

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2718

Title: Adult Education Budget supporting London's recovery

Executive Summary:

This Mayoral Decision (MD) form seeks approval of proposals for how up to £25m of uncommitted Adult Education Budget (AEB) funding for the 2021/22 Academic Year is directed to support London's recovery from the social and economic impacts of COVID-19.

The funding is projected to be available based on receiving the same level of 2020/21 income from Department for Education (DfE) net base grant allocations for exiting provider base, procured contracts, estimated management and administration and the GLA AEB grant funding to organisations outside of London and London's fringe that are no longer eligible for funding from the 2021/22 Academic Year.

Decision:

That the Mayor approves:

- 1) the application of a 'London factor' of 10% to the weighted base rate of all AEB-fundable qualifications up to and including level 2;
- 2) the use of up to £10m of AEB funding to run a grant commissioning process aligned with the Recovery missions; and
- 3) the use of up to £100,000 of AEB funding to support an awareness-raising campaign to promote the benefits of learning and how training can be accessed through the AEB offer.

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:

11/12/20

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

Decision required – supporting report

1. Introduction and background

- 1.1. COVID-19 is having a profound impact on London's economy and communities. After the deepest recession for a century, London's unemployment rate is set to increase significantly.
- 1.2. Unlike previous recessions, job losses are likely to be concentrated in previously job rich sectors, such as hospitality and retail, where workers tend to be lower-skilled and lower-paid. Workers in these sectors are also likely to be younger and from ethnic minority backgrounds.
- 1.3. The risk is that for these workers, as employment falls and new job opportunities become scarcer, prolonged unemployment will follow, leading to long-lasting 'scars' on future earnings, employment prospects, and health and wellbeing.
- 1.4. The uneven nature of the recession and the rapid transition to home working is also having a major impact on London's high streets. These structural changes are putting significant pressure on the services that the GLA, London boroughs, Transport for London, and others deliver.
- 1.5. To respond to the challenges ahead, the London Recovery Board (jointly chaired by the Mayor of London and the Chair of London Councils) has set the 'grand challenge' to restore confidence in the city, minimise the impact on London's communities and build back better the city's economy and society. This will be achieved through the delivery of nine recovery missions:
 - A Green New Deal;
 - A Robust Safety Net;
 - High Streets for All;
 - A New Deal for Young People;
 - Good Work for All;
 - Mental Health and Wellbeing;
 - Digital Access for All;
 - Healthy Food, Healthy Weight; and
 - Enabling Resilient Communities.
- 1.6. Adult education is critical to London's recovery, supporting those most at risk of long-term unemployment to retrain and re/upskill to access new employment opportunities, as well as supporting Londoners' mental health and wellbeing.
- 1.7. Activity funded through the Adult Education Budget (AEB) is already supporting each recovery mission (see Appendix A). To build on this support and to ensure education and training can continue in London, the Mayor has made a number of other interventions through the AEB this Academic Year (2020/21) to support London's recovery:
 - the launch of the COVID-19 Response Fund worth up to £11m for AEB providers to expand their online provision, adapt courses, and build capacity to ensure they are equipped to reach learners who are at risk of digital exclusion;
 - fully funding level 3 qualifications (equivalent to an A level), lasting for a year or less, for any adult Londoner unemployed or earning below the London Living Wage, given a level 3 qualification is more likely to lead to better paid, more secure work; and
 - enabling all AEB grant providers to use up to 10% of their budgets more flexibly to provide Londoners with employability and wraparound support alongside retraining.

- 1.8. Alongside these changes, and to ensure that no Londoner is left behind as the economy recovers from the impacts of the pandemic, the Mayor is keen to encourage a renewed focus on lifelong learning to support those Londoners lacking the basic skills to access learning pathways to progress from lower levels up to level 3 and beyond.
- 1.9. From the 2021/22 Academic Year, the GLA is likely to have up to £25m of uncommitted AEB funding available to further support and to build on the actions that have already been taken to support London's recovery from the social and economic impacts of COVID-19. The funding is projected to be available based on receiving the same level of 2020/21 income from Department for Education (DfE) net of base grant allocations for the existing provider base, procured contracts, estimated management and administration costs and in part reflects previous GLA AEB grant funding to organisations outside of London and London's fringe that are no longer eligible for funding from the 2021/22 Academic Year.
- 1.10. The following section sets out how this uncommitted AEB funding would be used to support London's recovery missions. The aim of these interventions is to ensure Londoners can access the support they need to learn, retrain, and move into work, as well as ensuring London's businesses have access to skilled labour force to support the capital's economic recovery.

