

GREATER LONDON AUTHORITY

Annual Report to HM Government - Adult Education Budget 2019/20**1. Introduction**

- 1.1 The Secretary of State for Education published [Guidance for the Mayor of London and Greater London Authority on the exercise of delegated adult education functions](#) in July 2019. This guidance includes the requirement that the Mayor must provide HM Government with an annual report each year, which provides key information about the delivery of adult education functions in London.
- 1.2 This report is the second submission to HM Government and the first that covers a full Academic Year (2019/20) relating to the delegation of the Adult Education Budget (AEB). The report also includes early data and policies for the 2020/21 Academic Year. This report will focus on:
- Policies and Interventions for Adult Education
 - The COVID-19 Impact and Response
 - Adult Education Budget performance analysis
 - Monitoring and Evaluation
 - AEB spend

2. Policies for Adult Education

- 2.1 The first '[Annual Report to HM Government - Adult Education Budget 2019/20](#)' published in March 2020 describes the policy interventions introduced for the 2019/20 Academic Year following the first two Skills for Londoners Framework consultations. The third Framework was consulted upon in Spring 2020 and set out proposals for changes to the AEB in 2020/21 and future years. The '[Skills for Londoners Framework Consultation 2021/22 - Summary of responses](#)' which analysed the responses to the consultation and identified changes for the final Framework was published in October 2020.
- 2.2 Following consultation, the following changes were introduced in 2020/21:
- To boost retention and achievement rates, the Mayor addressed his commitment on making English and Maths a key priority by increasing funding for English and maths legal entitlement qualifications at Levels 1 and 2, for fully funded learners.
 - To support his objective to empower all Londoners to access the education and skills to participate in society and progress in education and work; the Mayor agreed to introduce flexibility within AEB grant-funded provider allocations to fully fund certain categories of learning that upskills eligible teaching and learning support staff to deliver improved provision for learners with special educational needs and disabilities (SEND).

3. COVID-19 Impact and Response

- 3.1 The first year of delegated delivery has been significantly affected by the COVID-19 pandemic. By March 2020, Further Education (FE) providers were forced to close under national lockdown restrictions and the sector faced an unprecedented challenge. The GLA worked with the Department for Education (DfE) and the Mayoral Combined Authorities to coordinate a joint response and introduced a number of measures to support providers that focused on maintaining a stable provider base, mitigating the impact of funding uncertainty and preserving future delivery.
- 3.2 Delegation of the AEB to the Mayor has allowed the GLA to take the necessary steps to support Londoners swiftly, and in an immediate response to the pandemic, an amendment to the AEB Mayoral Board's constitution was approved. This authorised the Mayor, under exceptional circumstances, to take urgent decisions via the AEB Mayoral Board and outside of the standard decision-making process. The new 'Urgent Decisions' process enabled the GLA to act responsively to the changing landscape of adult education delivery and enabled decisions to be taken more flexibly and/or quicker than was previously possible. Key responses to the pandemic endorsed through this process are outlined below:

COVID-19 Funding and Performance Management Measures

- 3.3 The Mayor continued to support providers through variations to the funding and performance management approach for both AEB Grant and AEB Procured providers. These included:

AEB Grant:

- Continuing to pay organisations in receipt of an AEB grant on the agreed profile if delivery was impacted as a direct result of COVID-19;
- Performance reconciliation to be based on the full year forecast in the Mid-Year claim; and
- Assurance that final allocations for 2020/21 issued to providers in March 2020 would not be adjusted, except where a case-by-case adjustment was required for 2019/20.

AEB Procured:

- Provision of uplift payments during the period of COVID-19 closure to the average earned monthly funding for each provider;
- Suspending the performance management point for contract reductions for AEB procured providers in May 2020;
- Consideration of the impact of COVID-19 classroom delivery closure as part of the year-end reconciliation in December 2020; and
- Permission to carry forward under-performance related to COVID-19 to be delivered in future years.

