

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2763

Title: Adult Education Budget Allocations and Funding Arrangements

Executive Summary:

This Mayoral Decision (MD) form seeks the Mayor's approval of the Final Adult Education Budget (AEB) grant allocations for the 2021/22 Academic Year and adjustments to AEB grant allocation values in 2019/20 and 2020/21. Adjusted 2020/21 grant allocations and final 2021/22 grant allocations reflect additional ringfenced funding enabling providers to deliver provision eligible through the National Skills Fund (NSF) Level 3 Adult Offer.

This MD also seeks approval to make up to £32 million of funding available through the recently launched AEB "Good Work for All" Fund over two Academic Years (up to £16 million in each of 2021/22 and 2022/23), up to £6 million of which will be ringfenced to deliver provision eligible through NSF.

Decision:

That the Mayor approves:

1. the revised approach to reconciliation of AEB grant funding for the 2020/21 Academic Year;
2. the approach to allocating funding in 2020/21 and 2021/22 to providers to deliver provision eligible through the National Skills Fund Level 3 Adult Offer set out in Appendix A;
3. award of grant funding to nine independent training providers (ITPs) for the period April – July 2021, and throughout the 2021/22 Academic Year as a contribution to their costs of delivering provision eligible through the National Skills Fund Level 3 Adult Offer detailed in Appendix A;
4. final AEB Grant Allocations for the 2021/22 Academic Year set out in Appendix B; and
5. award of grant funding of up to £32 million of funding available through the AEB "Good Work for All" Fund over two Academic Years (up to £16 million in each of 2021/22 and 2022/23), up to £6 million of which will be ringfenced to deliver provision eligible through the National Skills Fund Level 3 Adult 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:

2/3/2

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

Decision required – supporting report

1. Introduction and background

- 1.1 In line with the funding approach adopted by the Mayor in 2019/20 and 2020/21, the GLA issued indicative allocations in December 2020 in order to provide grant-funded providers with an early indication of funding for the 2021/22 Academic Year (AY). This included an additional £14.9 million of AEB funding to fund a new 'London Factor' funding uplift for learning aims delivered at Entry Level and Levels 1 and 2. The Mayor approved these indicative allocations under cover of MD2717.
- 1.2 The Mayor approved an additional £14.9 million of AEB to fund delivery of high value courses to 19-year olds, sector-based work academies and London Recovery programmes for the 2020/21 AY under cover of MD2684. Providers were informed of this additional funding in September 2020 and grant agreement variations were issued in December 2020.
- 1.3 On 3 February 2021, the Department for Education (DfE) wrote to the Mayor to confirm London's delegated AEB for the 2021/22 AY. The delegated AEB for the period 1 August 2021 to 31 July 2022, is £317,790,451.
- 1.4 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. This applies to a list of around 400 courses. Responsibility for the delivery of this new entitlement to Londoners was delegated to the Mayor. The DfE wrote to the Mayor on 3 February 2021 to confirm the additional funding of £5,532,062 to be allocated for the remainder of the 2020/21 AY, and £22,150,655 to be allocated for the full 2021/22 AY respectively.
- 1.5 Under cover of MD2718, the Mayor approved the award of £10 million of unallocated AEB in 2021/22 to be awarded through a competitive grant award process aimed at supporting the London Recovery Programme. On 8 February 2021, the GLA launched this process referred to as the AEB Good Work for All Fund. This decision seeks to increase funding available through the AEB Good Work for All Fund to up to £32 million, awarded over two AYs (up to £16 million in each of 2021/22 and 2022/23). Up to £6 million per AY will be ringfenced to deliver provision eligible through the NSF Level 3 Adult Offer.