2. Objectives and expected outcomes

Funding uplift for existing AEB providers

- 2.1. While it is critical that more Londoners are trained at level 3 or above given the positive returns¹ in terms of earnings and employment prospects, too many Londoners lack basic skills. Nationally, just over a quarter of working-aged adults in England have numeracy and/ or literacy skills below the level expected of an 11-year old.¹ After leaving formal education, very few re-engage with learning. The lack of progression for adults without a level 2 (equivalent of a GCSE) by age 18 was described as "one of the most disturbing aspects of England's current 18+ provision" in the post-18 education review.²
- 2.2. It is therefore imperative that there is renewed focus on lifelong learning to support those Londoners lacking the basic skills to access learning pathways to progress from lower levels up to level 3 and beyond.
- 2.3. To do this, it is proposed that a 'London factor' of a 10% funding uplift is applied to the weighted base rate of all AEB-fundable qualifications up to and including level 2. This additional investment at lower levels of learning will support providers to offer more holistic and targeted support for learners. This support could include greater pastoral care, additional tailored support, employment coaching, and other delivery that 'wraps' around learning and addresses the challenges many learners with lower level skills face in progressing in education and training.
- 2.4. The expected outcome of this intervention would be increased rates of achievement across learning aims at entry level, level 1 and level 2, as well as increased rates of progression between these levels and into work. Learner progression will be measured through the London Learner Survey from January 2021. This investment would also support progression towards higher technical skills at level 3 and above and complement the introduction this Academic Year (2020/21) of fully funded level 3 qualifications lasting a year or less for unemployed London residents and those in low pay in London, pending its continuation into the next Academic Year.
- 2.5. As a condition of this additional investment, AEB providers will be required to provide a London-based delivery plan for the 2021/22 Academic Year, demonstrating how their proposed provision will meet the objectives of the London recovery missions and ensure a joined up and aligned

¹ The Auger Report

² The Auger Report

skills and employment offer for Londoners. The content to be included in the plan will be developed in consultation with providers and issued in early 2021.

- 2.6. The funding uplift would be paid under a simple arrangement through the Earnings Adjustment Statement (EAS). Providers would access the additional funding by submitting an aggregated claim for all learners in scope. The claim would be applied by multiplying the earned income for learning aim(s) by 10%. The funding uplift would apply to formula-funded adult skills learning aims. AEB grant funding baseline allocations will be increased in 2021/22 accordingly, enabling providers to fully benefit from the uplift for the start of the 2021/22 Academic Year. The estimated cost for this uplift would be £14.9m based on the projected formula funding at R12 (July 2020).
- 2.7. For AEB procured providers, the funding uplift may be claimed as part of their actual earnings, and, where appropriate, AEB procured providers would be able to seek a contract increase in line with the AEB Procured Funding Rules.

Grant commissioning process to support London's recovery

- 2.8. Alongside changes to the funding rates, it is proposed that up to £10m of uncommitted AEB funding is used to commission activity explicitly aimed at supporting the priorities of the Recovery missions. Provision will prioritise training, education, and employability support that will enable Londoners to gain relevant skills, retrain, and move into good work in sectors key to London's recovery, including, although not exclusively, in digital, health, social care, green, and creative and cultural industries. Strong partnership and collaboration with employers and businesses will need to form part of the delivery approach.
- 2.9. The commissioning exercise would follow a similar approach to previous commissioning processes the GLA has run for AEB providers, but with a stronger focus on early stakeholder engagement and greater flexibility for providers to determine the delivery approach that best meets the needs of the sector or industries they are seeking to support. A prospectus aligned with the Recovery missions would be developed drawing on input from internal and external stakeholders. Providers would then be invited to submit AEB-fundable proposals that support the priorities set out in the prospectus, which would be assessed by the GLA against an approved assessment framework which will shortly be developed. Expert panels will be established to work with the GLA to review the final ranked list of projects and make recommendations to the Mayor on which applications to support. Successful proposals will receive a grant allocation with a view to extending this for future years.
- 2.10. The prospectus would be circulated to the AEB Mayoral Board for comment ahead of the launch in early February 2021 and the application window will close before the pre-election period for the Mayor of London and London Assembly elections begins in March 2021. Applications would be submitted through the GLA Open Project System. Where new providers apply for funding, these organisations would be required to meet financial due diligence tests prior to approval.

Marketing campaign

- 2.11. As well as helping to facilitate more education and training through the AEB, feedback from the adult and further education sector has highlighted the importance of doing more to boost learner confidence and raise awareness of the capital's skills and learning offer to support London's recovery missions. It is therefore proposed that AEB funding is used to support an awareness raising campaign.
- 2.12. This campaign would sit within the 'supporting Londoners' sub-strand of the GLA's London Together campaign. The aim of the awareness campaign is to promote the benefits of learning and how training can be accessed through the AEB offer, including the digital skills entitlement (free basic digital skills training), retraining and re/upskilling opportunities, and activity to support mental health and wellbeing to Londoners not participating in education. This will be achieved mainly by microtargeting prospective learners through social media and signposting them to the Skills and Employment Hub on the GLA's website. Activity would also encompass the development of a range of assets (infographics, leaflets, video content) to be shared with key partners and anchor institutions (Job Centre Plus, local

authorities, primary schools, civil society organisations) to promote London's skills offer to the hardest to reach communities, including people who are digitally excluded.

