

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3016

Adult Education Budget Funding and Performance Management Rules for Grant-Funded Providers 2022-23 – New flexibilities

Executive summary:

This Mayoral Decision (MD) form sets out the proposed changes to the GLA's 'Adult Education Budget (AEB) Funding and Performance Management Rules for Grant-Funded Providers' (the "AEB Grant Funding Rules") document for the 2022-23 academic year (AY), and the AEB Procured Funding and Performance Management Rules. The proposed changes reflect the introduction of several measures to support Londoners to access skills provision, and to help mitigate the impact of rising costs of living in London. Full details are set out at Appendix A and the measures include:

- fully funding British Sign Language (BSL) learning aims in the GLA BSL entitlement, up to and including Level 2 for those who are earning under the London Living Wage (LLW) or are unemployed
- additional flexibilities to support people who are not working and wish to seek employment, but fall outside benefit arrangements and therefore cannot evidence full funding eligibility
- removal of general three-year UK residency requirements as a condition of AEB funding
- funding vocational/technical qualifications at Level 4
- flexibility to fund licence to practise accreditations in key priority sectors
- funding of Unionlearn regional coordinators in London
- funding of an increase in AEB allocation to raise the weighted funding rate for courses at Level 2 and below by up to 3.5 per cent, at a cost of £10m, to be allocated to GLA AEB grant-funded providers, to support the further education (FE) workforce in the delivery of provision in light of rising costs of living.

It also seeks approval for AEB grant-funded provider allocations as set out in Part 2 of this Decision alongside the associated Funding Rules amendments.

Decision:

That the Mayor approves:

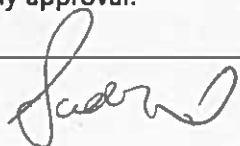
- i) proposed changes to the GLA's Adult Education Budget (AEB) Funding and Performance Management Rules for Grant-Funded Providers and the AEB Procured Funding and Performance Management Rules for the 2022-23 academic year, and to the funding rates and formulas as set out in Appendix A
- ii) proposed amendments to AEB grant-funded provider allocations as set out in Part 2 of this decision.

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:

3/10/22

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

Decision required – supporting report

1. Introduction and background

- 1.1. In November 2021, under cover of MD2959, the Mayor approved changes to the AEB Grant Funding Rules for the 2022-23 AY. It is proposed that additional changes are made to the AEB Grant Funding Rules for the 2022-23 AY to mitigate the impact of rising costs of living; and to help meet the ambitions of the Mayor's [Skills Roadmap for London](#) to make adult education more accessible and locally relevant.

Addressing the rising costs of living

- 1.2. The rising cost of living is putting pressure on Londoners. The price of energy, food and other bills are all rising steeply, which is having a huge impact on Londoners – particularly some of the most vulnerable. This has also impacted staff working in the Further Education (FE) sector.
- 1.3. A key way to support Londoners to mitigate the costs of living is to help them get the skills they need to find and progress into good work. London residents with low or no qualifications are less likely to be in employment than their counterparts elsewhere. Although the proportion of Londoners in this group has fallen over time, many Londoners still lack higher-level qualifications.
- 1.4. The London Local Skills Report 2022¹ identified that employers have significant requirements for higher-level skills to maintain London's position as a high-skilled economy and labour market.
- 1.5. This is of particular concern given that Londoners with lower-level qualifications have been hit particularly hard by the Covid-19 pandemic, and may find it more difficult to bounce back into employment. The proportion of jobs paid below the LLW has also increased over the past decade, particularly among Londoners without higher-level qualifications.
- 1.6. Research commissioned by the GLA² found that there is a limited range of Level 4 and above (non-degree) skills provision in London, leading to acute skills shortages at these levels in key sectors. Between 2015-16 and 2018-19, course enrolments (excluding apprenticeships) at Levels 4 and 5 in London declined by around 15 per cent. Enrolments in higher-level apprenticeships have grown over the same period but remain at lower levels than the rest of England. The Post-18 Education Review referred to this as the 'missing middle' in the UK's education system: qualifications between Level 3 and full Level 6.
- 1.7. Where it exists, provision at Level 4 and above is often delivered as full qualifications (i.e. non-modular). GLA research found a demand amongst employers, providers and learners for more flexibility in the structure, content and delivery of qualifications at Levels 4 and 5.
- 1.8. As well as being the smallest segment of higher-level learning, education and training at Levels 4 and 5 is also the most fragmented, with more qualification types and more awarding bodies than at other levels of higher education. Financial support options for learners also vary depending on the qualification type, including through Advanced Learner Loans or Student Finance (though it should be noted that, from 2025, these are due to be replaced by a single Lifelong Loan Entitlement). This can make it a complex part of the education system for learners and employers to navigate, particularly those who: are in low paid/skilled work; are at risk of redundancy or have been made redundant; and have limited time or disposable income.
- 1.9. Additionally, a number of industries in sectors key to London's recovery have highlighted that the costs for licence to practice accreditation can be a barrier to newly upskilled learners who wish to

¹ GLA, [London Local Skills Report and Annexes](#), February 2022.

