

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2545

Title: Adult Education Budget Grant Allocation Approach 2020/21

Executive Summary:

This Mayoral Decision form seeks the Mayor's approval of the proposed grant allocation approach for the Adult Education Budget (AEB) for the academic year 2020/21. This will be the second year of allocations to grant funded providers following delegation of the administration and management of AEB funds to the Mayor earlier this year.

The proposed grant allocation approach continues to offer funding stability for providers in the first two years of delegation, which will support the financial health of the sector. It will give providers early notice of their likely level of funding in 2020/21 which will help them plan their responses to the Mayor's priorities for skills. The approach provides scope for a performance adjustment if necessary and uses a simple methodology that is transparent and consistent for grant funded providers in London.

The allocation for continuing learners for 2020/21 will be divided based on the value of continuing learners at the end of 2018/19. There is a risk that some providers may consider their budgets reduced if they have a higher value of continuing learners in 2020/21 than in 2018/19. To mitigate this risk, providers will be given sufficient notice from December 2019 to plan their provision.

Decision:

That the Mayor:

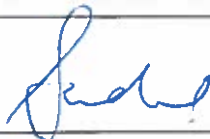
Approves the grant allocation approach for the Adult Education Budget (AEB) for the 2020/21 academic year subject to the final London AEB allocation being confirmed by the Department for Education in early 2020.

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:

21/2/19

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

Decision required – supporting report

1. Introduction and background

- 1.1 From 1 August 2019, the administration and management of the Adult Education Budget (AEB) for London residents was delegated to the Mayor. AEB grant allocations for 2019/20 were approved by the AEB Mayoral Board on 10 January 2019 and under cover of MD2462 on 12 April 2019. These grants funded approximately 90% of first year education and training delivery, and are held by colleges, local authorities, Institutes for Adult Learning and Higher Education Institutions. The remaining 10% is delivered by a range of organisations selected through procurement in 2018 and 2019.
- 1.2 In line with the agreed arrangements for delegation of the AEB, it is expected that the Mayor will receive the final AEB allocation for London residents for the academic year 2020/21 from the Department for Education (DfE) by the end of January 2020. We understand that this budget will be based on London's proportionate share of the national AEB, which is 23.79%. Subject to confirmation, and in line with the central government announcement that no departments will see a reduction in 2020/21, the anticipated value of the budget is approximately £311m.
- 1.3 For 2019/20, the London AEB did not include the monetary value for continuing learners who were London residents but did not complete their learning by 31 July 2019 and therefore required funding in 2019/20; these individuals were funded by the Education and Skills Funding Agency (ESFA). The GLA expects that the value of the continuing learners for the following year will sit within the London budget for 2020/21 and therefore funding related to these learners will be allocated by the Mayor as part of the grant allocation process. The GLA will divide the continuing learner allocation for 2020/21 (London residents who would not have completed their learning by 31 July 2020 and will therefore require funding in 2020/21) based on the share of continuing learners at the end of 2018/19. The value of continuing learners removed from the GLA's allocation for 2019/20 was £4.074 million.
- 1.4 The approach outlined in this Mayoral Decision was considered at the AEB Mayoral Board meeting on 26 November 2019.

2. Objectives and expected outcomes

Grant allocations

- 2.1 Building on the grant allocation approach for 2019/20, the proposed approach for 2020/21 seeks to address the following principles:
 - to meet the Mayor's commitment to funding stability for grant funded providers to support the transition to a delegated London AEB programme;
 - to take account of performance, whilst recognising that the performance data for the full first year of delivery is not available at this stage; and
 - to ensure the process is fair, efficient and transparent.
- 2.2 The GLA will use providers' 2019/20 allocation as the indicative allocation (or baseline) for their 2020/21 allocation. This baseline will be subject to confirmation of the London AEB allocation, which will be received by the Mayor in January 2020. The proposed indicative allocations have been calculated based on the approach set out in this decision and were presented for consideration by the AEB Mayoral Board on 26 November 2019.
- 2.3 Providers will be issued with indicative allocations in December 2019. By providing baseline allocations earlier than last year, providers will be better placed to plan to meet Mayoral priorities.