- 2.13. The estimated cost for this activity is up to £100,000. The services of an advertising agency will be procured for the targeted paid media, which would start in January 2020. This will be followed by a wider awareness raising campaign launching in the summer 2021, which will largely be managed in-house through the GLA's Marketing and Digital Communications team.

3. Equality comments

- 3.1. Section 149(1) of the Equality Act 2010 provides that, in the exercise of their functions, public authorities 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 decisions 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. The interventions outlined in this MD are aimed at supporting those most at risk from the impact of the economic crisis brought on by COVID-19. This includes young people, women, and Black Asian and minority ethnic (BAME) people who tend to work in the occupations and sectors adversely affected by the pandemic. The GLA has consulted on the equalities impact of these changes with key sector representatives, and will closely monitor, review, and evaluate their impact.

4. Other considerations

Links to Mayoral strategies

- 4.1. The interventions proposed in this MD align with commitments made in the Mayor's Skills for Londoners Strategy to:
- empower all Londoners to access the education and skills to participate in society and progress in education and work;
 - meet the needs of London's economy and employers, now and in the future; and
 - deliver a strategic city-wide technical skills and adult education offer.

Risks arising/mitigation

- 4.2. The key risks are:
- Ensuring incentivising progression through a rates uplift. There is a risk that applying a flat rate increase to the weighted base rate of all AEB-fundable qualifications up to and including level 2 will not sufficiently incentivise providers to focus on supporting learner progression between levels and into work. This risk will be mitigated by the requirement that all providers, as part of their delivery plans for 2021/22, clearly set out how they will use the additional funding available to deliver higher quality support to learners to aid their progression.

- Reduction in learning aims delivered. For AEB procured providers, there is a risk that the uplift will result in a fewer learning aims being delivered as the uplift can be claimed by procured providers as part of their actual earnings. However, this risk will be mitigated by allowing providers to apply for a contract increase to enable them to deliver more learning aims as appropriate.
- Resource capacity. There is a risk around the resource capacity required to effectively design a prospectus and develop the assessment process within the set timescales. This risk will be partially mitigated by adopting a more streamlined approach to the application assessment process compared to previous commissioning exercises. However, this approach will not include any changes to how the GLA currently carries out financial due diligence.
- Re-directing AEB to fund non-learning activity. There is a risk that the GLA could be criticised for re-directing AEB funding away from education and training to deliver a marketing campaign. This risk is mitigated by the fact that the GLA's AEB provider base has called for an awareness raising campaign to maximise enrolment numbers and boost learner confidence to engage/re-engage with learning. AEB providers will also be invited to help shape the messaging for the campaign. Additionally, this is an opportunity to make more Londoners aware of London's skills offer.

4.3. There are no conflicts of interest to note from those involved in the drafting or clearance of this decision form.

5. Financial comments

5.1. Approval is being sought for the following:

- the application of a 'London factor' of 10% to the weighted base rate of all AEB-fundable qualifications up to and including level 2 – the estimated cost for this uplift would be £14.9m based on the projected formula funding at R12 (July 2020);
- using up to £10m of AEB funding to run a grant commissioning process aligned with the Good Work for All and Digital Access missions, which will largely focus on supporting the development of sector-specific London 'academies'; and
- the use of up to £100,000 of AEB funding to support an awareness raising campaign to boost learner confidence and raise awareness of London's skills offer to support recovery.

5.2. All costs will be contained within the ring-fenced AEB budget for academic year 2021/22. All grant recipients will be subject to due diligence and financial assessment.

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. Should the Mayor be minded to make the decisions sought officers must:

- exercise care in incurring commitment 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 a 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.

6.4. Section 2 of this report indicates that the GLA intends to procure services. Section 9 of the GLA Contracts & Funding Code requires the GLA to engage with TfL Procurement and seek a call-off from a suitable framework where possible before the commencement of any services.

7. Planned delivery approach and next steps

Activity	Timeline
Stakeholder engagement/ development of commissioning documentation	November 2020 – January 2021
Launch of marketing campaign	January 2021
Launch of commissioning exercise (applications open)	February 2021
Publication of draft AEB funding rules	March 2021
Deadline for applications	March 2021
Assessment of applications	March – May 2021
Mayoral approval for successful projects	May – June 2021

Appendices and supporting papers:

- Appendix A – How the Adult Education Budget is supporting London's Recovery missions.

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? NO

Until what date:

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:

Matt Bailey has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Halima Khan have 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 30 November 2020.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

D. Gane

Date

1 December 2020

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date

30 November 2020