² RCU, [Higher Level Skills in London](#), October 2020.

access employment opportunities following completion of their training (see paragraph 2.4 below for further details). Some occupations in these sectors (for example bricklayers in the construction sector, or security guards working in the hospitality sector) require specific licences as proof of training before employment is possible.

- 1.10. The costs of licences can be prohibitive to learners who are unemployed or in low-paid work – for example, a Security Industry Authority (SIA) licence to work in security can cost £190. This is particularly challenging in light of the increases to the cost of living.
- 1.11. It is proposed that changes are made to the AEB Grant Funding Rules from the 2022-23 AY to support Londoners to access provision that can better equip them with the skills and accreditations they need to access good work. These changes include:
 - funding non-prescribed³ vocational and technical qualifications at Level 4, which are currently funded through Adult Skills and Advanced Learner Loan facilities and appear on the government's 'find a learning aim' service
 - funding licences to practice as part of learning packages that help address skills gaps for London in priority sectors and occupations.
- 1.12. Furthermore, the costs of delivery of skills training incurred by providers in London have significantly increased. These financial pressures – which include rising inflation (10.1 per cent)⁴, energy costs, and National Insurance and pension contributions – are severely impacting the FE sector, including the workforce.
- 1.13. It is proposed that a 3.5 per cent increase to the weighted funding rate for courses at Level 2 and below would enable providers to help address these pressures.
- 1.14. This increase to the base rate will be funded by an increase to AEB grant-funded provider allocations, at a total value of £10m.

Supporting more accessible adult education

- 1.15. Many Londoners can still be blocked from accessing the valuable adult skills training that plays a key role in the city's recovery from the impact of Covid-19, including the social and economic integration of recently arrived Londoners.
- 1.16. Access to skills training funded by the AEB can often be restricted based on Londoners' ability to claim or receive state benefits to demonstrate unemployed status which is a key eligibility criterion for funding. This impacts many Londoners who can be restricted from working or claiming benefits due to immigration conditions, or who may not be able to work for personal or cultural reasons.
- 1.17. Recent estimates from the Office for National Statistics (ONS) Labour Force Survey show a rise, over the past year, in the share of Londoners aged 16-64 who are considered economically inactive. Those who are inactive and are not claiming employment benefits are often further away from the labour market and need support to access training.
- 1.18. Recent labour market estimates for London (from the Labour Force Survey) show there are approximately 192,500 unemployed Londoners who are currently ineligible for AEB funding. In addition, there are 1,601,800 inactive Londoners, who are not seeking and would not like a job; 181,300 inactive Londoners who are not seeking but would like a job; and 35,300 inactive Londoners who are seeking a job. Excluding those who are inactive but would not like a job, there

³ Non-prescribed courses lead to qualifications at Level 4 and 5 and are not considered to be higher education; therefore, they sit outside of the higher education framework regulated by the Office for Students. They are instead classified as higher-level skills courses and lead to certificates, diplomas and other awards in a wide range of vocational areas.

⁴ Inflation and price indices - Office for National Statistics (ons.gov.uk) as of July 2022.

remain around 400,000 adults who may be interested in adult learning in London; around half of which are within the working-age population.