Skills for Londoners COVID-19 Response Fund

- 3.4 In May, the Skills for Londoners (SfL) COVID-19 Response Fund approved the expenditure of up to £11m of AEB funding to support London's AEB providers to expand their online provision, adapt courses, and build capacity to ensure Londoners could continue to access learning opportunities whilst classroom settings remained closed. In particular, the fund aimed to support providers to meet the training needs of key groups particularly affected by the pandemic including:
- furloughed workers and the self-employed whose incomes fell below the London Living Wage as a result of COVID-19;
 - those made redundant as a result of COVID-19;
 - key workers requiring additional training to meet the changing demands of their roles; and
 - learners who were at risk of digital exclusion.
- 3.5 Allocating a total of £10,238,522 from a possible £11m, the fund was a key support mechanism for providers to move provision online and was positively received by the sector.
- 3.6 To assess the success of the fund the GLA have commissioned ICF to conduct a robust impact evaluation of projects supported by the COVID-19 Response Fund at the completion of the two-year programme. A final report is expected in Autumn 2021.

DfE COVID-19 Skills Recovery Package

- 3.7 Additional funding was also made available as part of the DfE's COVID-19 Skills Recovery Package and wider Government plans to protect, support and create jobs. A total of £12.9m of this funding was apportioned to the GLA to deliver through the AEB:
- High value courses for school and college leavers: an alternative to unemployment for those planning to leave education and who may struggle to get a job or apprenticeship; and
 - Sector based work academies: Working with the Department for Work and Pensions (DWP) to provide short bursts of training to get the unemployed back into work.
- 3.8 As the policy intent of the DfE's package aligned with existing GLA plans to support London's recovery from COVID-19, an additional £1.9m recovered from grant provider underperformance in 2019/20 and a further £200k of GLA held AEB funding was combined to allow for the allocation of £14.9m to provide additional support for unemployed Londoners, including those referred by Jobcentre Plus and the Work and Health Programme.

Other COVID-19 Policy Responses

- 3.9 In response to the COVID-19 pandemic, the Mayor also approved a number of policy changes within the AEB Grant and Procured Rules and the GLA AEB Funding Rates and Formula for 2020/21. This included:
- approving additional flexibility for 2020/21 Academic Year for all grant providers to use up to 10% of their existing formula funded adult skills allocation to deliver non-formula funded provision. This enabled providers to meet the costs of delivering tailored provision targeted at meeting immediate labour market needs.
 - providing greater flexibility to both grant and procured providers to access full funding for use to meet costs of full Level 3 qualifications, if learners are unemployed or earning below the London Living Wage; Helping to ensure all unemployed Londoners are able to access and AEB-fundable learning aim to help them retrain or upskill to access new employment opportunities.
 - introducing a revised performance tolerance of 90%, in recognition of the ongoing impact of COVID-19 restrictions in relation to AEB classroom delivery until January 2021, with a view to recommending the introduction of further funding stability support measures if necessary, based on an analysis of first term delivery.

4. AEB performance – GLA Economics

- 4.1 In early 2020, the Mayor, via the AEB Mayoral Board, agreed that AEB programme data should be published on a quarterly basis following the DfE's Further Education and Skills data publication and in line with the UK Code of Practice for Official Statistics (which the GLA has signed up to on a voluntary basis). The Data Publication aims to ensure transparency, support engagement with stakeholders, bridge information gaps to support a more strategic approach to skills provision, and support learners and employers to make more informed decisions.
- 4.2 This GLA AEB data publication provides information on adult (aged 19+) GLA-funded Further Education, comprising Education and training and Community learning (excluding apprenticeships, traineeships, advanced learner loans, the offender learning and skills service, and education and training services funded by the Education and Skills Funding Agency).
- 4.3 The most recent [AEB data release](#) covers the full Academic Year 2019/20 and it is based on R14 ILR data. This publication is the most comprehensive picture of delivery to date, and consequently further analyses on the AEB performance will be based on this report.

5. Monitoring and Evaluation

5.1 To measure the efficacy of the commissioning, delivery and management of the delegated AEB, the GLA have embarked on a series of evaluation. These have included:

AEB Process Evaluation

5.2 The GLA commissioned Warwick Economics & Development (WECD) to undertake a [process evaluation](#) of the delegation of control of the AEB from the DfE and the Education and Skills Funding Agency (ESFA) to the Mayor. The aim of the evaluation was: to provide an independent assessment of London's AEB delegation process; and to identify lessons learned throughout this process that could inform both the future management of the AEB and the GLA's approach to securing further devolution. Key recommendations included that:

- use of the GLA Act to transfer powers to London should be reviewed with emphasis on enabling devolution of powers on similar terms to the Mayoral Combined Authorities;
- HM Government should take a more collaborative approach to working with the GLA and ensure accessibility, coordination and effective management of AEB devolved learner data;
- future procurements should include use of an e-tendering system with sufficient capacity to handle a large volume of tenders; and
- further investment should be made in the development of GLA OPS¹ to ensure it offers additional flexibility in relation to making payments and facilitating performance management.

