

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2581

Title: Adult Education Budget Final Grant Allocations 2020/21

Executive Summary:

This Mayoral Decision form seeks the Mayor's approval of the final grant allocations for the Adult Education Budget (AEB) for the academic year 2020/21. This will be the second year of allocations to grant-funded providers following delegation of the administration and management of AEB funds to the Mayor in August 2019.

The grant allocations approach for 2020/21 was approved by the Mayor under cover of MD2545. It proposed to continue funding stability for providers in the second year of delegation to support the financial health of the sector. The Department for Education (DfE) has confirmed that London will receive an allocation of £318,580,139 to deliver the AEB in 2020/21.

As part of the grant allocations approach, exceptional cases for funding from providers have been considered. Proposed allocations have included an amount for continuing learners and an additional £2.7 million has been made available to fund additional English and maths provision.

It is also recommended to fund 28 successful projects across 26 grant-funded providers through the Skills for Londoners Innovation Fund. If these recommendations are approved, this would make £7.3 million available (across academic years 2019/20 and 2020/21) to deliver innovative provision in line with the priorities set out in the Skills for Londoners Strategy.

It is proposed that the Mayor continues to fund four providers located outside of the London fringe from 2021/22.

Decision:

That the Mayor:

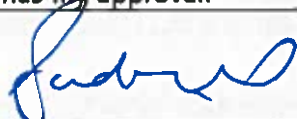
1. approves recommendations regarding grant providers' exceptional cases for funding in 2020/21;
2. approves the final AEB grant allocations for 2020/21;
3. approves the list of providers located outside of the London fringe that are recommended to continue to receive funding from 2021/22;
4. approves the list of shortlisted projects to receive an award via the Skills for Londoners Innovation Fund and increase the total allocated funding from c. £6.4m to c. £7.3m, funded from c. £900k savings from the AEB Management & Administration budget; and
5. approves the changes to the AEB 2020/21 Grant Funding Agreement Template and to the way in which the grant funding agreement is executed, which will be by signature rather than deed.

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:

25/21.

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

Decision required – supporting report

1. Introduction and background

- 1.1. From 1 August 2019, the administration and management of the Adult Education Budget (AEB) for London residents was delegated to the Mayor. The AEB grant allocation approach for 2020/21 was approved under cover of MD2545.
- 1.2. In line with the agreed arrangements for delegation of the AEB, the Mayor received the final AEB allocation for London residents for the academic year 2020/21 from the Department for Education (DfE) in February 2020. The budget was based on London's proportionate share of the national AEB, which is 23.79%. The value of the budget is £318,580,139.
- 1.3. Indicative allocation letters were issued to providers in December 2019. Providers were given the opportunity to make an exceptional case for additional funding if they did not agree with the indicative allocation received. In addition, the GLA invited any eligible providers located within the London fringe that are not currently in receipt of a grant to submit a business case to receive funding in 2020/21.
- 1.4. Under cover of MD2513, the Mayor approved a recommendation that only providers within London and the fringe would receive AEB grant funding in 2021/22. Providers located outside the London fringe were given the opportunity to submit a business cases to have their funding continued.

2. Objectives and expected outcomes

Grant Allocations for 2020/21

- 2.1. The total AEB allocation for London in 2020/21 is £318,580,139. This was confirmed by the DfE in February 2020 and the value is higher than the expected allocation set out in MD2545. An approach for allocating the additional funding, including growth opportunities for high-performing providers, will be developed and an update will be considered at the next AEB Mayoral Board meeting in June.
- 2.2. Following the approval of the allocations approach for 2020/21 in MD2545, providers were sent an indicative allocation letter in December 2019. Providing baseline allocations earlier than last year meant providers were better placed to plan to meet Mayoral priorities. Providers were invited to identify any exceptional circumstances that should be considered by the Mayor as part of the AEB allocation process.
- 2.3. The GLA received eight exceptional cases from grant-funded providers that asked for additional funding in 2020/21, one of which was not applicable. It is recommended that none of the other seven cases are supported. The cases made by providers that were rejected were mainly focused on growth requests that will be dealt with within the 2020/21 academic year. These cases were considered at the AEB Mayoral Board on 19 February and copies are available on request.
- 2.4. Grant-funded providers within the London fringe whose AEB delivery to London residents was less than £100,000 in 2017/18 were not eligible for funding in 2019/20 without a business case approved by the Mayor. However, some of those providers within the London fringe who did not deliver enough to London residents in 2017/18 to receive a grant did deliver more than £100,000 to London residents in 2018/19 and would therefore be eligible for a grant from the GLA. As such, eligible providers within the London fringe were invited to make a business case for an allocation in 2020/21. As a result, the GLA received three business cases, all of which are recommended for approval. These cases were considered at the AEB Mayoral Board on 19 February 2020 and copies are available on request.
- 2.5. The 2019/20 AEB London allocation did not include the monetary value for continuing learners who were still funded by the Education and Skills Funding Agency (ESFA). The value of continuing learners for 2020/21 will be transferred to the GLA.