2. Objectives and expected outcomes

Adjustments to 2020/21 AEB grant allocations

- 2.1 In December 2020, 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 under the NSF. The DfE allocated £5,532,062 of additional funding to the Mayor to fund this provision through the remaining four months of the 2020/21 AY (April – July).
- 2.2 Much of providers' provision is currently funded by the use of loan funding made available under Advanced Learner Loan agreements between the Education and Skills Funding Agency (ESFA) and training providers. From April 2021, the responsibility for funding any new enrolments for this provision will be delegated to the Mayor. Ordinarily the access to such funding would be subject to competition, however, it is proposed it be made available to up to nine independent training providers (ITPs) for the remaining period in 2020/21 (April – July) amounting to £1,408,367, subject to successful business case and satisfactory financial due diligence checks being undertaken. Officers are of the opinion that this is important in order to ensure continuity of provision to Londoners from April 2021. The providers in question have been identified as having delivered over £100,000 of eligible provision to London residents in 2019/20. The £100,000 minimum threshold for awards was formulated as it was considered that grant agreements below this amount would not be cost-effective

to manage. This follows GLA policy for AEB grant awards as outlined in MD2423. Other options were examined but this approach was considered to best mitigate the risk of loss or provision to Londoners. Further information and advice, is provided in Part 2 of this MD.

- 2.3 It is also recommended to distribute a portion of the NSF funding for the 2020/21 AY among current AEB Grant-funded providers. It is proposed to distribute the funding on a proportionate basis, taking into account providers' delivery of Level 3 qualifications in 2019/20, including those on the NSF list of eligible courses. £4,123,694 will be distributed among grant providers in 2020/21. A *de minimis* award value of £15,000 will also be applied. NSF allocations for the 2020/21 AY are set out in Appendix A. A methodological note is attached at Appendix C.
- 2.4 A funding uplift will be paid for delivery of learning aims that appear on the list of eligible qualifications based on the number of Guided Learning Hours (GLH). Qualifications of 360 GLH or more will receive a funding uplift of £600 per enrolment. Qualifications of 359 GLH or less will receive a funding uplift of £150 per enrolment. AEB Procured providers will also be able to claim the funding uplift for eligible provision and will have an opportunity to apply for additional funding via the usual contract growth process.

AEB Grant Reconciliation 2020/21

- 2.5 A review of delivery to date shows that AEB Grant funded providers have seen a continuing adverse impact in 2020/21 as a result of the further wave of the COVID-19 pandemic. The closure of classroom settings from January to March 2021 will further limit recruitment in the spring term. In view of this position, the application of funding calculation on its own may not be sufficient to determine the amount of funding to be paid to providers in 2020/21.
- 2.6 The Mayor set a threshold for performance of 90% at the start of the year, however this may not offer AEB providers the funding stability and assurance required to continue to plan and deliver skills in the current crisis, whilst managing financial pressures over the period.
- 2.7 In light of the above, the following revised approach to the 2020/21 funding reconciliation for AEB Grant-funded providers is proposed to give greater funding certainty during this challenging year:
- In addition to a performance threshold, currently of 90% for AEB funding delivery, the Mayor will allow all providers performing below the threshold to provide a business case in July 2021 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.
 - In support of any business case submitted, the provider must provide financial information including a breakdown of verified costs (including unavoidable subcontracting costs applicable to delivery that was not able to be fulfilled). The case should set out how the provider continued to take action to deliver provision during the pandemic, mitigate against incurring wasted costs and support the London recovery priorities. All information submitted will be subject to audit, where required. By offering this revised arrangement, the GLA will require providers to demonstrate continued activity to reach out to Londoners in order to deliver the education and training needed to support the London recovery.
 - Where a lower AEB performance threshold is set nationally by the DfE/ESFA, the GLA will adopt this threshold. The GLA will also review the performance shown in providers' End Year Claim and may apply a lower performance threshold to recognise the exceptional circumstances arising from the pandemic in 2020/21.
 - Subject to budget availability, the Mayor will fund over-performance above 100% of providers' adult skills allocations and the COVID-19 Skills Recovery allocations. Any over-performance will be determined based on the value of Final Claims made in October 2021. Where over-performance is funded in 2020/21, the GLA will adjust 2021/22 allocations by the value of over-performance to recognise the increase.