- 1.19. The AEB Grant Funding Rules also currently require some learners on specific immigration visas to have been ordinarily resident in the UK and Islands throughout the three-year period preceding the first day of the first academic year of the course. Eligibility for courses related to immigration status was cited as a key barrier to accessing the AEB for migrant Londoners, in consultations supporting the development of the Mayor's Skills Roadmap for London.
- 1.20. A significant number of Londoners (estimated at upwards of 30,000 people), primarily migrants, are unable to satisfy this condition. They are, therefore, unable to access the wide range of initiatives and courses funded by the Mayor of London through the AEB, including English for Speakers of Other Language provision, for the first three years of their lives in London. Removing the three-year residency evidence requirement would support the Mayor's Good Work Mission to ensure that no Londoners, particularly those who have been disproportionately affected by the pandemic, are unable to access education, training or work. In an effort to address these challenges to access learning in order to upskill and enhance employability, it is proposed that changes are made to the AEB Grant Funding Rules from the 2022-23 AY. These changes include:
 - fully funding learners aged 19 and above who have an income below the LLW, are unable to evidence unemployment benefits, and are seeking employment and/or exceptional support with social integration
 - removing the requirement for all GLA-funded AEB learners to have been ordinarily resident in the UK and Islands throughout the three-year period preceding the first day of the first academic year of the course (and, as currently, subject to meeting current immigration status requirements in line with Home Office and Secretary of State policy.)
- 1.21. Additionally, Deaf learners in London, or those whose first or preferred language is BSL, have been fully funded to access BSL qualifications, up to and including Level 2, since the start of the 2019-20 AY. To date 350 Londoners have accessed these qualifications through this flexibility, which was pioneered in London. It has been an important step in increasing the number of Londoners able to use BSL – now recognised as a language for England, Wales and Scotland for the first time, following the British Sign Language Act 2022.
- 1.22. In an effort to further increase the numbers of Londoners able to use BSL, it is proposed that the GLA fund any learner aged 19 or above who is unemployed, or earning below the LLW, to study for qualifications in BSL, up to and including Level 2.

Unionlearn

- 1.23. The Union Learning Fund (ULF) was set up in 1998 to support trade unions to widen access to learning and training in workplaces. The ULF supported workplace projects across England and was coordinated by the Trade Union Congress (TUC).
- 1.24. Each year, around 200,000 workers nationally were supported into learning or training with union support through the ULF and the TUC. These learners undertook a range of job-relevant learning and training, including basic literacy and numeracy, ICT skills, apprenticeships and traineeships, vocational training, continuing professional development, and many other informal and formal courses.
- 1.25. In late 2020, the Government announced that funding for ULF would cease from 31 March 2021. The ULF model had worked through a network of Unionlearning regional coordinators (ULRCs), who worked with employers, their own unions and Unionlearn to broker access to relevant learning opportunities for workers in their workplaces. Following the cessation of government funding for the ULF, the ULRCs were made redundant.

- 1.26. It is proposed that the GLA funds new ULRCs in London, using AEB funding to create three ULRC posts, with the aim of supporting more in-work Londoners to access training and upskilling opportunities. This would be funded through the AEB at a maximum cost of £278,466 per annum.

Changes to the AEB Procured Funding Rules for AYs 2020-21 and 2021-22

- 1.27. Changes made to the AEB Procured Funding Rules reflect the changes made to the AEB Grant Funding Rules, where applicable. In addition, the Funding Rules have been updated to reflect changes outlined in this MD. However, the GLA will not amend the AEB Procured Funding Rules to fund Level 4 provision due to the limited time remaining on provider contracts. The changes to the AEB Procured Funding Rules for the 2022-23 AY are set out in Appendix A.

2. Objectives and expected outcomes

Level 4 qualifications

- 2.1. Funding non-prescribed vocational and technical qualifications at Level 4 will enable AEB providers to offer clear progression routes from existing provision into skills training that leads to high labour-market returns and/or supports skills gaps in priority sectors for London.
- 2.2. It is proposed that fundable qualifications under this flexibility would focus on skills gaps in London; eligibility to undertake these qualifications would be limited to Londoners who are unemployed or in low-paid work (below the LLW)⁵ regardless of prior qualification level.

Licence to practice accreditations

- 2.3. Funding specific licence to practice accreditations, as part of skills training packages, would work towards the ambition of the Skills Roadmap for London which is to fund learning that is more locally relevant, addressing skills gaps in sectors important to London's recovery from Covid-19. The intended objectives of this flexibility are to:
- support Londoners to achieve an improved labour market position, including moving into higher-paid work, or a more senior-level role
 - reduce the risk of redundancy
 - address skills shortages or needs in growth sectors and increase diversity within these sectors.
- 2.4. The GLA will pilot this flexibility in the following sectors/occupations based on Mayoral priority sectors and skills gaps:
- construction: Construction Skills Certification Scheme (Labourer)
 - hospitality: SIA licence.
- 2.5. By funding licence to practice learning schemes, the GLA will offset the costs of licences for learners by including this within specific funded learning-aim packages. This flexibility will lead to higher job outcomes for learners accessing this training through the AEB.

