

Annual Report to HM Government - Adult Education Budget 2020-21 (DRAFT)

1. Introduction

- 1.1. The Secretary of State for Education published [Guidance for the Mayor of London and Greater London Authority on the exercise of delegated adult education functions](#) in July 2019. This guidance includes the requirement that the Mayor must provide HM Government with an annual report each year, which provides key information about the delivery of adult education functions in London.
- 1.2. This report is the third submission to HM Government and covers the **full 2020-21 academic year** relating to the delegation of the Adult Education Budget (AEB). This report will focus on:
 - policies and interventions for adult education
 - Covid-19 impact and response
 - stakeholder engagement
 - AEB performance analysis
 - monitoring and evaluation
 - AEB spend.

2. Policies for Adult Education

- 2.1. The first Annual [report](#) published in March 2020 describes the policy interventions introduced for the 2019-20 academic year following the first two Skills for Londoners (SfL) Framework consultations. These policies continued into 2020-21.
- 2.2. The [second](#) Annual report submitted in March 2021 describes the policy interventions introduced for the 2021-21 academic year following the third SfL Framework [consultation](#) published in October 2020. This included:
 - increasing funding for English and maths legal entitlement qualifications at Levels 1 and 2, for fully funded learners
 - flexibility within AEB grant-funded provider allocations to fully fund certain categories of learning that upskill eligible teaching and learning support staff to deliver improved provision for learners with special educational needs and disabilities (SEND).
- 2.3. In recognition of the impact of Covid-19, and to support the ability of providers to continue to deliver learning throughout the pandemic, particularly during periods of public health mandated classroom closure, the Mayor introduced additional policies during the academic year:

- approving additional flexibility for the 2020-21 academic year for all grant providers to use up to 10 per cent of their existing formula funded adult skills allocation to deliver non-formula funded provision
- providing greater flexibility to both grant and procured providers to access full funding for use to meet costs of full Level 3 qualifications, if learners were unemployed or earning below the London Living Wage
- a revised performance tolerance of 90 per cent, in recognition of the ongoing impact of Covid-19 restrictions concerning AEB classroom delivery.

National Skills Fund Level 3 Adult Offer

- 2.4. As part of the National Skills Fund (NSF) Level 3 Adult Offer, the Prime Minister announced that from April 2021, any adult aged 24 and over who wants to achieve their first full Level 3 qualification will be fully funded.
- 2.5. Responsibility for the delivery of this new entitlement was delegated to the Mayor and the Department for Education (DfE) allocated c.£5.5 million of additional funding to the Mayor to fund the provision through the remaining four months of the 2020-21 academic year (April to July), whilst allocating a further c.£22.1m for the full 2021-22 academic year, respectively.

Good Work for All

- 2.6. The GLA launched an AEB grant competition process for the Good Work for All Fund in February 2021, to award up to £32m of commissioned activity explicitly aimed at supporting the priorities of the London Recovery Programme, in the context of the high numbers of Londoners that find themselves out of work as a result of the pandemic.
- 2.7. The Fund prioritises training, education and employability support that will enable Londoners to gain relevant skills, retrain, and move into "good work" (defined as occupations paid at or above the London Living Wage; and no exploitative use of zero hours contracts), in sectors key to London's recovery, including, although not exclusively, digital, health, social care, green, and creative and cultural industries.
- 2.8. The £32m programme comprises c.£10m of AEB per year, and c.£6m per year of NSF. 43 successful providers were awarded funding for delivery over the 2021-22 and 2022-23 academic years.

3. Covid-19 Impact and Response

- 3.1. Due to the continuing adverse impact of the Covid-19 pandemic throughout 2020-21 on AEB Grant funded providers, the Mayor revised the approach to funding reconciliation to provide greater funding certainty. This has included:
 - allowing providers performing below the 90 per cent performance threshold for AEB funding delivery to provide a business case to retain the costs of

delivery, where it was not possible to deliver provision and claim funding at the level planned because of Covid-19, but the provider incurred unavoidable pay and non-pay costs under its funding agreement

- subject to budget availability, fund over-performance above 100 per cent of providers' adult skills allocations and the Covid-19 Skills Recovery allocations
- the carry-forward of any unspent Covid-19 Skills Recovery allocation where delivery was impacted by the disruption to provision into the 2021-22 academic year.

4. Stakeholder Engagement

Skills Roadmap for London

4.1. During the 2020-21 academic year, the GLA developed a Skills Roadmap for London that sets a clear direction of travel for skills and adult education in the capital that is understood by the skills and employment sector, businesses, civil society and Londoners.

4.2. The overarching aim is to ensure adult education in London both gives people the skills they need for jobs and helps to address inequality in the capital using three pillars:

4.2.1. Pillar 1: Locally relevant skills – Making skills more locally relevant means providing a more joined-up skill and employment offer that meets the needs of Londoners and the local economy, including businesses and employers. To achieve this City Hall will:

- improve collaboration and partnerships between adult education providers, employers, and civil society
- meet the needs of London's businesses and employers and help Londoners into good jobs
- focus on learning that supports progression.