- The Mayor will fund over-performance against allocations to deliver the NSF Level 3 Adult Offer by up to 150%, subject to budget availability.
- Where a provider is not able to deliver provision under the COVID-19 Skills Recovery allocation because of the disruption to provision in 2020/21, the unspent value of this allocation may be carried forward to the 2021/22 AY.
- Funding provided for the Skills for Londoners (SfL) Innovation Fund will be reconciled in line with the arrangements for AEB funding as described above. COVID-19 Response Fund Strand 1 will be reconciled separately in line with the arrangements for the programme, but over-performance will be funded up to the value of any first year under delivery.

Final AEB Grant Allocations for 2021/22

- 2.8 The DfE letter of 3 February 2021 set out London's share of AEB for the 2021/22 AY (£317,790,451). It also set out the total allocation for delivery of NSF in the 2021/22 AY (£22,150,655).
- 2.9 The GLA received three business cases from providers in response to the indicative allocation letter issued. It is recommended to fund one business case in part, where the provider is forecast to overdeliver in 2020/21. These business cases are presented in Appendix C.
- 2.10 Following receipt of the DfE letter, it is recommended that GLA grant-funded providers will receive an additional allocation in 2021/22 to deliver NSF eligible provision. £11,925,553 will be distributed to grant-funded providers on the same basis as described in paragraph 2.3. A *de minimis* award value of £50,000 will be applied. The GLA will consider business cases from providers that can evidence they have been disadvantaged under the methodology.
- 2.11 It is proposed that ITPs referenced at paragraph 2.2 also receive NSF allocations for the 2021/22 AY amounting to £4,225,101, subject to financial due diligence and quality checks being carried out.
- 2.12 Final allocations for the 2021/22 AY are set out in Appendix B. Final allocation letters will be issued to providers in March 2021.
- 2.13 The remaining budget allocated to the GLA for delivery of NSF in 2021/22 (£6 million) is proposed to be committed to the AEB Good Work for All Fund, see paragraphs 2.15 and 2.16.
- 2.14 New funding agreements covering grant-funded provision are being drafted and will be shared with the AEB Mayoral Board.

AEB Good Work for All Fund

- 2.15 It is recommended to award funding through the AEB Good Work for All Fund across two AYs (rather than one year previously approved under MD2718), awarding funding of up to £16 million in each AY. This approach is recommended to best support the London Recovery Board's missions in the context of the high number of Londoners that find themselves out of work as a result of the pandemic. Providers successful through the process will be awarded grants to deliver AEB in 2021/22 and 2022/23.
- 2.16 A significant share of the delivery of NSF eligible provision to Londoners in 2019/20 was delivered by ITPs. For this reason, it is recommended to allocate up to £6 million of the total funding available per year to deliver NSF eligible provision. Any allocations awarded for this purpose would be ringfenced to spend on NSF eligible provision only.

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:
- 3.1.1 eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
 - 3.1.2 advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - 3.1.3 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 The proposed approach to allocations 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 new Level 3 entitlement will enable even more Londoners to enrol in fully funded qualifications and courses, improving opportunities for them to move out of unemployment and progress in work, and supporting London's recovery.
- 3.6 The aim of the AEB 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 education, employment or training (NEET), people without basic skills and people who are workless. It will also support Londoners in low paid/low-skilled jobs.

4 Other considerations

Links to Mayoral strategies and priorities

- 4.1 The NSF Level 3 Adult Offer creates a new legal entitlement for any adult aged 24 and over to be fully funded to obtain their first full Level 3 qualification. The new funding will support Londoners to develop the skills needed to move into employment in some of the sectors considered critical to London's Recovery.
- 4.2 The AEB Good Work for All Fund will meet the objectives of the London Recovery Board's missions.

