

GREATER **LONDON** AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3147

Adult Education Budget (AEB) Policy Changes and Changes to the AEB Funding and Performance Management Rules for Grant-Funded Providers 2023-24

Executive summary:

This Mayoral Decision (MD) form sets out proposed Adult Education Budget policy changes and subsequent changes to the GLA's 'AEB Funding and Performance Management Rules for Grant-Funded Providers' (the "GLA AEB Grant Funding Rules") document for the 2023-24 academic year. The measures introduced will help mitigate the impact of the rising cost of delivery for providers, and support learners progress into employment or higher levels of education. Full details are set out at Appendix A and the measures include:

- making EEA/Swiss "frontier workers" eligible for funding
- the introduction of funding for work placement and work experience learning aims
- increasing the London Factor to 15 per cent
- allowing GLA funded providers the flexibility to deliver up to 50 per cent of their Level 3 Free Courses for Jobs (FCFJ) allocation on qualifications that are not part of the national offer.

Decision:

That the Mayor approves:

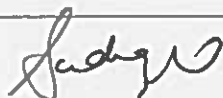
- i. revising AEB residency requirements so that EEA/Swiss "frontier workers" (those who work in the UK but formally reside in another EU country) are eligible for funding
- ii. to fund, under GLA AEB arrangements, work preparation learning aims and work placements for 19 to 24 year olds
- iii. an increase to the uplift (London Factor) to the weighted funding rate from 13.5 per cent to 15 percent for academic year 2023-24 only
- iv. the revisions to the AEB Grant Funding Rules relating to job outcome payments under the Mayor's Skills Academy programme
- v. proposals to allow providers to use up to 50 per cent of their Free Courses for Jobs (FCFJ) allocation to deliver qualifications not part of the national offer, whilst also expanding the list of qualifications funded under the GLA's regional Level 3 flexibility.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

25/7/23

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

Decision required – supporting report

1. Introduction and background

- 1.1. The GLA published its draft version of the 2023-24 Grant Funding Rules in April 2023. The main changes to the rules from 2022-23 were the introduction of clauses relating to the Jobs and Skills for Londoners Fund (JSFL), delivery of which will begin in August 2023.
- 1.2. Subsequently, the Employment & Skills Funding Agency (ESFA) published the latest version of its draft AEB Funding Rules for the 2023-24 academic year and has made changes to its residency requirements.
- 1.3. From August 2023, the Department for Education (DfE) will no longer fund the delivery of Traineeships through a standalone national programme. London's share of traineeship funding has been added to the GLA's 2023-24 AEB allocation.
- 1.4. The ESFA has incorporated the core elements of the traineeship programme into the national AEB programme. The GLA has the option to align itself with this policy for the 2023-24 academic year.
- 1.5. In the 2021-22 academic year, the GLA introduced a 'London Factor' of 10 per cent to the weighted base rate of all AEB-fundable qualifications up to and including Level 2. This was further increased to 13.5 per cent for the 2022-23 academic year.
- 1.6. The ESFA notified the GLA and Mayoral Combined Authorities (MCAs), that from 1 April 2023, they will have more flexibility to deliver Free Courses for Jobs provision that is not currently part of the national offer.

2. Objectives and expected outcomes

Residency requirements

- 2.1. For the 2023-24 academic year, the ESFA has revised the national AEB Funding Rules to make EEA/Swiss "frontier workers" (those who work in the UK but formally reside in another EU country) eligible for funding. To align itself with the ESFA, the GLA will reflect this change in its 2023-24 GLA AEB Funding Rules. This addition will further increase the accessibility of the AEB in London.

Funding of work placement and work experience learning aims

- 2.2. The national traineeship programme¹ is to conclude at the end of the 2022-23 academic year, with continuing learners to be funded by the ESFA only. The circa £2m London traineeship budget (for 19-24-year-old learners) has subsequently been incorporated into the GLA's AEB allocation.
- 2.3. Under the national programme, eligible learners were funded to undergo work preparation training and those aged between 19 and 24 could also partake in work placement opportunities. From the start of the 2023-24 academic year, the ESFA will fund the aforementioned components of what was the national traineeship programme under its non-devolved AEB arrangements.
- 2.4. In line with the Mayor's commitment to help Londoners move into good work, the GLA will also fund work preparation and work placements for 19 to 24 year-old learners learning aims under GLA AEB arrangements.