4.2.2. Pillar 2: Making an impact – Making an impact means ensuring the learning we fund transforms people's lives, leading to positive economic and social outcomes. The GLA will build on the findings of the London Learner Survey to ensure that adult education is focused on delivering against priority impact areas and is aligned with the London Recovery Programme. To achieve this the City Hall will:

- measure the social and economic impact of adult education
- evaluate adult education programmes and policies to ensure future work is derived from best practice.

4.2.3. Pillar 3: Accessible skills – More accessible adult education means ensuring Londoners who are most in need are prioritised to access AEB

provision and other skills and employment support. To achieve this the GLA will:

- raise awareness of London's skills and learning offer for adults, especially among those who need it most
- support adult education providers as responsible organisations in their communities
- Invest in physical and digital learning spaces.

- 4.3. The GLA consulted on the draft Roadmap over seven weeks between June and August 2021, capturing the views of over 100 organisations through a written consultation and a series of stakeholder roundtables. These organisations included learning providers, businesses and employers, and civil society.
- 4.4. The consultation also included the feedback of the Mayor's skills advisory bodies – the SfL Board and the SfL Business Partnership. Additional, Mayoral advisory boards that provided feedback included the Equality, Diversity and Inclusion Stakeholders Board and the SfL London Recovery Task and Finish Group.
- 4.5. The GLA also ran a series of 'Community Conversations' to hear directly from Londoners most in need of adult education, who are less likely to engage with traditional methods such as online surveys. These conversations were hosted by 44 community organisations and collected the views of almost 1000 Londoners from diverse backgrounds and disadvantaged communities.
- 4.6. The [Skills Roadmap for London](#) was published in January 2022.

5. Adult Education Budget performance analysis

- 5.1. The GLA publishes AEB programme data biannually in line with the UK Code of Practice for Official Statistics and following the DfE's Further Education and Skills data publication. The Data Publication aims to ensure transparency, support engagement with stakeholders, bridge information gaps to support a more strategic approach to skills provision, and support learners and employers to make more informed decisions.
- 5.2. The most recent [AEB data release](#) includes statistics on AEB-funded Further Education and Skills in London based on data for the full academic year 2020-21. A summary [note](#) was published alongside the data release to assist in interpreting the 2020-21 AEB statistics and highlights some of the key points and limitations.

6. Monitoring and Evaluation

- 6.1. To measure the efficacy of the commissioning, delivery and management of the delegated AEB, the GLA have undertaken further evaluation work. These have included:

2020-21 AEB Evaluation

- 6.2. The GLA commissioned IFF Research to evaluate the first four academic years from 2019 to 2023 of its management of the AEB. These regular evaluations aim to evaluate how effective policy and management changes introduced by the GLA have been. The methodology used is a combination of quantitative analysis of the Individualised Learner Record (ILR) data with insights gathered from interviews with AEB-funded providers and sector stakeholders.
- 6.3. The overall number of learners starting an AEB-funded learning aim has decreased over the past three years. However, this reduction is likely to be at least partly related to the impact of Covid-19, which started to be felt in February 2020 and continues to be felt to some extent.
- 6.4. However, preliminary analysis using R10 data for 2020-21 has shown positive signs from several policy areas introduced by the GLA.
- Fully funding **those earning less than the hourly London Living Wage** has enabled more Londoners to access AEB. Compared to 2018-19, analysis over time shows that GLA fully funded 11,410 (44 per cent) more low-wage learners than previous Education and Skills Funding Agency (ESFA) funding.
 - The number of learning aims at Level 3 has been boosted significantly since the introduction of the **Level 3 flexibility**, increasing the proportion of learning under the AEB at Level 3 by around 26 per cent.
 - The funding of specific **High-Value Courses** has increased the usage of these qualifications by approximately 17 per cent in absolute terms
 - Over 2,500 learning aims were delivered through the **non-formula funding flexibility** in the first eight months of the 2020-21 academic year. This flexibility has been welcomed by both providers and stakeholders.
- 6.5. The main impacts on provision reported by providers related to:
- greater alignment with GLA strategy and more focus on London priorities as opposed to national ability to tailor provision to local demand and work closely with local employers, for example in Health and Social Care which is a priority sector
 - increased support for learners to access digital learning.

Skills for Londoners Innovation Fund Evaluation

- 6.6. The GLA commissioned ICF Consulting to evaluate the Sfl Innovation Fund, which was launched in March 2020 and ran until August 2021. The programme funded innovative adult skills initiatives that addressed London's skills priorities. In total, 27 projects by 25 providers successfully bid for funding of between £100,000 and £500,000.

