

The Greater London Authority's Business Case for Implementation Costs 2017/18 for the Adult Education Budget

- **What funding you are already putting towards this work;**

The Greater London Authority (GLA) has invested significant resource preparing for devolution of the Adult Education Budget (AEB) since it was first announced by government and indeed in making the case for devolution. A breakdown is provided below of funding we have already put towards this area.

Funding committed in second half of 2017/18

Of the total estimated costs to be incurred in the second half of 2017/18 of £681,991 we will absorb £52,478. This breaks down as follows:

Direct staff costs (two technology support roles) - £3,462

Management staff costs (oversight of senior officers on internal Programme Board) – £24,079

Accommodation costs for existing roles only working partly on AEB – £21,938

Internal meeting room costs - £3,000

TOTAL CONTRIBUTION IN SECOND HALF OF 2017/18 = £52,478

Funding committed in first half of 2017/18

Additional costs were also incurred in the first half of 2017/18 in preparing for AEB and, whilst not included within the figures in the accompanying spreadsheet, are important to note. These include:

Direct staff costs - £123,427

Management staff costs (oversight of senior officers on internal Programme Board) – £24,079

Accommodation costs for existing roles only working partly on AEB – £34,875

Internal meeting room costs - £3,000

TOTAL CONTRIBUTION IN FIRST HALF OF 2017/18 = £185,381

Funding committed in 2015/16 and 2016/17

The GLA began preparing for devolution of AEB following the announcement by government in the March 2015 Budget, initially working towards signing a devolution deal with government ahead of the summer recess in July 2016. This included:

- developing the skills devolution proposition;
- leading negotiations and seeking clarifications with government;
- developing the programme activity internally to implement and deliver a devolved AEB within London;
- leading and steering the governance of AEB within the GLA and working with London government more widely and with the provider base, including through the Area Review process;

- Undertaking the London Area Review of FE colleges (which was a pre-requisite to devolution and subsequently a readiness condition), overseeing the four sub-regional reviews and delivery of the Adult and Community Learning review;
- Maintaining active engagement with AEB providers and the wider skills sector.

We committed the following staffing resource in 2015/16 and 2016/17 (inc. on-costs):

- a) One Senior Manager (Grade 13) working approx. 30% of time on AEB = £29,500 p.a. = £59,000
- b) One Principal Policy Officer (Grade 10) working 100% of time on AEB = £66,579 p.a. = £133,158
- c) One Senior Policy Officer (Grade 8) working 50% of time on AEB (in 2016/17 only) = £27,079
- d) One Economist (Grade 7) working 100% of time on AEB for 6 months (in 2015/16) = £24,527
- e) Two secondees (one from govt and one from an FE college) part funded by GLA (both 50% of a Grade 10 salary for 6 months) = 2 x £33,290 = £66,579

TOTAL STAFFING CONTRIBUTION 2015/16 and 2016/17 = £310,343

In addition to funding dedicated to staff in 2015/16 and 2016/17, the GLA has also provided a wealth of staff experience from across the organisation, which would have otherwise incurred directly attributable costs in the form of professional fees. These include consulting a range of in-house specialist advisers including economists, lawyers, and financial experts.

More readily quantifiable costs incurred in 2016/17 and 2017/18 in preparing for AEB devolution which we are not claiming from government include:

- specialist economic analysis of the skills sector to inform potential priorities and to better understand the focus and outcomes of existing AEB funded activity.
- Reviews of both adult and community learning provisions and special education needs and disabilities provision;
- Stakeholder engagement activity;
- An evaluation of commissioning of comparable European Social Fund commissioning activity to inform our approach to AEB
- Further review of adult and community learning activity in London to inform strategic priorities and commissioning approach for the devolved AEB in 2019/20
- Consultation activity relating to the skills strategy, which will inform the AEB funding priorities

TOTAL NON-STAFFING CONTRIBUTION 2016/17 AND 2017/18 = £220K

TOTAL FUNDING ALREADY COMMITTED TO PREPARING FOR AEB DEVOLUTION = £715,724

- **Why the additional amount you have specified as necessary is the minimum required to support the implementation of the devolution of the AEB in your area;**

The specified amount for the second half of 2017/18 is the minimum level of support required to ensure the effective implementation of the devolved budget. The Authority has taken a prudent approach to implementation costs to ensure economy in spending as follows.