AEB Year 1 Impact Evaluation

5.3 The GLA commissioned IFF Research to evaluate the first Academic Year of its management of the AEB. The aim of the evaluation was to evaluate policy and management changes introduced in 2019/20, by gathering insights from AEB-funded providers and sector stakeholders.

5.4 As the research began after the start of the first national 'lockdown', with the attendant impacts on delivery, the GLA broadened the research aims to include gathering views on the COVID-19 support measures put in place.

5.5 The [evaluation report findings](#) were "largely very positive", with IFF concluding that "delegation of the AEB has worked effectively in its first year, for the majority of providers who receive funding from it". The research also found that:

- the majority of providers (39 out of 44 respondents) were satisfied with the GLA's management of AEB, including the relationships that have been built during the first year of delegation;

¹ The GLA's internal contract and project management IT system.

- many providers had increased their provision in the Mayor's priority areas, including support for low income learners, and provision of training related to priority sectors; and
 - most providers thought the communication and support provided by the GLA in response to the COVID-19 pandemic had been effective.
- 5.6 Officers are reviewing the recommendations of the report before developing an action plan to address the areas for improvement.

MOPAC Internal Review of Delegation of the AEB

- 5.7 As part of the Greater London Authority 2019/20 audit plan; the newly delegated AEB came into scope and was also audited by the Mayor's Office for Policing and Crime (MOPAC).² The audit aimed to review the adequacy and effectiveness of the framework in place for the AEB, including accountabilities and monitoring arrangements, effectiveness of management information and evaluation, and oversight of the AEB.
- 5.8 The review found that there is a 'substantial control framework in place for the delegation of AEB functions' and that there is 'particularly effective management of key risks contributing to the achievement of business objectives.' No actions for management were identified in the audit.
- 5.9 A second MOPAC review has just taken place, with the GLA receiving another 'substantial' audit rating. It reviewed the effectiveness of the control framework in place for the allocation of AEB funds. This included an assessment of whether AEB funding allocations had been fair, efficient, transparent and aligned to performance levels whilst ensuring provider efficiency. It also looked at areas impacted by COVID-19 and that the correct approvals were in place for any changes to the programme.

London Learner Survey

- 5.10 The GLA have been actively developing a new approach to measuring the impact of participation in the AEB. The survey will aim to assess the impact of AEB provision over the seven priority impact areas³ (Progression into employment; In-work progression; Progression into further education and training; Improvements to health and wellbeing; Improvements to social integration; Improvements to learner-self efficacy; Participation in volunteering) and provide an opportunity to demonstrate the impact on London learners, employers and communities; and the impact that delegation of funding is having on the outcomes achieved by learners in both community learning and adult skills provision.

² MOPAC provide the internal audit function for the GLA Group as a part of a shared services arrangement.

³ AEB key priority areas - Progression into employment; In-work progression; Progression into further education and training; Improvements to health and wellbeing; Improvements to social integration; Improvements to learner-self efficacy; Participation in volunteering.

- 5.11 IFF Research have been commissioned to deliver a pilot London Learner Survey with providers in the 2020/21 Academic Year, with the intention to scale up the survey to the full AEB provider base in 2021/22.