Risks arising/mitigation

- 4.3 The key risk is:
- *Additional budget allocated to the GLA to deliver the NSF Level 3 Adult Offer may not be spent in full.* The additional funding is ringfenced with the condition that it must be spent on a prescribed set of courses. In addition, due to the pandemic, enrolments across the sector have fallen and some providers may struggle to deliver their allocations in full. To mitigate this risk, the GLA will open a share of the budget to competition through the AEB Good Work for All Fund. Additionally, the GLA will request for an increased number of Level 3 courses to be fully funded.
- 4.4 There are no conflicts of interest to declare from those involved in the drafting or clearance of this decision.

4.5 This decision will be considered by the AEB Mayoral Board on 24 February 2021 and submitted for signature after that meeting.

5 Financial comments

Funding allocations

5.1 The DfE have confirmed London's delegated AEB funding for the 2021/22 AY of £317,790,451 for the period 1 August 2021 to 31 July 2022.

5.2 In addition, as part of the NSF Level 3 Adult Offer (as detailed above), 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. As a result of this, the responsibility for the delivery of this new entitlement to London was delegated to the Mayor, with the DfE confirming additional funding for the 2020/21 and 2021/22 AYs as follows:

- 2020/21 - £5,532,062
- 2021/22 - £22,150,655

5.3 As detailed within the main body of this report and its appendices, several funding proposals are being recommended that relate to the main AEB Grant programme, the NSF and the Good Work for All Fund all to be funded from ring-fenced AEB and NSF grants from Government. The administering of this funding will be subject to satisfactory financial due diligence checks and where required, during delivery, intervention measures will be put in place to monitor underperforming projects in line with the monitoring and reconciliation processes developed for the AEB suite of programmes.

AEB grant reconciliation 2020/21

5.4 The AEB grant reconciliation process may result in adjustments being made to individual strands of the AEB programmes and individual projects such as funding over performance. Where the overperformance is funded from the AEB 2020/21 allocation, the GLA will adjust the 2021/22 allocation by the same. Providers may also be able to carry forward unspent funding should a provider not be able to deliver provision under the COVID-19 Skills Recovery allocation because of the disruption to provision in 2020/21.

5.5 It should be noted, however, following on from the reconciliation process that will be determined based upon final claims made by October 2021, overperformance will only be paid should there be enough budget available within the ring-fenced AEB envelope.

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 ensure that:

- the 2019/20 grant reconciliation process is conducted in accordance with the provisions of the funding agreements in question;
- the approach proposed for the 2020/21 grant reconciliation process is conducted in accordance with the provisions of the funding agreements in question and in any event on a like for like basis across all grant providers by reference solely to the requirements set out at paragraph 2.7 above;
- to the extent that the adjustment of grant allocations applies to current providers to whom allocations have already been made those funding agreements are varied to reflect those adjustments; and
- grant funding agreements (on the GLA's standard AEB funding terms) are put in place between and executed by the GLA and recipients of new AEB grant funding including, whether NSF (in respect of which further advice is provided in Part 2 of this decision form), AEB Good Work for All Fund or otherwise, before any commitment to fund is made.

7 Planned delivery approach and next steps

Activity	Timeline
Final allocations letters sent to providers	March 2021
Good Work for All – applications close	19 March 2021
Delivery of National Skills Fund Level 3 Adult Offer	1 April 2021
2021/22 AY commences	1 August 2021

Appendices:

- Appendix A – National Skills Fund Level 3 Allocations 2020/21 and 2021/22
- Appendix B – Final AEB grant allocations 2021/22
- Appendix C – Methodology for distribution of NSF allocations
- Appendix D – Business cases for increases to AEB grant allocations in 2021/22

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

Until what date: September 2021 (deferred until the start of the new Academic Year)

Part 2 – Sensitive information

Is there a part 2 form – YES

Part 2 of this MD form contains advice which is legally privileged.

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:

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 22 February 2021.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date

D. Gove

23 February 2021

CHIEF OF STAFF:

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

Signature

Date

D. Bellamy

22 February 2021