

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2654

### Adult Education Budget (AEB): Financial Management 2019/20 and 2020/21

#### Executive Summary:

This Mayoral Decision (MD) form seeks the Mayor's approval of the revised Adult Education Budget (AEB) finances for 2019/20 Academic Year (AY) based on actual expenditure at the end of the 2019/20 Financial Year (FY) as recorded in the GLA Management accounts. The revised forecast is a further update to the profile approved by the Mayor under Mayoral Decision (MD) 2614 – Adult Education Budget (AEB): 2019/20 Annual Report to the DfE.

Approval is also sought for the revised expenditure profile for AY 2020/21 that has been further updated since the profile endorsed at the February 2020 AEB Mayoral Board meeting. This is due to changes in the 2020/21 allocation for grant providers and the updated allocation of £11,000,000 for the 'Skills for Londoners (SfL) COVID-19 Response Fund' agreed under MD2638.

This form also presents the expenditure profile by Financial Year for 2020/21 and seeks approval for up to £4.93m to cover Management and Administration of the AEB as detailed in the form.

The AEB Mayoral Board endorsed the above at its meeting on 1 July 2020.

#### Decision:

That the Mayor approves:

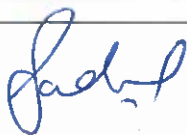
1. the revised AEB budget for 2019/20 Academic Year and the proposed expenditure for 2020/21 Academic Year including the increase of the 2020/21 allocation to Richmond and Hillcroft Adult Community College (RHACC) in line with the two-year transitional arrangement (2019/20 and 2020/21) regarding RHACC between the Department of Education and the Mayor of London; and
2. an expenditure profile of up to £4.93m to cover Management and Administration of the AEB for 2020/21 Financial Year, and that any future reprofiles will generally be agreed by the Mayor at the AEB Mayoral Board meetings and then the GLA's budget management processes, and virements between the top-level AEB budget lines or matters reserved within the AEB Assurance Framework will continue to be sought and recorded by way of Mayoral Decision form.

#### 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:

28/7/20

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

### Decision required – supporting report

#### 1. Introduction and background

- 1.1 The overall allocation from the Department for Education (DfE) for the 2019/20 AY was £306,444,875 which was split across financial years as follows:
- £191,987,714 (2019/20 – sum received March 2019); and
  - £114,457,161 (2020/21 – sum received in April 2020).
- 1.2 The actual expenditure as at March 2020 was £184,899,714 which means £7,088,000 is carried forward into the 2020/21 FY to recognise the pace of delivery of the procured providers who are paid by results over the four-year contracts.
- 1.3 DfE also confirmed the 2020/21 AY settlement as £318,580,139 across financial years as follows:
- £199,048,871 (2019/20 – sum received in April 2020); and
  - £119,531,268 (2020/21 – sum to be received in 2021).
- 1.4 The above means a total of £320,594,032<sup>1</sup> is available for spend in the 2020/21 FY.

#### 2. Objectives & Expected Outcomes

##### Revised AEB Academic Year 2019/20 expenditure profile

- 2.1 Based on actual expenditure as at end of March 2020, the table below shows the updated forecast for the remaining 2019/20 AY allocation. The profile spans over three Financial Years due to the Sfl Innovation Fund payments that spread across two Academic Years (2019/20 and 2020/21).

Items/ Commitment	Total (£)	19/20 FYE (Aug - Mar 20) Actuals	20/21 FYE (April-Jul)	20/21 FYE (Aug - Mar 21)	21/22 FYE (Apr-Jul 21)
Grant Provision (including ELS)	262,497,603	164,141,499	98,356,104		
Procured Provision	32,500,000	16,746,853	15,753,147		
Innovation Funding	7,219,523	2,251,827	1,342,470	2,271,204	1,354,022
Management and Administration	4,227,749	1,759,534	2,468,214		
<b>Total</b>	<b>306,444,875</b>	<b>184,899,714</b>	<b>117,919,935</b>	<b>2,271,204</b>	<b>1,354,022</b>

- 2.2 2019/20 FY actual expenditure on Management and Administration is reduced slightly due to accrued income of £36,303 for AEB staff who also work on European Social Fund (ESF) 2019-23 programme up to December 2019 and the £75,000 Skills Advisory Panel (SAP) income.