- 2.6. The broad approach for calculating continuing learners was approved by the Mayor under MD2545. The GLA has used a similar methodology as the ESFA used to calculate devolved continuing learner allocations in 2019/20 but the GLA calculations are based on the latest available data. Estimates of total adult skills delivery and learner support for continuing learners has been estimated from the R14 Individualised Learner Record (ILR) return for 2018/19. An estimate of total adult community learning for continuing learners that continued from 2018/19 to 2019/20 has also been used. The total value of continuing learners in London when using this methodology is £3,907,580. Providers will be permitted to submit a business case to the GLA to have their allocation for continuing learners increased in case of significant discrepancies based on the actual value of continuing learners funded in 2019/20. Provider values for continuing learners are set out in Appendix A.
- 2.7. The Mayor previously approved an additional £2.7 million to be allocated to grant-funded providers to increase funding for fully funded English and maths entitlements delivered at Levels 1 and 2. Providers will receive an allocation proportionate to their respective expenditure on these qualifications in 2018/19. The additional funding values for each provider based on their proportionate share of 2018/19 delivery are listed in Appendix A.
- 2.8. The final allocation for each provider will be the indicative allocation (baseline) + business case adjustment + continuing learners + English and maths adjustment (where relevant). The funding awarded by the Skills for Londoners Innovation Fund for the 2019/20 and 2020/21 academic years will be reported separately. Final allocations are presented in Appendix A. The GLA will issue final allocations letters to providers in March 2020.
- 2.9. Performance in 2019/20 will be reviewed following the return of mid-year forecast information and, subject to budget availability, the June 2020 meeting of the AEB Mayoral Board will consider recommendations for funding growth above the 2019/20 allocation, where a grant-funded provider is demonstrating that it will exceed its allocation. Where performance is lower than planned, a reduction in allocation may be considered.

Skills for Londoners Innovation Fund

- 2.10. The Skills for Londoners Innovation Fund provides a process for grant-funded providers to receive in-year increases in funding for innovative activity above the baseline in 2019/20 and 2020/21. The Innovation Fund budget originally agreed by the Mayor was £6.4 million. However, in light of provider underspends in 2019/20 and the quality of applications received, it is recommended to increase the available budget to £7.3 million.
- 2.11. Applications to the Innovation Fund closed in December 2019 and a total of 42 applications were received across 40 grant-funded providers for an aggregate amount of £10 million. Applications were evaluated by scorers from December 2019 to January 2020. Once the projects were ranked on their final average score, a final review meeting was held to discuss and finalise the recommendations. Following this process, it is recommended that £7.3 million is allocated to deliver 28 projects across 26 grant-funded providers. If approved, this will mean that the GLA will allocate 73% of all funding requested through the Innovation Fund. A full list of recommended projects can be found in Appendix B.

Out-of-London Providers

- 2.12. Under cover of MD2513, the Mayor approved that grant funding for 2021/22 will be restricted to providers within London and the London fringe unless certain circumstances and requirements apply. The GLA invited providers based outside of the London fringe to submit a business case to have their funding continued. The criteria for making a business case included AEB delivery of specialist/niche provision or direct delivery to disadvantaged learners.
- 2.13. The GLA received 12 business cases, from 36 organisations who were invited to make an application, and these were evaluated in November 2019. Each business case was allocated two evaluators. Recommendations were made by evaluators and then discussed and agreed at a panel moderation meeting. The GLA recommends that four providers continue to receive funding subject to review of one Ofsted report which is currently pending. In total, as a result of this exercise, the GLA will fund 32 fewer organisations in 2021/22, with combined allocations of over £13.4m. This funding will be

allocated through another mechanism to be determined at a future AEB Mayoral Board meeting. These cases were considered at the AEB Mayoral Board on 19 February 2020 and copies are available on request.

