

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2894

Title: Reconciliation of Adult Education Budget funding for the 2020-21 academic year

Executive Summary:

This Mayoral Decision (MD) seeks the Mayor's approval for the approach to the reconciliation of the Adult Education Budget (AEB) for the 2020-21 academic year. The decision confirms the outturn funding arrangements for AEB Grant funded providers and AEB Procured providers for the academic year August 2020 to July 2021. The decision also sets out the arrangements for the 2021-22 performance point review of AEB Procured providers.

Decision:

That the Mayor:

- i approves the approach to the reconciliation of Adult Education Budget (AEB) Grant funded providers for the 2020-21 academic year, including the National Skills Fund (NSF)
- ii approves the approach to reconciliation of funding for the AEB Procured providers for the 2020-21 academic year
- iii approves the arrangements for the 2021-22 performance point review for AEB Procured providers
- iv notes that further decisions relating to the AEB reconciliation for the 2020-21 academic year that fall within the scope of this decision can be made by the Mayor at future AEB Mayoral Board meetings, in line with the provisions set out in [MD2736 – Changes to AEB Decision-Making](#).

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:

8/12/21

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

Decision required – supporting report

1. Introduction and background

- 1.1. Annually the GLA undertakes a reconciliation process of AEB funded delivery following the receipt of Final Funding Claims. This MD seeks approval of the approach to be taken to the reconciliation for the period from 1 August 2020 to 31 July 2021 for the AEB Grant Funded and Procured provision.
- 1.2. The teaching year 2020-21 was significantly disrupted by the Covid-19 pandemic and the closure of education facilities in the spring term as part of the lockdown measures to address the second wave of the pandemic. This closure and the system of tiered restrictions prior to lockdown impacted significantly on the scope for providers to enrol and teach learners where a physical presence in the classroom or a training setting was required.
- 1.3. This MD seeks approval of outturn funding adjustments to AEB Grant-funded providers and AEB Procured providers based on the outcome of the reconciliation process proposed for the 2020-21 academic year.
- 1.4. The Mayor approved changes to the AEB decision-making arrangements to streamline the existing process and reduce the number of decisions that must be reviewed by the Mayor twice, under cover of [MD2736](#) in March 2021. In so doing the Mayor approved that certain AEB decisions may be approved by the Mayor at the AEB Mayoral Board meetings. This included decision-making that falls within the scope of any MD form setting the strategic direction or Mayoral priorities (and where these do not affect the basis of the original decision) and/or where a decision is not, according to the rules set out in 'Mayoral Decision-Making in the GLA', reserved to the MD process.
- 1.5. Further decisions related to the AEB reconciliation for the 2020-21 academic year, i.e. those that fall within the scope of this MD, can be made by the Mayor at future AEB Mayoral Board meetings, as long as they (a) are not matters that are reserved to the MD form process according to the rules in the Mayoral decision-making protocol and AEB governance documentation, or (b) do not require amendments to any recommendations made in this MD, which would be automatically referred to an MD form and submitted through the usual processes once the changes had been made. Where proposed changes result in fundamental changes to the decisions agreed in this form, these will be brought back for approval under a new MD form.
- 1.6. The decisions set out in this form were considered by the AEB Mayoral Board on 30 November 2021.

2. Objectives and expected outcomes

Reconciliation of AEB Grant-funded providers

- 2.1. In recognition of the funding impact on the delivery of adult education and to support funding stability in the sector, the Mayor approved revised reconciliation arrangements for AEB Grant-funded providers under cover of MD2763 – AEB Allocations and Funding Arrangements.
- 2.2. The GLA received Final Funding Claims from Grant-funded providers by 5 November 2021. The associated final Individualised Learner Record (ILR) data return (R14) was reviewed and the outturn position proposed for each provider is set out at Appendix A.
- 2.3. In line with the arrangements approved under cover of MD2763, the AEB Grant-funded provider reconciliation, the reconciliation will be applied as follows:

