

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2802

### Adult Education Budget: Financial Management 2021/22 and Annual Report to the Department for Education

#### Executive Summary:

This Mayoral Decision (MD) form seeks the Mayor's approval for the 2021/22 Academic Year (AY) and Financial Year (FY) expenditure profile, including up to £4.95m to cover 2021/22 FY Management and Administration of the AEB. The indicative allocation received from the Department for Education (DfE) is £317,790,451 for the main annual grant provision for the 2021/22 AY and a further sum of £27,682,717 for Level 3 Adult Offer as part of HM Government's National Skills Fund (NSF) from April 2021 to July 2022.

Approval is also sought for the first full year Annual Report to HM Government on the delivery of delegated adult education functions (see Appendix A) as required under 'The exercise of delegated adult education functions: Guidance for the Mayor of London and Greater London Authority'. Once approved and signed by the Mayor, the report will be submitted to the DfE by 31 March 2021 as required. In summary, the final report covers delivery of the adult education functions in Greater London, Mayoral policy on the same and AEB actual expenditure from for the 2019/20 Academic Year – 1 August 2019 to the end of July 2020.

The AEB Mayoral Board endorsed the decisions set out in this form at its 24 February 2021 meeting.

#### Decision:

That the Mayor approves:

1. the AEB expenditure profile for 2021/22 Academic Year and Financial Year;
2. expenditure of up to £4.95m to cover Management and Administration of the AEB for the 2021/22 Financial Year (which includes £70k for the Adult Education Roadmap stakeholder engagement activity), 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 transfers 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 MD form; and
3. the Mayor's Annual Report at Appendix A for submission to the Department for Education by 31 March 2021.

#### 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:

17/3/21

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

### **Decision required – supporting report**

#### **1. Introduction and background**

##### Budget

- 1.1 On 3 February 2021 the Department for Education (DfE) wrote to the Mayor to confirm London's Adult Education Budget (AEB) allocation for the 2021/22 Academic Year (AY) is £317,790,451 for the main annual grant and a further sum of £22,150,655 for Level 3 Adult Offer as part of HM Government's National Skills Fund (NSF). The split across financial years is as follows:
  - £199,154,548 and £16,612,991 (a total of £215,767,539) for August 2021 to March 2022 (sum to be received in April 2021); and
  - £118,635,903 and £5,537,664 (a total of £124,173,567) for April to July 2022 (sum to be received in April 2022).
- 1.2 In addition, a sum of £5,532,062 will be made available in April 2021 for Level 3 Adult Offer for the current 2020/21 AY.
- 1.3 From the new allocations, the total budget for the 2021/22 AY is therefore £339,941,106 whilst the Financial Year (FY) budget is £345,637,220. This amount does not include any carry forward from the previous or current year which will be slipped as part of the GLA's end of year process.

##### Annual Report to HM Government regarding the delivery of delegated adult education functions

- 1.4 The exercise of delegated adult education functions: Guidance for the Mayor of London and Greater London Authority ("the London Guidance") states that the Mayor must provide the Government with an annual report each year as follows: in January, an indicative draft, incorporating the key financial information; and in March, the fully signed document covering delivery of the adult education functions in Greater London.
- 1.5 As specified by the London Guidance, the annual report should include, but not be limited to:
  - 1.5.1 the Mayor's policies for adult education;
  - 1.5.2 spend from the AEB;
  - 1.5.3 analysis of the Mayor's delivery of the adult education functions in Greater London. This can draw on published data from DfE and use other data where necessary to present this analysis;<sup>1</sup>
  - 1.5.4 local impact – it should consider the impact the Mayor's exercise of adult education functions has had upon skills in Greater London, with regard to:
    - i. overall participation in AEB funded provision;
    - ii. number of learners exercising their statutory entitlement to full funding for: i) English and maths up to Level 2; ii) first full level 2 (learners aged 19-23); and iii) first full level 3 (learners aged 19-23); and
    - iii. completion and achievement rates.
  - 1.5.5 The Mayor is also encouraged to produce further monitoring and evaluation which goes beyond the data sets the DfE publishes annually such as relevant employer or learner surveys. As such, the draft Annual Report is outlined at Section 4 below and attached at Appendix A.

