding rates, implemented for the start of the 2024-25 academic year without an increase in national funding, will likely have a detrimental impact on the number of learners able to access ASF provision in London. By reinstating the 103 per cent

tolerance, the GLA will somewhat negate the impact of the increase to national funding rates by ensuring providers have additional funding to draw down upon to deliver provision to more learners.

- 2.14 The calculation of the 103 per cent over-delivery tolerance will only include delivery of non-formula funded tailored learning up to the value of a provider's tailored learning allocation.

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 In determining the GLA's reconciliation approach for 2023-24, due consideration was given to its impact on learners with protected characteristics. The proposed approach to use a consistent process for all providers will ensure consistency in our reconciliation approach. This approach means that no groups of learners should be disadvantaged as funding will continue in line with prior actual delivery.
- 3.4 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 education, employment, or training; 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 The interventions proposed in this MD align with the approach outlined in the AEB Funding Rules (which are incorporated within each of the agreements with grant-funded providers), approved by the Mayor through [MD3147](#). Ensuring that reconciliation processes align to published rules provides stability for the AEB provider base.
- 4.2 The GLA's ASF programme aligns to the Mayor's proposed programme of 'supporting Londoners to benefit from growth' by ensuring Londoners have the skills they need to improve their lives and move into employment that meet's the Mayor's definition of 'good work'. Furthermore, the ASF helps develop the skills required to make London's economy grow.
- 4.3 In his [Equality, Diversity and Inclusion strategy](#) published in 2018, the Mayor set out how all his policies and programmes will help to create a fairer and more inclusive city where all people feel welcome and able to achieve their full potential. Delivery of the ASF (previously AEB) takes this into consideration and seeks assurances from providers that they will support this ambition.

Risks arising/mitigation

- 4.4. There is a risk that the provider base may identify errors with 2023-24 reconciliation. Providers will be given the opportunity to submit clarification requests in January 2025 for GLA review where they believe errors have been made.
- 4.5. There is also a risk that GLA ASF providers who have over-delivered against the thresholds set out above will be dissatisfied that not all 2023-24 over-delivery is being funded. The 2023-24 AEB grant funding rules state that the GLA will only fund overperformance up to 103 per cent. It is also stated in the rules that the GLA will only fund JSFL delivery up to the value of their grant/contract value. Furthermore, the reintroduction of the 103 per cent over-delivery threshold in 2024-25 will reinforce the GLA's commitment to support providers who over-deliver.
- 4.6. There are no conflicts of interest to declare from those involved in the drafting or clearance of this decision.
- 4.7. This decision was considered by the ASF Mayoral Board on 10 December 2024.

5. Financial comments

- 5.1 This Decision seeks approval for:
- the approach to the reconciliation of Adult Education Budget (AEB) grant-funded providers for the 2023-24 academic year, including Free Courses for Jobs funding
 - the approach to reconciliation of funding for the Jobs and Skills for Londoners (JSFL) providers for the 2023-24 academic year
 - the reinstatement of the 103 per cent over-delivery tolerance for Adult Skills Fund (ASF) grant providers paid on profile in the 2024-25 academic year.
- 5.2 Adult Education Budget (AEB) funded delivery is reconciled annually following the receipt of final data returns from providers. For 2023-24, the final claim and supplementary data return date was 1 November 2024. These returns form the basis for the reconciliation process.
- 5.3 This MD seeks approval of the outturn funding adjustments to AEB grant-funded providers and JSFL providers based on the outcome of the reconciliation process proposed for 2023-24. It also seeks approval of the reinstatement of the 103 per cent over-delivery tolerance for ASF grant providers in 2024-25 after it was originally omitted from the GLA ASF 2024-25 funding rules due to budgetary concerns.
- 5.4 Following the national funding reform, the Adult Education Budget (AEB) was renamed the Adult Skills Fund (ASF) for the start of the 2024-25 academic year.
- 5.5 The outcome of the 2023-24 AEB grant-funded provider reconciliation process set out in Appendix A shows that against a total of £285.5m AEB grant allocated funding in London, providers delivered £297m of activity, giving an overall performance of 104 per cent. Factoring in performance thresholds and payment for over-delivery, a total of £5.7m AEB grant funding will be reallocated for 2023-24 which is net additional grant funding that will be paid to providers of £5.7m.
- 5.6 Against a total of £13.9m FCFJ grant allocated funding in London, providers delivered £14m, giving an overall performance of 101 per cent. Factoring in performance thresholds and payment for over-delivery, a total of £100k FCFJ funding will be reconciled for 2023-24 which is net additional grant funding to providers of £100k.
- 5.7 The outcome of the 2023-24 JSFL provider reconciliation process set out in Appendix B shows that against a total of £29.6m JSFL AEB allocated funding in London, providers delivered £28.7m, giving

an overall performance of 97 per cent. Factoring in performance thresholds and awarding over-delivery, a total of £1.9m JSFL AEB grant funding will be reallocated from 2023-24.

6. Legal comments

- 6.1 Section 39A(1) of the Greater London Authority Act 1999 (the “GLA Act”) permits the delegation of ministerial functions to the Mayor; subject to certain limitations and conditions. By delegation dated the 6 December 2018, the Secretary of State for Education delegates to the Mayor the power to exercise certain functions under the Apprenticeships, Skills, Children and Learning Act 2009. This delegation forms the basis of mayoral power in relation to the ASF (formerly AEB) and the JSFL adult education and skills programmes. In accordance, with section 39A(6) of the GLA Act, the Mayor cannot delegate any function the subject of a delegation to the Mayor under section 39A(1).
- 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 three (above) of this report.
- 6.3 Subject to mayoral approval of this decision form, officers must ensure that the reconciliation and adjustments proposed (and any such further reconciliations resulting from the 2023-24 performance review):
- align with those set out in all applicable funding rules
 - be incorporated by variation into the agreements with providers (in GLA OPS or in writing as applicable) before any commitment is made or any reliance is placed upon the new figures, profiles and related details where necessary.

7. Planned delivery approach and next steps

- 7.1 Next steps are set out below:

Activity	Timeline
2023-24 reconciliation statements issued to providers	December 2024
Clarification requests from providers on potential reconciliation errors	December 2024/ January 2025

Appendices and supporting papers:

Appendix A – Outcome of the 2023-24 AEB grant-funded provider reconciliation process

Appendix B – Outcome of the 2023-24 JSFL provider reconciliation process.

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 2025 as it contains information that is to remain confidential until the decisions of the ASF Mayoral Board currently scheduled for March 2025 have been communicated to relevant providers.

Until what date: 30 April 2025.

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:

Howard Dawber has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Mayoral Delivery Board

This decision was agreed by the Mayoral Delivery Board on 16 December 2024.

✓

CHIEF FINANCE OFFICER:

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

Signature:

Fay Hannan

Date:

18/12/2024

CHIEF OF STAFF:

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

Signature:

D. Bellamy

Date:

17/12/2024