- We have delayed start dates of posts until they are absolutely necessary, with a number of posts only beginning in January 2018;
- We have proactively asked the DfE/ESFA both to consider secondment opportunities on a number of occasions and to clarify potential TUPE implications in order to reduce staffing and recruitment costs in addition to avoiding longer term financial commitments. We are still waiting for a response in regard to both issues.
- We have used fixed term contracts for any new roles recruited specifically or predominantly to prepare for AEB devolution so as to avoid long-term financial commitments while there has been uncertainty and a lack of information regarding the practical implementation of the AEB to the 2019/20 deadline.
- We have used existing staff and resources where possible, thereby saving on recruitment costs. Doing so has meant that the organisation has incurred opportunity costs as well as other financial costs from across the GLA i.e. staff time spent on preparing for devolution has not been allocated to other Mayoral priorities also of importance to government e.g. apprenticeships, increasing investment in learning through Advanced Learner Loans.

In relation to this last point, our direct staffing calculations have apportioned a percentage of time that staff members have spent working on the devolution of the AEB budget. However, these costs have not been solely absorbed by the organisation in terms of opportunity costs (i.e. activity not undertaken), but were the most efficient means of managing costs to avoid directly recruiting for AEB while there is uncertainty within the programme.

The magnitude of the task now means that to ensure effective delivery in August 2019, the programme team responsible for delivery, which has up to now comprised a small complement of dedicated staff, needs to scale up significantly to ensure a smooth transition and avoid destabilisation of the education sector.

It should be noted that the scale and complexity of the task in London is exceptional. Our estimates suggest that around a quarter of the total national AEB is allocated to provision supporting London residents. The provider base in London is considerably larger, more diverse and more complex than any other devolved area: there are more than 40 London FE colleges that receive AEB, 32 Local Authority contracts delivering adult and community learning services and a considerable number of Independent Training providers and out of area colleges delivering in the capital. This suggests that the costs we are incurring to prepare for AEB devolution - both to ensure the system itself functions as it needs to on an operational level and to make the longer term change we hope devolution makes possible - are reasonable and proportionate.

We anticipate costs increasing substantially in 2018/19 as additional functions are required.

- **The reasons for requiring the money as they have been set out- for example, you may wish to supply additional information on why the level of funding you have specified is needed;**

The staff posts detailed in the business case submission cover a range of functions we believe are essential to prepare adequately for a devolved AEB in London.

These include:

- Co-ordinating work to devolve AEB to London with broader skills and employment activities led by the Mayor and London government more widely.
- Establishing governance arrangements with other parts of London government and the provider base.
- Planning for staff, resource and system requirements for a devolved AEB.
- Overall AEB devolution programme management.
- Steer the development of the London Skills Strategy, including leading research and consultation. This will set out priorities and measures to improve education and skills provision for Londoners aged 16+, with a focus on technical (vocational) skills and adult education, to inform AEB priorities.
- Steer the development of an annual AEB Skills Funding Statement.
- Steer the development of London's AEB Commissioning Strategy.
- Development and modelling of AEB funding and systems;
- Development and updating of AEB funding rules;
- Leading data work to inform the above and more widely, working closely with GLA Economics and Intelligence.
- Provide relevant and timely management information on AEB performance to plan performance management.
- Provide analysis of current provider performance
- Develop the approach for provider management, compliance and assurance.
- Create employment and skills projections on an annual, sub-regional and pan-London basis
- Quality-assure all skills and employment data projections, including sub-regional data.
- Present and interpret employment and skills projection results.