Uplift weighted funding rate for courses at Level 2 and below

⁵ This is a sizeable group. There were around [245,000 unemployed individuals in London](#) (GLA Economics Labour market update for London - June, headline estimates for February 2022 to April 2022); and around 650,000 jobs or 20 per cent of the total number of London residents' jobs were paid below the LLW 2021.

- 2.6. This proposal would build on the Mayor's commitment to be a champion for the FE sector, noting the sector's crucial support for ensuring that Londoners are equipped with the skills needed to support the capital's recovery.
- 2.7. An increase in AEB allocations to raise the weighted funding rate for courses at Level 2 and below by up to 3.5 per cent, at a cost of £10m, would enable providers to help address the pressures faced by the FE workforce and continue delivering activities to support Londoners with low skills and prior attainment to progress in life and work. This will be administered by a proportional increase in the London Factor,⁶ to 13.5 per cent. For community-learning providers, the increase in allocation would apply to the community-learning element of the allocation in addition to adult skills.
- 2.8. The proposed amendments to AEB grant-funded provider allocations are set out in Part 2 of this decision. As the grant agreements with those providers have not yet been entered into, the amendments remain commercially sensitive and confidential and are therefore set out in Part 2. Once the agreements have been entered into which is expected to take place at the end of September 2022, consideration will then be given to the amended provider allocations in Part 2 being published.
- 2.9. Subject to available funding, the GLA will seek to increase the weighted funding rate to 5 per cent by the end of the Mayoral term.

Full funding for Londoners unable to evidence being in receipt of state benefits

- 2.10. Funding for Londoners who are not working and wish to seek employment but fall outside benefit arrangements, and therefore cannot evidence full funding eligibility, will enable approximately 400,000 individuals to have access to AEB-funded training opportunities, subject to funding availability. This will support more Londoners who are not in work or are unable to work, or whose individual income falls below the LLW, to benefit from provision that can support them to find good work or support social integration. This is particularly the case for Londoners with 'No Recourse to Public Funds'.⁷

Three-year residency waiver

- 2.11. Currently, if Londoners satisfy immigration status-related requirements in the AEB Grant Funding Rules, they are also required to meet a further residency requirement – unless their immigration status is included in a list that waives this. The three-year residency requirement also applies to British nationals. British nationals who have family and other connections abroad are more likely to reside for prolonged periods outside of the UK; they are, therefore, more likely to be affected by the residency requirement when they return to the UK. This requirement prevents many Londoners who will likely benefit from skills provision from accessing it.
- 2.12. Removing the three-year residency requirement will help to simplify the funding eligibility rules for providers and help migrant Londoners to better understand and access skills provision. This will lead to a more integrated and coherent skills and employment system, which enables Londoners to access training that can support social integration from their first day settling within the capital.
- 2.13. In removing the residency rule the GLA would not be in breach of any express restrictions from either the Home Office or United Kingdom Visas and Immigration. Any learner must have been granted the right by the United Kingdom government to live and/or study in the United Kingdom and that permission must cover at least the duration of the proposed course to be funded, but neither the Home Office or United Kingdom Visas and Immigration impose any restrictions on individuals needing to be ordinarily resident for a certain period of time that prevent them from being able to study.

⁶ To support a renewed focus on lifelong learning and progression from lower levels up to Level 3 and beyond, a 'London factor' of a 10 per cent funding uplift was applied to the weighted base rate of all AEB-fundable qualifications up to and including Level 2 from the 2021-22 AY.

⁷ A condition attached to work, family and study visas which restricts access to much of the welfare safety.

BSL expansion

- 2.14. The expansion of eligibility to the Mayor's BSL London entitlement will further the Mayor's commitment to support Deaf and disabled Londoners by increasing the number of Londoners able to communicate in BSL. This flexibility supports the 'accessibility' pillar of the Skills Roadmap for London, to support inclusion for Deaf and disabled Londoners in adult education.

Unionlearn

- 2.15. GLA-funded ULRCs will work with local union branches to access workplaces, establishing and engaging networks of union reps to raise awareness of the value of learning; and to support, signpost and encourage employees into relevant in-work learning opportunities, particularly those delivered by Hubs as part of the Mayor's Skills Academies and Quality Mark-endorsed providers. This will include:
- AEB-funded learning
 - Skills Bootcamps
 - Multiply-funded numeracy courses
 - apprenticeships.