<sup>1</sup> £320,594,032 is total fund released to GLA for the 2020/21 Financial Year made up of £199,048,871, £114,457,161 and £7,088,000

- 2.3 The forecast above makes a provision under the Management and Administration for developing and piloting the London-wide Learner Survey. It is considered prudent for the GLA to incur cost directly as against making funding available to providers to run the survey. The GLA can coordinate the survey centrally more efficiently and effectively to achieve the required survey size at a lower cost. Where the pilot is successful, the full roll out options will be considered by the Mayor ahead of a possible start in 2020/21 academic year.

#### AEB 2020/21 Academic Year - Forecast

- 2.4 The table below shows the forecast expenditure for the AY 2020/21.

Items/ Commitment	Total (£)	20/21 FYE (Aug - Mar 21)	20/21 FYE (Apr-Jul 21)
Grant	268,873,094	167,690,829	101,182,265
Procured	32,500,000	17,333,600	15,166,400
SfL COVID-19 Response Fund	11,000,000	11,000,000	
Further Growth/Innovation	1,761,795	559,442	1,22,353
Management and Administration	4,445,250	2,465,000	1,980,250
<b>Total</b>	<b>318,580,139</b>	<b>199,048,871</b>	<b>119,531,268</b>

- 2.5 The forecast makes provision for up to £11m as a COVID-19 Response Fund to support the Adult Education sector and learners who may have been severely impacted by the current pandemic. This will be paid to providers to cover delivery from June 2020 either as one-off payment or added as an increase to existing grants or procured contract values.
- 2.6 Where the total value of bids received through Strand 2 of the Fund is lower, then the unallocated funding will be added to the budget available for further growth or innovation funding to be considered at the December 2020 performance point.
- 2.7 There is a proposed marginal increase of c£218,000 between the Management and Administration for 2019/20 and 2020/21 academic years. The increase will account for full complement of staff approved to support the delivery from Academic Year 2 after delegation of the AEB to the Mayor. Where this is not required, savings will be made available for further delivery growth.
- 2.8 The actual expenditure on AEB Management and Administration will be further reduced by income of up to £100,000 received for AEB staff who also work on ESF 2019-23 programme. Since the Mayoral Board on July 1, 2020, the profiles have slightly changed to reflect the new Education and Skills Funding Agency (ESFA) National Profile used for paying grant providers. In addition, the grant allocation for Richmond and Hillcroft Adult and Community College has been amended.
- 2.9 It is proposed that the AEB allocation to Richmond and Hillcroft Adult and Community College (RHACC) for the 2020/21 academic year is increased in line with the two-year transitional arrangement (2019/20 and 2020/21) regarding RHACC between the Department of Education and the Mayor of London. The funding increase has been shared with the AEB Mayoral Board.

#### Implications for 2020/21 Financial Year

- 2.10 The table below shows the forecast for the 2020/21 FY:

Items/ Commitment	Total (£)
Grant	266,046,933
Procured	33,086,747
Innovation Funding	3,613,674
SfL COVID-19 Response Fund	11,000,000
Further Growth/Innovation	559,442

Management, Administration and Contingency*	4,933,214
<b>Total</b>	<b>319,240,010</b>

\* includes a contingency provision of c£330,000 (0.1% of total budget) which will be available to ensure that direct provision is not reduced in-year where a need arises. Where this is not required, savings will be made available for further delivery growth.

- 2.11 A breakdown of the Management and Administration forecast was considered by the AEB Mayoral Board on 1 July 2020 covering staffing, research and evaluation, contract management system, provider audits, provider engagements and legal services.
- 2.12 From the sum of £320,594,032 available for the 2020/21 FY (paragraph 1.4), £319,240,010 is profiled for current year whilst the balance of £1,354,022 is committed for the Innovation fund in 2021/22 FY (see table in paragraph 2.1 above).
- 2.13 Based on the commitment of the GLA to improve efficiencies across its operations, the total Management and Administration budget is planned to be maintained at the same level of the overall budget available.
- 2.14 Any savings achieved will be allocated for direct learning provision following approval by the Mayor. Last financial year, £900,000 was added to the Skills for Londoners (SfL) Innovation Fund to increase provision for direct learning of Londoners.
- 2.15 The overall objectives of the AEB remain unchanged as a result of the forecast. The outcomes expected from the SfL Innovation Fund are clearly set out under cover of MD2581 including achievement of 6,000 qualifications to be met by the Fund. MD2638 describes the outcomes expected from the COVID-19 Response Fund.