- 2.4 As was done for the 2019/20 grant allocations, the GLA will invite providers to identify any business cases for exceptional circumstances that should be considered as part of the AEB allocation process. Cases will be returned by providers in January for consideration by the Mayor in February 2020.
- 2.5 Grant-funded providers delivering to London residents with a provisional value of less than £100,000 in 2017/18 were not eligible for funding without a business case approved by the Mayor in 2019/20. There were a number of providers that were below the threshold in 2017/18 but may have been above it in 2018/19 who therefore could be considered for funding in 2020/21. The GLA will invite these providers within London and its fringe to make a business case for funding.
- 2.6 Concurrently with the assessment of business cases, the GLA will assess responses to the Skills for Londoners Innovation Fund. This fund provides the process for grant-funded providers to receive in-year increases in funding for innovative activity above the baseline in 2019/20 and 2020/21.
- 2.7 The GLA will undertake performance checks in December 2019 and January 2020 to flag any under-performance in 2019/20. We will check performance against the mid-year claim received from providers in early February. Where there is a significant variance, the possibility of a reduction in the 2020/21 baseline will be discussed with the provider.
- 2.8 A measure of the monetary value of continuing learners will be calculated from the Individualised Learner Record data for each provider. On the basis that the DfE confirms the continuing learners budget as part of the London AEB allocation for 2020/21, this additional funding will be based on the proportion of actual continuing learners at August 2019.
- 2.9 The approach proposed also envisages the GLA's increase of total AEB grant funding by an additional £2.7m (approximately 1% of the AEB grant budget based on 2019/20 allocations) to increase funding for fully funded English and maths legal entitlements delivered at Levels 1 and 2, with providers receiving an increase in their allocation proportionate to their expenditure on such qualifications in 2018/19. Subject to the Mayor's approval of the overarching AEB grant allocation approach for the 2020/21 academic year, any such increase in funding will also be subject to the Mayor's approval of the same being given under cover of a separate Mayoral Decision form.
- 2.10 In summary, final allocations will be the indicative allocation (baseline) + business case adjustment + continuing learners + Innovation Fund adjustment (where relevant) + English and maths adjustment (where relevant).
- 2.11 Approval of final allocations will be sought from the Mayor via the AEB Mayoral Board and Mayoral Decision in February 2020 and issued to providers in March 2020. Any changes required to the grant funding methodology, for example, in light of a lower than anticipated London level allocation, will also be brought to the Mayor at this meeting.
- 2.12 In April, we will ask providers to make a strategic planning return to identify how provision planned for delivery in 2020/21 will respond to the Skills for Londoners priorities including those priorities identified by sub-regional partnerships. These plans will be received by the end of June 2020.
- 2.13 The GLA will review AEB delivery at the end of 2019/20 and based on the final claim from providers, it will adjust the 2020/21 final allocation where there is a significant variation in performance for 2019/20. A more detailed approach for making decisions to reduce final funding allocations will be presented to the Mayor in a future AEB Mayoral Board Meeting. This will be implemented through an in-year funding adjustment in 2020/21.

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; and
 - 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 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 In determining the GLA's grant allocations approach for 2019/20 due consideration was given to its impact on learners with protected characteristics. The proposed approach to use 2019/20 as the basis for 2020/21 grant funded allocation 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 AEB and European Social Fund (ESF) is to improve opportunities for people who are disadvantaged in the labour market. Many potential AEB participants have 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 NEET, people without basic skills and people who are workless. It will also support Londoners in low paid/low-skilled jobs.