6. Engagement with partners

- 6.1 The Mayor is committed to engaging with partners and stakeholders to ensure a more responsive and effective skills system to meet the needs of Londoners and London's employers. As part of this, the Mayor established a [Skills for Londoners Board](#) which advises on actions to support implementation of the [SfL Strategy](#). The Board membership includes representatives from the Association of Colleges, Association of Employment and Learning Providers, HOLEX, London Councils, LEAP - London's Local Enterprise Partnership, London First, the Federation of Small Businesses and Sub-Regional Partnerships of boroughs including West London Alliance, Central London Forward, Local London and South London Skills and Employment Board. Subordinate bodies of the Board include: The Outcomes for Londoners Advisory Group, Skills for Londoners Construction Sub-Group, the Higher-Level Skills Advisory Group and the newly established SfL Recovery Task and Finish Group.
- 6.2 In addition, the Mayor has established a [Skills for Londoners Business Partnership](#) to advise on occupational skills requirements and improvements to the skills system in London. This group is supported by one subordinate body: The Apprenticeships Advisory Group.
- 6.3 Through the creation of a London Skills & Employment Unit, the GLA, on behalf of the Mayor, has established dedicated relationship managers to enable regular engagement with colleges, training providers and local authorities, as well as their representative bodies, to respond to and support the development and delivery of the AEB and the wider education and skills system in London.
- 6.4 The GLA are also working in partnership with London Councils through the [London Recovery Taskforce](#) to steer and shape London's approach to recovery from the COVID-19 pandemic. The GLA and London Councils, working with a range of partners are leading on the work to inform the 'Helping Londoners into Good Work' mission. The mission's focus is to ensure that Londoners can get the support they need to move into good jobs in sectors key to London's recovery. This work will help to contribute to the London Recovery Board's aim, to restore confidence in the city, minimise the impact of London's most vulnerable communities and rebuild the city's economy and society.

7. Key financial information

- 7.1 The table on the next page sets out the expenditure of AEB relating to the 2019/20 teaching year from August 2019 to July 2020.

Items	Budget Expenditure Forecast (£)	19/20 Approved Budget (Aug - Mar 20) £	19/20 Final Expenditure (Aug - Mar 20) £	20/21 Approved Budget Financial Year End (Apr-Jul) £	20/21 Expenditure Financial Year End (Apr-Jul) £	Annual Carry Forward Spend £
Grant Provision	262,497,603	164,889,000	164,141,499	98,002,610	97,818,572	
Procured Provision	32,500,000	21,667,000	16,746,853	10,833,000	10,057,130*	
Innovation Funding	7,219,523	1,284,000	2,251,827	5,134,265	304,313	
Management and Administration	4,227,748	2,991,667	1,759,534	1,643,334	1,296,602	
Total	306,444,875	190,831,667	184,899,714	115,613,209	109,476,617	12,068,544

*Expenditure subject to any business case submissions in view of the final reconciliation. Any needed changes to expenditure will impact the current Academic Year and will be reflected in next report.

- 7.2 From the total budget received for 2019/20 Academic Year, a sum of £12,068,544 will be carried forward into the 2020/21 Academic Year. The sum includes £4,663,383 already committed for the SfL Innovation funding for spend in 2020/21 Academic Year. It also includes a contracted sum of £5,306,017 to deliver AEB as part of the GLA's procured four-year contracts which gives providers the facility to seek a 10% contract increase against the lifetime of their contract value. The total contract value is c. £132m.
- 7.3 The Mayor remains committed to making timely funding decisions related to provider performance and following the reconciliation of grant provision approved retrieval of funds from underperforming providers and approved growth for over performance. Net impact is not included in the table above but will be reported as part of the full 2020/21 report.
- 7.4 Similarly, potential growth and contract reduction for AEB Procured providers is part of ongoing reconciliation process in line with the performance management point in December 2020 as set out in the [Funding and Performance Management Rules for Procured Providers](#). This and the impact of the May 2021 performance point will be included in the 2020/21 report.
- 7.5 The table below sets out the year to date expenditure of AEB relating to the 2020/21 teaching year from August 2020 to July 2021.

Items	Approved Budget Expenditure Forecast (£)	20/21 Approved Budget (Aug - Mar 20) £	20/21 Expenditure (Aug - Mar 20) £ Q3	21/22 Budget (Apr-Jul) £
Grant Provision	287,348,992	175,828,314	120,837,812	111,520,678
Procured Provision	32,500,000	17,333,600	9,120,392	15,166,400

COVID Response Funding	11,000,000	11,000,000	4,750,264*	
Future Growth Fund	1,761,795	559,442		1,202,353
Management and Administration	4,445,250	2,465,000	1,073,705	1,980,250
Total	318,580,139	207,186,356	137,389,598	119,531,268

*one strand of response fund is used to award Procured provision growth hence expenditure is included as part of Procured provision.

7.6 The approved allocated budget of c.£207m for August to March 2021 has all been committed

8. Further information

8.1 Please contact the AEB team at AEB@london.gov.uk for further information.



Sadiq Khan, Mayor of London



Date