### 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 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.
- 3.3 In determining the GLA's grant allocations approach for 2019/20 due consideration was given to its impact on learners with protected characteristics to ensure no groups of learners should be disadvantaged as funding will continue in line with prior actual delivery.
- 3.4 The Mayor's SfL Innovation Fund will fund a range of different projects across each of the priorities set out in the SfL Strategy. This includes a number of projects which aim to address the Mayoral priority in relation to disabled Londoners.
- 3.5 The aim of the AEB and 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 not in

employment, education 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

- 4.1 Financial reprofile: Future reprofiling will generally be agreed by the Mayor through the AEB Mayoral Board and then the GLA's budget management processes. Any virements between the top-level AEB budget lines (see table at paragraph 2.10 above) or matters reserved within the AEB Assurance Framework will continue to be sought and recorded by way of a Mayoral Decision form.
- 4.2 MD2634 approved the reduction to 2019/20 AEB grant allocations for 11 providers due to underperformance. The Decision form agreed that the 2019/20 reduction in grant values will be achieved by clawing back from the remaining 2019/20 provider payments and from 2020/21 payment profiles via GLA OPS. All such clawbacks will be added to the budget available for further growth or innovation funding to be considered at the December 2020 performance point and presented at the November AEB Mayoral Board meeting.
- 4.3 The AEB Mayoral Board endorsed the proposals set out in this decision on 1 July 2020.
- 4.4 The overall AEB programme risks are included on the GLA's corporate risk register with appropriate mitigations. This includes proactive management of budget by identifying under performance and proposing options to utilise underspends.
- 4.5 The successful delivery of the AEB is a commitment 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 strategy city-wide technical skills and adult education offer.
- 4.6 There are no conflicts of interest to declare from those involved in the drafting or clearance of this decision.

#### 5 Financial comments

- 5.1 This Decision form is seeking approval for the following:

- Reprofile of the forecast financial performance against the £306m AEB budget for the 2019-20 Academic Year as detailed in the table below:

(Aug 19 - Mar 20)	(Apr 20 - Jul 20)	(Aug 20 - Mar 21)	(Apr 21 - Jul 21)	Total
£184,899,714	£117,919,935	£2,271,204	£1,354,022	£306,444,875

- Update on the forecast budget for the 2020-21 Academic Year of £318m received by the DfE as detailed below:

(Aug 20 - Mar 21)	(Apr 21 - Jul 21)	Total
£199,048,871	£119,531,268	£318,580,139

- Award of additional funding to AEB providers under Strand 1 of the COVID-19 Response Fund. And increase in the COVID-19 Response Fund total amount from £9,000,000 to a maximum of £11,000,000, both to be funded by the utilisation of the uncommitted AEB funding.

- Contained within the revised AEB expenditure profile of £306,444,875 for the 2019-20 Academic Year and the £318,580,139 forecasted expenditure for the 2020/21 Academic Year, is expenditure for Management & Administration of the AEB as profiled below. This highlights the sum of £4,933,214, which is covered under the forecast for the 2020/21 Financial Year:

(April 20 - July 20)	(Aug 21 - Mar 21)	Total for Financial Year 2020/21
£2,468,214	£2,465,000	£4,933,214

- 5.2 As outlined above, the Management & Administration budget line includes a contingency provision of c£330,000 to ensure that direct provision is not reduced in-year where need arises. Subject to further Mayoral Approval, any underspend will be reallocated to direct AEB provision.

## 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 ensure that:
- 6.3.1 to the extent that the re-profiling of the AEB budget for the 2019/20 academic year, necessitates the variation of any funding agreements or contracts for services with AEB funding recipients or contractors respectively: (a) those funding agreements and contracts for services are varied in accordance with the provisions of the same; (b) no commitment is made to the re-profiled expenditure until variation documentation has been entered into and executed by the GLA and the funding recipients and contractors in question; and (c) such variations correspond with the GLA's Contracts and Funding Code and all applicable procurement law; and
- 6.3.2 the GLA continues to comply with the London Guidance and Delegation of certain adult education functions to the Mayor of London: Memorandum of Understanding liaising with the Department for Education and ESFA as necessary from time to time.

## 7 Planned delivery approach and next steps

- 7.1 The profiles to be reflected in GLA Management accounting process.

### 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**

1 August 2020 – the start of the next Academic Year.

**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:**

Ayo Akande has drafted this report in accordance with GLA procedures and confirms the following:

✓

**Sponsoring Director:**

Halima Khan 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 13 July 2020.

**EXECUTIVE DIRECTOR, RESOURCES:**

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

**Signature**

**Date**

*D. Gove*

21 July 2020

**CHIEF OF STAFF:**

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

**Signature**

**Date**

*D. Bellamy*

13 July 2020