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<sup>1</sup> This analysis could be released into the public by government departments. For example, presenting the impacts to parliament of the delegation of the exercise of adult education functions to the Mayor.

## 2 Objectives & Expected Outcomes

- 2.1 The AEB funds the delivery of education and training for adult learners aged 19+ through a range of provider types including general Further Education (FE) colleges, local authorities, independent training providers, sixth form colleges and universities. The annual objective remains unchanged in ensuring that the funding is fully allocated in time to support Londoners to have the appropriate interventions. Main grant providers will be asked to present a delivery plan ahead of the start of the 2021/22 AY to align with the London recovery missions in relation to COVID-19 and the new commissioning process will also be scored against the missions and its objectives.

### AEB 2021/22 Academic Year expenditure forecast

- 2.2 Based on the total indicative income of £339.9m, the table below shows the proposed breakdown of spend for the 2021/22 AY:

Items/Commitment	Budget (£)	21/22 FYE (Aug - Mar 22)	22/23 FYE (Apr-Jul 22)
Grant*	292,896,209	185,708,171	107,188,038
Procured	32,109,697	17,089,739	15,019,958
New Commissioning	10,000,000**	10,000,000	
Future Growth/Innovation Management and Administration	4,935,200	2,969,629	1,965,571
<b>Total</b>	<b>339,941,106</b>	<b>215,767,539</b>	<b>124,173,567</b>

\*The entire Level 3 funding has been added to the Grant line. However, part of this will be ringfenced for new providers.

\*\*Once the ongoing commissioning is completed, allocations will need to be reprofiled into the next FY.

### Implications for 2021/22 Financial Year

- 2.3 The table below shows the expenditure profile for the full FY taking into account the forecast for April to July 2021 previously approved under MD2654 and the August – March 2022 forecast from the table in 2.2 above.

Items/Commitment	Budget (£)
Grant	297,228,849
Procured	32,256,139
Innovation Funding	
New Grant Commissioning	10,000,000
Further Growth/Innovation Management and Administration	1,202,353
	4,949,880
<b>Total</b>	<b>345,637,221</b>

- 2.4 A breakdown of the Management and Administration forecast was considered by the AEB Mayoral Board on 24 February 2021 covering staffing, research and evaluation, contract management system, provider audits, provider engagements, legal services, the learner survey tool and up to £70k specifically for the AEB Roadmap work covering stakeholder consultation and learner engagement to increase the take up of the AEB.
- 2.5 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 similar level of the overall budget available. The staffing forecast has slightly increased compared to last FY to cater for additional staff required to support the increased AEB funding. This will make sure there are adequate Provider Managers to manage new providers commissioned through the new round of grant funding and the Level 3 Adult Offer ringfenced funding. As a result, there is no contingency provision in this

forecast. Any savings achieved from Management and Administration will be allocated for direct learning provision following appropriate approval.

- 2.6 The total underspends from 2020/21 FY will be processed as part of the GLA end of year financial processes and carry overs applied to 2021/22 FY or future years as appropriate. In the current FY, over £1m will be carried forward from the Management and Administration and re-allocated to increase direct learning provision for Londoners. A small percentage of the carry forward from the current year will be held as contingency through the year 2021/22.

#### Annual report to HM Government regarding the delivery of delegated adult education functions

- 2.7 As required under the London Guidance (see paragraph 1.4 above), officers submitted an 'indicative draft' Annual Report to HM Government by the 31 January 2021 deadline. A revised version of the report was considered by the AEB Mayoral Board at its 24 February 2021 meeting.
- 2.8 The final report set out at Appendix A reports on the full first year of delivery from 1 August 2019 to 31 July 2020. The financial position included does not include the impact of the year end reconciliation, the result of which is yet to be implemented as at February 2021.