- 2.3.1. Following a receipt of the final funding claims information, to apply a final performance threshold for 2020-21 of 90 per cent, which compares to an actual performance of 87%. MD2763 set out that a lower threshold may be applied to recognise the exceptional circumstances arising from the pandemic in 2020-21.
- 2.3.2. Providers were invited to submit a business case to the GLA in July 2021, where their funding performance was below the threshold of 90 per cent. The GLA issued a standard business case form to be completed by providers, identifying the costs of delivery, where it was not possible to deliver provision and claim funding at the level planned because of Covid-19. Based on the above threshold at paragraph 2.3.1, there are 23 business case returns from providers in this category with a value of £11.5m, of which details are set out at Appendix A.
- 2.3.3. Providers with unspent Covid-19 Skills Recovery funding allocations were invited to make a carry-over request to enable the funding to be made available for delivery in 2021-22. The GLA received 43 requests from providers with a value of £6.2m. Details of the requests are set out at Appendix B.
- 2.3.4. Providers that over-performed (above 100 per cent of their adult skills allocations and the Covid-19 Skills Recovery allocations) were identified through the Final Claim process. There were 13 providers in the category with a total additional funding value of £142K. It is proposed that this over-performance is funded and that 2020-21 allocations for those providers in scope are adjusted the same amount to consolidate.
- 2.3.5. NSF allocation funded delivery by each provider was reconciled based on the performance threshold of 97 per cent. Details of the provider performance are set out in Appendix C, with overall delivery of £685k. There were six providers that over-performed against their NSF allocation and it is proposed that the over-performance of £79k is paid in full. In line with national arrangements, the GLA will report performance to the Department for Education (DfE) to inform future NSF budget allocations for London and the return of unspent funds.
- 2.3.6. Covid-19 Response Fund Strand 1 allocations were reconciled in line with the arrangements for the programme. Details of the recommended funded outturns are set out at Appendix D. There were five providers that over-performed, and it is proposed that over-performance of £90k is funded up to the value of any first year under delivery for the two-year programme. The total Response Fund Strand 1 delivery for 2020-21 was £2.243m.
- 2.4. In line with the national sector accounting arrangements, the GLA will issue reconciliation statements to providers in December 2021 to enable the funding to be included in the financial statements process for each organisation. Providers will have a final opportunity by the end of December 2021 to raise any exceptional businesses cases in respect of the final reconciliation statement. The GLA will consider any subsequent adjustments in line with the thresholds set out in the AEB Assurance Framework and these will be reported to the AEB Mayoral Board.

Reconciliation of AEB Procured Programme

- 2.5. AEB Procured provider delivery for 2020-21 was reviewed following receipt of the Final Claim, ILR R14 data return and Supplementary Data returns received by 5 November 2021. The GLA reviewed the data received and applied adjustments where funding errors were identified.
- 2.6. Prior to the receipt of final data, the GLA undertook compliance sample checking with the support of audit firms in respect of the European Social Fund (ESF) match funding claim for AEB Procured delivery. Under the approach, the GLA seeks to review 10 per cent or a maximum of 15 files per quarter, which are selected on a random basis. Where identified, providers were asked to amend returns to address errors arising from the compliance and audit process. Subsequent ESF match funding claims by the GLA will be adjusted for any data issues identified.

2.7. The AEB Procured provider reconciliation will be applied as follows:

2.7.1. Where providers delivered above 100 per cent of their contract profile for 2020-21, over-delivery will be paid. There were 15 providers that over-performed with funding total funding value of £937k. In each case, the provider contract value for 2021-22 and 2022-23 will be reduced by the value of over-payment. Details of provider delivery against contract are set out at Appendix E.

2.7.2. Where providers delivered below their contract profile for 2020-21, the value of this under-performance will be removed from the total four-year overall contract value. This approach has been adopted because providers reprofiled their contract delivery in May 2021 to take account of the pandemic, and therefore, it is considered that contracts have already recently seen performance adjustments applied. Details of provider delivery against contract are set out at Appendix E.

2.8. The GLA will issue reconciliation statements to providers in December 2021. Funding will be adjusted in GLA OPS (or by way of written variation where necessary) according to the outturn position set out above. Providers will have a final opportunity by the end of December 2021 to raise any exceptional businesses cases in respect of the final reconciliation statement. The GLA will consider any subsequent adjustments in line with the thresholds set out in the AEB Assurance Framework and these will be reported to the AEB Mayoral Board.

2.9. The GLA will review the 2021-22 performance data shown in the ILR R04 and Supplementary Data return. Providers delivering above 90 per cent of their contract and funding targets will be invited to submit a growth request for an increase of up to 10 per cent of their original contract value. Such requests will be considered in line with the thresholds set out in the AEB Assurance Framework and reported to the AEB Mayoral Board as required. In addition, the GLA will review under-performance and consider whether contracts require a reduction to better reflect the level of delivery.