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
 - 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 decision set out in this report, and any future decisions relating to the AEB made pursuant to those arrangements that will be subject to separate decision forms.
- 3.4. The aim of the AEB is to improve opportunities for people who are disadvantaged in the labour market. Many potential AEB participants have one or more protected characteristics (listed above). The GLA's AEB provision supports a range of groups – particularly the most disadvantaged people not currently receiving sufficient support – into employment or education.
- 3.5. The proposed updates to the AEB Funding Rules set out arrangements for supporting particularly disadvantaged Londoners on low incomes to progress through further learning, achieve higher level qualifications and move into employment or support improved social integration.

4. Other considerations

Key risks and issues

- 4.1. There is a need to raise awareness of new flexibilities to prevent low take-up. These flexibilities support Londoners with a broad range of individual circumstances and motivations for undertaking learning; this range makes it difficult to predict the take-up of the flexibilities. To address this the GLA will promote the new learning opportunities, working with providers and community organisations to reach out to Londoners and raise awareness of what they are entitled to.
- 4.2. The GLA will also help to mitigate the risk of low take-up through its regular performance meetings with providers; by hosting webinars upon the introduction of the new flexibilities; and by sharing best practice on their implementation.

Links to Mayoral strategies and priorities

- 4.3. The decisions outlined in this MD will be used to support the mission-based approach that the Mayor has adopted for London's economic and social recovery. In particular, the new AEB flexibilities support the [Good Work for All Londoners](#) mission, helping Londoners into good jobs with a focus on sectors key to London's recovery.

Consultations and impact assessments

- 4.4. Consultations and impact assessments were undertaken for the relevant strategies and the Skills Roadmap for London. As the proposed changes to the AEB Grant and Procured Rules for 2022-23 will help deliver the objectives of these strategies, the Roadmap impact assessment is relevant to the AEB programme.

Conflicts of interest

- 4.5. No GLA officer involved in the drafting or clearance of this MD is aware of any conflicts of interest with the proposals set out in this form.

5. Financial comments

- 5.1. This decision form sets out the proposed changes to the GLA's AEB Funding and Performance Management Rules for Grant Funded Providers (the 'GLA AEB Grant Rules') and the AEB Procured Funding and Performance Management Rules for the 2022-23 AYs. The proposed changes reflect the introduction of a number of measures to support Londoners to access skills provision and to help mitigate the impact of rising costs of living in London as detailed in the Executive Summary.
- 5.2. Any cost implications of these changes will be funded from within the AEB budget.

6. Legal comments

- 6.1 The Secretary of State for Education delegated by letter dated 6 December 2018 ('the Letter') specified AEB functions set out in sections 86 to 88 of the Apprenticeship, Skills, Children and Learning Act 2009 ('the 2009 Act') to the Mayor of London under Section 39A of the Greater London Authority Act 1999 ('GLA Act') from 1 August 2019. 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. The delegated functions include the provision of financial resources (section 100 (1)) of the 2009 Act, to be exercised concurrently with the Secretary of State.
- 6.2 The Letter sets out at paragraph 7 the conditions on the exercise of the delegated functions, which include that: (1) the Mayor must adopt rules of eligibility for awards by an institution to which the Mayor makes grants, loans or other payments under section 100 of the 2009 Act in accordance with any direction given by the Secretary of State; and (2) in exercising the delegated functions, the

Mayor must have regard to guidance issued by the Secretary of State for this purpose (as amended from time to time or as replaced by a subsequent document) when making a decision as a condition attached to the delegation. The guidance issued by the Secretary of State for the Mayor of London dated August 2019 does not contain any provision which is inconsistent with the proposals in this report.

- 6.3 Any new appointments to the GLA must be made in accordance with the GLA Head of Paid Service Staffing Protocol.
- 6.4 Paragraph 3 above sets out the obligation imposed on the Mayor pursuant to the public sector equality duty when making this decision.

7. Planned delivery approach and next steps

7.1. The activities and timeline is as follows:

Activity	Timeline
Publication of the revised 2022-23 AEB Funding Rules	August 2022
Publication of the draft 2022-23 AEB Funding Rates and Formulas	August 2022
Delivery start date	From the 2022-23 AY

Appendices and supporting papers:

Appendix A – Table of changes to GLA Adult Education Budget 2022-23, Funding and Performance Management Rules for Grant-funded Providers

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? NO

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under the 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

Appendix B should be reserved from publication until 1 October 2022 as it contains details of funding agreements which will not be published until the end of September 2022.

ORIGINATING OFFICER DECLARATION:

Drafting officer to
confirm the
following (✓)

Drafting officer:

Imman Laksari-Adams has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Tunde Olayinka 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 22 August 2022.

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

D. Gane

Date: 26/9/22

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date 26/9/22