### **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 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 In determining the GLA's grant allocations approach for 2021/22 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.
- 3.5 The new commissioning will fund a range of different projects which will be set outcomes that aligns with the London Recovery Missions. This includes a number of projects which aim to address the Mayoral priority in relation to disadvantaged Londoners.
- 3.6 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 the 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. The AEB procured provision is used as match funding for ESF which also means the provision forms part of the total ESF programme.

#### 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 transfers between the top-level AEB budget lines (see table at paragraph 2.3 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 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.
- 4.3 There is a risk, as stated in the Memorandum of Understanding with the DfE, that underspends are recovered by the Secretary of State in circumstances where the Secretary of State considers funds have not sufficiently been committed to be spent. There is also a reputational risk for the GLA not being able to discharge its responsibility for the benefit of Londoners.
- 4.4 Proactive management of finances is therefore important to mitigate these risks. Importantly, understanding the delivery spend, identifying any underspends associated with under delivery and proposing options to utilise such funds in a prompt manner, will improve the reputation of the Mayor in successfully managing the AEB.
- 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 Approval is sought for the AEB expenditure profile for the 2021/22 Academic Year and 2021/22 Financial Year (including expenditure of up to £4.95m for Management and Administration of the AEB). Below is a detailed breakdown:

2021/22 Academic Year			
Items/Commitment	August 2021 - March 2022	April 2022 - July 2022	Total Budget
Grant	£185,708,171	£107,188,038	£292,896,209
Procured	£17,089,739	£15,019,958	£32,109,697
New Commissioning	£10,000,000		£10,000,000
Future Growth/Innovation			
Management and Administration	£2,969,629	£1,965,571	£4,935,200
<b>Total</b>	<b>£215,767,539</b>	<b>£124,173,567</b>	<b>£339,941,106</b>

- 5.2 The total expenditure for 2021/22 Academic Year will be funded from the confirmed 2021/22 Academic Year allocation set out in the February 2021 AEB funding letter from the DfE.

2021/22 Financial Year			
Items/Commitment	April 2021 - July 2021	August 2021 - March 2022	Total Budget
Grant	£111,520,678	£185,708,171	£297,228,849
Procured	£15,166,400	£17,089,739	£32,256,139

New Commissioning		£10,000,000	£10,000,000
Future Growth/Innovation	£1,202,353		£1,202,353
Management and Administration	£1,980,250	£2,969,629	£4,949,853
<b>Total</b>	<b>£129,869,681</b>	<b>£215,767,539</b>	<b>£345,637,220</b>

- 5.3 The total expenditure for 2021/22 Financial Year will be funded from the confirmed 2020/21 Academic Year allocation set out in the 5 February 2020 AEB funding letter (£129,869,681), and the 2021/22 Academic Year allocation set out in the 3 February 2021 AEB funding letter (£215,767,539) from DfE.
- 5.4 Corporate overhead costs will be met from the Management and Administration budget, once agreed between the Executive Director of Resources and the Assistant Director, Skills & Employment.
- 5.5 There are no financial implication arising from the submission of the Mayor's Annual Report to the Department for Education (DfE) by 31 March 2021.

## 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 section 39A 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 2021/22 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 Education and Skills Funding Agency 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.
- 7.2 The annual report at Appendix A will be submitted to the DfE by 31 March 2021.

### Appendices and supporting papers:

Appendix A – The Mayor's Annual Report to the Department for Education

**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 2021 – 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 on 15 March 2021.

**EXECUTIVE DIRECTOR, RESOURCES:**

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

**Signature**

*D. O'Connell*

**Date**

16 March 2021

**CHIEF OF STAFF:**

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

**Signature**

*D. Bellamy*

**Date**

15 March 2021