3. Equality comments

3.1. Under Section 149 of the Equality Act 2010, as public authorities, the Mayor and the GLA must have 'due regard' to the need to:

- eliminate unlawful discrimination, harassment and victimisation
- advance equality of opportunity and foster good relations between people who have a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation) and those who do not.

3.2. The implementation of the reconciliation approach ensures that funds are paid to providers to support delivery in 2020-21 and therefore contributes to the funding stability of the adult education sector in London, which was impacted adversely by the Covid-19 crisis. The sector engages a significant proportion of 19-year olds and above learners with protected characteristics including female learners, learners from Black, Asian and minority ethnic communities, and disabled learners. The arrangements will ensure that provision for adult learners is appropriately funded for 2020-21 and 2021-22 where adjustments apply.

4. Other considerations

Links to Mayoral Strategies and priorities

4.1. The interventions proposed in this MD align with the commitments made to support providers through the challenging period of Covid-19 closures. Ensuring financial stability of the

AEB provider base is important to support the achievement of Mayoral priorities relating to London's Recovery Programme.

Risks arising/mitigation

4.2. The key risks are:

- *Clawback of funding through reconciliation processes may lead to provider instability.* The revised approach to reconciliation in 2020-21 approved under MD2763 was designed with the intention of supporting the financial stability of providers during the period of closures caused by Covid-19. The recovery of funding arising from this process will be discussed with providers in scope.
- *Risk to future funding if providers retain allocation despite significant underspends.* The DfE has not indicated that devolved or delegated AEB allocations made to Mayoral Combined Authorities or the GLA would be reduced in the light of underspends. In addition, such underspend may give rise to concerns about value for money. However, it should be noted that the approach to reconciliation adopted by the DfE/the Education and Skills Funding Agency mirrors that of the GLA and addresses the significant disruption arising from the pandemic.

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. Approval is sought for the proposed approach to the reconciliation of funding relating to 2020-21 academic year for AEB grant providers and AEB procured providers. There are no direct financial implications to the GLA arising from the proposed approach. Any additional costs arising from the proposed approach will be contained within the ring-fenced AEB for the 2020-21 and 2021-22 academic years. Any clawback of funding recovered through the reconciliation process, will revert to the ring-fenced AEB.

6. Legal comments

6.1. Section 39A of the Greater London Authority Act 1999 permits the delegation of ministerial functions to the Mayor, subject to certain limitations and conditions. This forms the basis of the delegation to the Mayor of AEB functions from the Secretary of State for Education. A particular limitation of the delegation is that the usual power of delegation by the Mayor is not available in respect of s39A delegated functions.

6.2 In taking the decisions requested, the Mayor must have due regard to the Public Sector Equality Duty – namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion) 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 If the Mayor makes the decisions sought officers must ensure, to the extent that the approach to reconciliation proposed involves a departure from or changes to that set out in the relevant agreements or funding rules, that the agreements and funding rules are varied accordingly.

7. Planned delivery approach and next steps

7.1. Next steps are set out below:

Activity	Timeline
2020-21 Reconciliation statements issued to providers	December 2021
2021-22 Funding allocation variations issued where required	December 2021
2021-22 AEB Procured performance point review	January 2022

Appendices and supporting papers:

- **Appendix A:** Outcome of 2020-21 AEB Grant funded provider reconciliation process
- **Appendix B:** Outcome of the Covid-19 Skills London Recovery carry-over request process
- **Appendix C:** Outcome of the National Skills Funding reconciliation process
- **Appendix D:** Outcome of the Covid-19 Response Fund Strand 1 reconciliation process
- **Appendix E:** Outcome of the 2020-21 AEB Procured provider reconciliation process

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:

This MD will be deferred from publication until June 2022. Deferring publication will allow for distribution of provider reconciliation statements and consideration of any queries raised by providers.

Until what date: 1 June 2022

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 – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Chris Wright has drafted this report in accordance with GLA procedures and confirm the following:

✓

Sponsoring Director:

Sarah Mulley/Halima Khan 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 6 December 2021.

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date

D. Gove

6/12/21

CHIEF OF STAFF:

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

Signature

Date

D. Bellamy

6/12/21