The management costs given are primarily associated with senior staff time allocated specifically to an internal AEB Programme Board set up in early 2017 and to discussions outside of that Board's meetings to inform issues it needs to consider and agree to help shape the GLA's approach to AEB devolution, including planning for adequate resources and systems. This Board also secures adequate senior buy-in from all the relevant functions of the GLA beyond the core skills policy team, bringing in (as described in the business case template) HR, IT, Finance, Governance, Legal, Procurement).

We have also factored in costs for accommodating staff within City Hall, a central London venue in an area of very high commercial property costs which represents relatively good value for money, given its location. Accommodation costs are only included for those staff either recruited or to be recruited specifically to work on preparation for AEB devolution, not for existing staff for whom accommodation costs are absorbed by the GLA.

City Hall meeting room space is also included to cover workshops and meetings (with both internal and external audiences) which have been central to our preparation for AEB devolution. A conservative estimate of 20 x 1 hour meetings has been provided, based on basic per hour use costs of GLA meeting space.

- **What are there other sources of funding available to be used for this purpose? This could include what other sources of funding were considered and why these were not suitable or taken up.**

We are not aware of any other sources either internally or externally which are or would have been available to meet the costs outlined in preparation for devolution of the AEB to London.

- **What are the implications for you if you do not receive the funding and what impact would this have on the implementation arrangements?**

The devolution of the AEB to the Mayor of London is the most significant set of additional powers and funding to come to the Mayor since various housing powers and funding streams several years ago. Without support for implementation funding from government – and with no certainty from government on the position in relation ongoing administration of the AEB once devolved – the GLA would need to consider its own position in relation to pursuing devolution of the AEB, given the risks involved in commissioning a budget of this scale and its importance to London without resource to prepare adequately for it.

Our estimates for the second half of 2017/18 are at a level which we believe is appropriate to ensure the organisation is ready and prepared to deliver AEB locally by 2019/20 and to avoid any unnecessary destabilisation of the provider base, and the knock-on effects to learners, when AEB is devolved. Should government decline to provide the funding, or indeed provide less funding than requested, there would be a risk that the flexibilities we hope devolution can provide will not delivered as all efforts would have to be completely focused on the purely operational tasks of ensuring the GLA can take on the devolved powers and functions without regard to the longer-term goal of delivering an improvement in the responsiveness and relevance of AEB-funded activity to the needs of Londoners and London's employers. This would be a wasted opportunity to demonstrate the added value that devolution could bring to London.

This spreadsheet should be completed as fully and accurately as possible.

To complete, please fill in all yellow shaded cells within both tabs. All other cells will automatically be populated. Where the table lists 'other' please could you specific. Please specify where costs will be Combined Authority funded or Department funded.

The notes/additional information box can be used to supply the Department with further information that is relevant to the data within the tab.





FINANCIAL PROPOSAL DOCUMENTATION - AEB Devolution Implementation

PROVIDER NAME:	GREATER LONDON AUTHORITY
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PART 1: PRICING PROPOSAL

Please only complete yellow shaded cells. All other cells will be populated automatically

TABLE 1	IMPLEMENTATION COSTS
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- Enter the current cost of your service under the appropriate cost categories for the 2017/18 year.