4. Other considerations

- 4.1 The key risks associated with this grant allocation approach are:
- **Undermining provider stability.** This risk will be mitigated by ensuring the GLA's proposed approach is communicated in a timely manner to grant-funded providers to enable early planning and identification of any potential issues, as well as including a business case process for exceptional circumstances which proved to be a successful strategy in determining the 2019/20 allocations. Our approach aims to ensure provider stability but is also a prudent financial approach given the uncertainty of the actual monetary value of delivery to this group in 2019/20.
 - **Grant-funded providers also in receipt of funding from the ESFA and Mayoral Combined Authorities (MCAs) being adversely impacted by cumulative funding decisions made by them.** This risk will be partially mitigated by the GLA informing the ESFA of its allocations decisions once the final allocations are published and have further discussions with the ESFA in case of any major impact on organisations as a result of those allocations. However, the GLA will not be able to make significant changes to its illustrative allocations if a provider's funding is reduced because of policy decisions made by other MCAs.
 - **That the split of continuing learner funding, being based on 2018/19 data, does not accurately reflect continuing learners at the end of 2019/20.** We cannot know now what the value or distribution of continuing learners will be at the end of this academic year. As such, our calculation of continuing learner funding must be based on the previous year. Some providers, where the value of continuing learners is higher in 2019/20 than 2018/19, may feel their continuing learner funding is too small. We will mitigate this risk by announcing our methodology and final allocations as early as possible, in order that providers have the longest time possible to make arrangements.
 - **The GLA's final AEB allocation is lower than anticipated.** The GLA would need to adjust grant allocations in proportion to the reduced budget available.

- 4.2 There are no conflicts of interest to note for any of those involved in the drafting or clearance of the decision.

5. Financial comments

- 5.1 The proposed approach uses the 2019/20 allocation as the baseline for 2020/21 indicative allocations, subject to confirmation of the London AEB allocation in January 2020. On the basis that the budget is confirmed at a similar level to 2019/20, the approach ensures that grant allocations will be issued within the overall AEB funding envelope. For 2020/21, the AEB allocation for London is expected to increase from £306m to £311m as funding related to continuing learners who are London residents is included in the London funding. The final allocations will be considered at the AEB Mayoral Board meeting in February 2020, alongside a full breakdown of the planned AEB expenditure for 2020/21.

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 Should the Mayor be minded to make the decisions sought officers must:
- Exercise care in committing to any expenditure in continued reliance of delegated AEB before the grant of the same has been made, including liaison with the DfE/ESFA to ensure that the funding may be claimed in respect of expenditure proposed;
 - Ensure that the funding is distributed fairly, transparently, in manner which affords value for money in accordance with all applicable DfE/ESFA requirements and the GLA's Contracts and Funding Code; and
 - Ensure that grant funding agreements (on the GLA's standard AEB funding terms) are put in place between and executed by the GLA and recipients of AEB grant funding before any commitment to fund is made.

7 Planned delivery approach and next steps

- 7.1 A proposed timeline is set out below:

Activity	Timeline
Letters to London Fringe providers without GLA grant	November 2019
Indicative allocations made to providers	December 2019
Skills for Londoners Innovation Fund deadline	December 2019
Exceptional funding cases submission	January 2020
Confirmation of London budget by DfE	January 2020

Decision regarding exceptional funding cases	February 2020
Decision regarding Skills for Londoners Innovation Fund allocations	February 2020
Mayoral Decision regarding final allocations	February 2020
Letters to providers confirming final allocations	March 2020
Strategic plans returned by providers to GLA	June 2020
Commencement of 2020/21 academic year	August 2020
In-year funding adjustment where there is a variation in performance levels for 2019/20	TBC

Appendices and supporting papers:

None.

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**

For what reason: Publication to be deferred to align with a policy activity announcement on 13 December 2019.

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:

Simon Lowe has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Debbie Jackson 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 2 December 2019.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. J. Allcock

Date

2.12.19

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date

2/12/2019