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 reassignment, 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 2019/20 due consideration was given to its impact on learners with protected characteristics. The proposed approach to use 2019/20 as the basis for 2020/21 grant-funded allocation 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 Mayor's Skills for Londoners Innovation Fund will fund a range of different projects across each of the priorities set out in the Skills for Londoners Strategy. This includes a number of projects which aim to address the Mayoral priority in relation to disabled Londoners.
- 3.6. When considering business cases brought forward by providers located outside the London fringe to remain funded from 2021/22, a key consideration was whether the provision provided access to education and training for disadvantaged learners and learners with special educational needs and disabilities.
- 3.7. 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 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. The key risks associated with the above approach are:
 - **Grant-funded providers also in receipt of funding from the ESFA and Mayoral Combined Authorities (MCAs) being adversely impacted by cumulative funding decisions.** This risk will be partially mitigated by the GLA informing the ESFA of allocation decisions once the final allocations are published and having further discussions with the ESFA in case of any major impact on organisations as a result of those allocations. However, the GLA will not be able to make significant changes to its final 2020/21 allocations if a provider's funding is reduced because of policy decisions made by other MCAs.

- **The allocation of continuing learner funding may not accurately reflect the actual AEB providers spend for continuing learners at the end of 2019/20.** The approach of distributing continuing learners spend was approved by the Mayor in November 2019. The GLA has followed a similar approach to the ESFA when calculating the funding for continuing learners and allocations will be reviewed in case of discrepancies based on the actual value of continuing learners funded in 2019/20.
- **The decision to remove funding from providers located outside of the London fringe from 2021/22 may lead to provider instability.** Most GLA providers based outside of the London fringe receive a relatively small allocation as a proportion of their overall turnover. However, some out-of-London providers have significant London allocations and there is a risk that the removal of funding could lead to provider instability in a small number of cases. The GLA will work with the ESFA to manage this risk. In addition, well over a year of notice will be given to providers.

- 4.2. Final allocations include a £2.7 million uplift for grant-funded providers to drive participation and progression outcomes in English and maths, an important Mayoral priority. In addition, the £7.3 million Skills for Londoners Innovation Fund will enable grant-funded providers to deliver innovative provision aimed at addressing Mayoral priorities.
- 4.3. There are no conflicts of interest to declare from those involved in the drafting or clearance of this decision.

5. Financial comments

- 5.1. The proposed grant allocations for the different strands of the AEB programme will be contained within the ring-fenced AEB budget expected to be in the region of £318m from 2020/21 onwards. All grant recipients will be subject to financial due diligence checks and, where required, during delivery intervention measures will be put in place to monitor underperforming projects.

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:
 - 6.3.1 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 Department of Education/ESFA to ensure that the funding may be claimed in respect of expenditure proposed;
 - 6.3.2 ensure that the funding is distributed fairly, transparently, in a manner which affords value for money in accordance with all applicable Department of Education/ESFA requirements and the GLA's Contracts and Funding Code; and

6.3.3 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.

7. Planned delivery approach and next steps

- 7.1. Providers that have applied to the Skills for Londoners Innovation Fund, those located outside London that have submitted a business case to have their funding continued from 2021/22, or those that have made an exceptional case for consideration as part of the 2020/21 allocations will be notified of the Mayor's decision.
- 7.2. Final allocations will then be issued to providers in March 2020.
- 7.3. In April 2020, the GLA will ask providers to make a strategic planning return to identify how provision planned for delivery in 2020/21 will respond to the Skills for Londoners priorities including those priorities identified by sub-regional partnerships. These plans will be received by the end of June 2020.
- 7.4. The GLA will review AEB delivery and other factors at the end of 2019/20 based on the final claim from providers, and officers will adjust the 2020/21 final allocation where there is a significant variation in performance for 2019/20. Any approach for changes in allocations for growth or reductions will be considered at a future AEB Mayoral Board meeting. This will be implemented through an in-year funding adjustment in 2020/21.
- 7.5. A proposed timeline is set out below:

Activity	Timeline
Letters to providers confirming final allocations	March 2020
Strategic plans returned by providers to the GLA	June 2020
Commencement of 2020/21 academic year	August 2020
In-year funding adjustment where there is a variation in performance levels for 2019/20	TBC

Appendices and supporting papers:

- **Appendix A** – Final GLA AEB Grant Allocations in 2020/21
- **Appendix B** – Recommendations regarding allocation of Skills for Londoners Innovation Fund
- **Appendix C** – Conditions of Grant Template

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

If YES, for what reason: Publication to be deferred until the completion of individual contract documentation between the GLA and organisations allocated funding.

Until what date: 30 September 2020

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 – YES

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:

Sarah Mulley and Halima Khan have reviewed the request and are 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 24 February 2020.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. D. Ollie

Date

24.2.20

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date

24 / 2 / 2020.