Cost Category	Cost (£)	Combined Authority Funded	DfE Funded
	2017-18		
STAFF COSTS			
Direct Staff Costs	£361,261.88	£3,461.73	£357,800.15
Sub Contractor Staff Costs	£0.00		
Management Staff Costs	£24,078.90	£24,078.90	£0.00
Training			
Recruitment	£60,000.00	£0.00	£60,000.00
Other	£0.00		
SUB TOTAL - STAFF COSTS	£445,340.78	£27,540.63	£417,800.15
ACCOMMODATION COSTS			
Rent/ Lease / Mortgage Costs	£136,650.00	£24,937.50	£111,712.50
Fit out Costs (includes capital charges or depreciation charges)			
Facilities Management Costs			
Other			
SUB TOTAL - ACCOMMODATION COSTS	£136,650.00	£24,937.50	£111,712.50
OTHER OPERATING COSTS			
IT Costs	£0.00		
Telephony and Communications	£0.00		
Legal costs	£100,000.00	£0.00	£100,000.00
Corporate overheads	£0.00		
Other			
SUB TOTAL - OTHER OPERATING COSTS	£100,000.00	£0.00	£100,000.00
TOTAL COSTS	£681,990.78	£52,478.13	£629,512.65

Notes/Additional Information



PROVIDER NAME:	GREATER LONDON AUTHORITY
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1. Staff Costs - Please tell us the numbers of staff to be involved in the provision by job title/grade, annual salary or number of staff hours and hourly rate. If other staff costs are identified you should also provide detailed descriptions of the function(s), and additional details to support the nature of such costs. Where staff costs are apportioned to this business case, please explain the rationale behind any methodologies applied. Please explain any differences between years.

	2017-18		
	Average Annual Salary (including "on-costs")		
Job Title or Grade		FTE	Cost (£)
Existing roles			
Senior Manager (G13)	98442 00	0 25	£24,611
Principal Policy Officer (G10)	66579 00	0 50	£33,290
AEB-specific posts appointed			
Project Manager (G11)	71890 00	0.43	£30,553
Senior Policy Officer (G8)	54157 00	0 25	£13,539
Skills Strategy Delivery Manager (G11)	71890 00	0 25	£17,973
Funding Policy & Systems Mgr (G12)	86360 00	0.42	£35,839
Economist (G7)	49054 00	0 50	£24,527
AEB-specific posts to commence in January 2018 (therefore only in post for a quarter of year)			
Principal Policy Officers x 3.5 (G10)	66579 00	0 88	£58,257
Senior Policy Officer x 4.5 (G8)	54157 00	1.13	£60,927
Project Support Officer x 2 (G6)	40550 00	0 50	£20,275
Programme Delivery Manager (G12)	86360 00	0.13	£10,795
Principal Economist (G9)	59808 00	0 25	£14,952
Economist (G7)	49054 00	0 25	£12,264
Shared Services posts			
Senior Engineer - Technology (G10)	66579 00	0 03	£1,664
Project Manager - Technology (G11)	71890 00	0 03	£1,797
TOTAL			£361,262

	2017-18		
Job Title or Grade	Average Annual Salary (including "on-costs")	FTE	Cost (£)
			£0
			£0
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TOTAL			£0