- 6.7. The evaluation aimed to draw out examples of effective practice in delivering adult skills provision that can be used more widely across London. It therefore examined the effectiveness of projects delivery, the scalability of the projects and their impact. A mix of quantitative analysis of ILR data for the two academic years was combined with a series of detailed case studies comprising interviews with providers and learners.
- 6.8. Most projects provided basic skills/ English for speakers of other languages (ESOL) or employability courses, primarily short courses below Level 2. These were targeted at hard-to-reach groups, including the unemployed, individuals with basic skills needs, new arrivals and those with learning difficulties and disabilities. The innovative aspect of the programme was engaging hard-to-reach learners through using new outreach methods and in making provision more accessible by delivering provision in community settings. However, all the case study projects made changes to their projects as a result of the pandemic.
- 6.9. Most learners said that the project had improved their personal development in all the case study projects. The most commonly reported changes were improved self-efficacy and confidence with the most common progression outcome for learners being going into further education or training. Around half of the case study projects planned to continue to deliver some or all of the elements of their project in 2021-22 through their AEB budget and most of the case study projects reported that they could scale up their provision.

Mayor's Office for Policy and Crime (MOPAC) Audit Review

- 6.10. As part of the Greater London Authority 2020-21 audit plan; the allocation of AEB funds was audited by the MOPAC.¹ The audit aimed to assess the GLA's AEB funding allocations for fairness, efficiency, and transparency. The review was awarded the audit the highest rating of 'substantial'.
- 6.11. A third MOPAC review is now underway; aiming to ensure AEB delivery partners are appointing and managing subcontractors in line with GLA procedures and the GLA has appropriate processes in place to monitor sub-contracting arrangements.

London Learner Survey

- 6.12. The GLA ran a successful pilot of the London Learner Survey between April – June 2021. The initial launch of the pilot was delayed due to the period of school/college closures linked to the Covid-19 that began in January 2021. Despite the delays to its launch, the pilot demonstrated the feasibility of undertaking a large-scale survey of learners in London by achieving a baseline response rate of 33 per cent and a follow-up response rate of 8 per cent. The pilot also identified elements of best practice for administering the survey and effective methods for supporting providers which will be implemented for the mainstage. Following the success of the pilot survey, the mainstage London Learner Survey was launched in September 2021.

¹ MOPAC provide the internal audit function for the GLA Group as a part of a shared services arrangement.

- 6.13. The survey aims to assess the impact of AEB provision over the seven priority impact areas² (Progression into employment; In-work progression; Progression into further education and training; Improvements to health and wellbeing; Improvements to social integration; Improvements to learner-self efficacy; Participation in volunteering) and provide an opportunity to demonstrate the impact on London learners, employers and communities; and the impact that delegation of funding is having on the outcomes achieved by learners in both community learning and adult skills provision.
- 6.14. In the [Skills for Londoners Strategy](#) and subsequent analyses, the GLA has highlighted that several groups are disproportionately under-represented in London's labour market, including some groups with protected characteristics. This includes special educational needs and disabilities learners; young people; disabled adults; Black, Asian and minority ethnic groups; and women.
- 6.15. The GLA will use any data collected through the London Learner Survey to measure and analyse trends in the participation of different groups of Londoners and the outcomes achieved by different groups of Londoners. This will give the GLA insight into how effectively providers are serving those groups and will be used to inform future policy interventions to reduce gaps in participation and achievement among disadvantaged groups.

7. Key Financial Information

- 7.1. The table below sets out the expenditure of AEB relating to the 2020-21 teaching year from August 2020 to July 2021. Total budget includes the main allocation of £318m and the additional £12.9m Covid Recovery funding.
- 7.2. Based on actuals as of 5 February 2022, a sum of £317,397,126 was total expenditure for the main AEB allocation, leaving an unspent fund of £14,245,818 as shown in table below. The table does not include the carry forward funds from previous AY which mostly covers underspends in AEB Procured provision; the GLA's procured four-year £132m contracts.

Items	Budget Expenditure Forecast (£)	2021-22 AY Actual Expenditure (£)	Difference (£)
Grant Provision	284,459,173 *	276,635,383	7,823,789
Procured Provision	35,025,563	30,448,956	4,576,606
Covid Response Fund	7,712,958	6,585,050	1,127,908
Management and Administration	4,445,250	3,727,736	717,514
Total	331,642,943	317,397,126	14,245,818

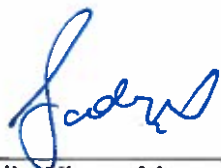
*Budget includes funding set aside to support growth and the Innovation funding

² AEB key priority areas - Progression into employment; In-work progression; Progression into further education and training; Improvements to health and wellbeing; Improvements to social integration; Improvements to learner-self efficacy; Participation in volunteering.

- 7.3. A sum of £6m from 2020/21 academic year underspend was approved to be carried forward by the main grant providers as part of Covid recovery funding. Additionally, AEB Procured providers were allowed to reprofile and carry forward underspend also due to the impact of Covid-19 on delivery of up to £4.6m. The remaining underspend is set aside to support growth in allocation in 2021/22 for the grant providers and the procured in line with the contract stipulations allowing 10 per cent contract increase against the lifetime of their contract value
- 7.4. Transactions relating to the 2020-21 academic year reconciliation is expected to be concluded by the end of the financial year. If concluded on time, the final annual report submission in March 2022 may further reflect the impact of the process.

8. Further Information

- 8.1. Please contact the AEB team at AEB@london.gov.uk for further information.



Sadiq Khan, Mayor of
London

16/3/22

Date