	B	C	D	E	F	G	H	I	J	K	L
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77	1C Management Staff Costs										
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	2017-18										
		Average Annual Salary (including "on-costs")	FTE	Cost (£)							
80	Job Title or Grade			£0							
81	Executive Director of Development, Enterprise and Environment	182486 00	0 03								
82				£4,562							
83	Assistant Director – Human Resources & Organisational Development (G14)	138862 00	0 03								
84	Head of Governance and Resilience (G14)	138862 00	0 03	£3,472							
85	Head of Technology (G14)	138862 00	0 03	£3,472							
86	Legal Advisor (shared service resource) (G14)	138862 00	0 03	£3,472							
87	Procurement Advisor (shared service resource) (G14)	138862 00	0 03	£3,472							
88	Programme Manager - Technology (G12)	86360 00	0 03	£2,159							
89				£0							
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97				£0							
98				£0							
99	TOTAL			£24,079							
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101	1D Other Staff Costs										
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104	2017-18										
		Average Annual Salary (including "on-costs")	FTE	Cost (£)							
105	Job Title or Grade			£0							
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108				£0							
109				£0							
110				£0							
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124	TOTAL			£0							
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126	Additional Information - Please include below any information in addition to the above which has been used to calculate the overall Staff Cost including Training and Recruitment Costs.										
127	The FTE count has been calculated by apportioning the amount of time staff spend working on the programme and start date of that post. Each staff post listed relates to one individual post except for those posts indicated within the AEB-specific posts to start in January 2018, some of which represent more than one role sharing the same job title. We propose absorbing those costs budgeted as management costs and those under direct staffing costs budgeted as Shared Service posts. NB For those posts in place before 1st October 2017, this revised version simply halves the annual FTE included in the previous version to give the cost for the second half of the financial year. Recruitment costs are based on £6K per external advertising campaign undertaken on the assumption that 10 advertising campaigns are required to recruit to 16 roles (15 listed in the AEB-specific posts to commence in January 2018 (therefore only in post for a quarter of year) element of section 1A plus the Funding Policy & Systems Manager role in the AEB-specific posts appointed element of section 1A) - all are included in costs to be incurred during the second half of the financial year only.										
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153	2. Accommodation Costs - What are the assumptions used to arrive at the accommodation costs e.g. number of premises, size, location of sites and associated costs. Please detail all services to be delivered from each site. If other accommodation costs are identified you should provide additional details to support the nature of such costs. Please explain any differences between prices between years.										
154											
155	Rent/ Mortgage/Lease Payments										
156	2017-18										

A	B	C	D	E	F	G	H	I	J	K	L
		Area (m²)	Cost per m2 (desk) or hour (room)(£)	Cost							
156	Please list premises below										
157		FTE									
158	Cost based on FTE for fully serviced desk and basic IT at City Hall	5.94	22,500 00	£133,650.00	Please note, we have changed the excel formula for this table						
159	Room costs	20.00	150 00	£3,000.00							
160				£0.00							
161				£0.00							
162				£0.00							
163				£0.00							
164				£0.00							
165				£0.00							
166				£0.00							
167				£0.00							
168				£0.00							
169				£0.00							
170	TOTAL			£136,650.00							
171											
172	Additional Information - Please include below any information in addition to the above which has been used to calculate the overall Accommodation Cost. Please explain any accommodation set up costs.										
173	Accommodation costs related to desk space are based on standard formula used at City Hall. As noted overleaf and in the attached business case, we propose absorbing a proportion of these locally i.e. those relating to the 0.98 FTE listed in section 1A as Existing Roles and Shared Services Posts and section 1C as Management Staff Costs. The costs claimed for desk space reflect all posts in place for the second half of the financial year. Room costs relate to meetings rooms within City Hall used to accommodate AEB-specific meetings during the second half of 2017/18, assuming 20 meetings at a cost of £150/hour.										
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190	3. Other Operating Costs - Please provide full details of your legal fees and any other operating costs and the assumptions around these costs. If you identify any 'other' Other Operating Costs you should provide details to support the nature of such costs. Please ensure all costs are fully detailed.										
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192	Legal Fees - Please give a detailed description below of any expected Legal Fees and the supporting Year on Year Costs							2017-18			
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194	Legal Fees							100000			
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202	TOTAL							£100,000.00			
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204	IT Costs - Please give a detailed description below of any Hardware Costs and the supporting Year on Year Costs							2017-18			
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214	TOTAL							£0.00			
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216	Telephony & Communications - Please give a detailed description below of any costs associated with Telephony and Communications and the supporting Year on Year Costs							2017-18			
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226	TOTAL							£0.00			
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228	Corporate Overheads - Please give a detailed description below of any costs associated with Corporate Overheads and the supporting Year on Year Costs							2017-18			
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238	TOTAL							£0.00			
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240	Additional Information - Please include below any information in addition to the above which has been used to calculate the overall Other Operating Costs.										
241	The £100,000 legal costs is a preliminary figure and assumes that we need to consult external lawyers with specialist educational knowledge which will incur higher fees than our external services. These costs will be incurred during the second half of the financial year.										
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