¹ A traineeship is a skills development programme that includes a work placement. It can last from six weeks up to one year, though most traineeships last for less than six months. Traineeships help 16 to 24 year olds - or 25 year olds with an education, health and care (EHC) plan - get ready for an apprenticeship or job if they do not have the appropriate skills or experience.

- 2.5. Any learner enrolled on a work preparation or work placement learning aim will also need to be concurrently enrolled on an Adult Skills core offer funded learning aim. This is to ensure participants receive the wraparound support to move into employment.
- 2.6. This will be a transitional offer for the 2023-2024 academic year. A review will be undertaken as to how the offer operates to decide its future prior to the 2024-2025 academic year.

London Factor increase

- 2.7. The London Factor uplift was introduced in the 2021-22 academic year (MD2764) in recognition that funding rates had not been increased for 10 years and were no longer fit for purpose in London. The aim was to enable providers to better support the progression of Londoners from lower levels to Level 3 and beyond. The uplift was set as an additional 10 per cent of funding applied to the weighted funding rate for courses at Level 2 and below to recognise the additional costs of supporting learners in London.
- 2.8. Since the London Factor was introduced, it is recognised that the costs of delivery have continued to increase because of the financial pressures facing the skills sector such as inflation, energy costs, National Insurance and pension contributions. The London Factor was therefore increased to 13.5 per cent for the 2022-23 academic year (MD3016).
- 2.9. To support providers with the continued increase in the costs of delivery, the London Factor will be increased to 15 per cent for the 2023-24 academic year.
- 2.10. The ESFA will be refreshing the national funding rates in time for the 2024-25 academic year. This is likely to increase the average weighted funding rates of AEB fundable qualifications.
- 2.11. In light of the potential increase to the national funding rates, the London Factor uplift will need to be reviewed and revised prior to the start of the 2024-25 academic year. Therefore the 15 per cent uplift will only be in effect for the 2023-24 academic year.

Mayor's Skills Academy job outcome payments

- 2.12. The Mayor's Skills Academies (MSA) programme (MD2846) was launched in 2021. It is designed to help address skills shortages in sectors key to London's recovery and support Londoners most affected by the pandemic into good work.²
- 2.13. Providers under the programme who also hold an AEB agreement with the GLA can claim job outcome payments. Job outcome payments can be claimed when a learner who is either not in employment and/or was outside of benefit arrangements or was in work that did not meet the definition of good work upon their enrolment to an adult-skills funded (Funding Model 35) learning aim, subsequently moves into good work.
- 2.14. The GLA AEB Grant Funding Rules will be updated to reflect the above condition, providing clarity that a learner does not necessarily need to be unemployed for a good work job outcome to be realised.

Free Courses for Jobs – expansion of qualifications funded under regional Level 3 flexibility

- 2.15. In March 2023, the ESFA confirmed in writing that from 1 April 2023 the GLA has the flexibility to use up to 50 per cent, up from 20 per cent, of its Level 3 FCFJ budget to fund qualifications which are not part of the national offer.
- 2.16. This change to the GLA arrangements will be reflected in the GLA AEB Grant Funding Rules from the start of the 2023-24 academic year, enabling GLA funded providers to utilise the 50 per cent

² Good work is employment, an apprenticeship or a paid supported work placement that is expected to last at least four weeks; pays a basic salary of at least the London Living Wage; is for a minimum of 16 hours per week and does not involve the use of zero-hours contracts.

flexibility and deliver a greater variety of qualifications. The GLA will also look to expand the list of qualifications on its Level 3 regional flexibility list.

- 2.17. Introducing these further flexibilities will give learners the academic experience they need to enter higher education, with most courses requiring Level 3 qualifications as a minimum entry requirement. They are also linked to better employment outcomes and higher earnings. This also benefits London's labour market and economy, with more people having the skills to succeed in the workplace and take on more specialised roles.
- 2.18. Further details on the changes to the 2023-24 GLA's AEB Grant Funding Rules can be found at Appendix A. The relevant changes to the AEB GLA Grant Funding Rules for 2023-24 academic year will be implemented accordingly into the AEB GLA Funding Rates and Formula document.

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 form, 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. Decisions on changes to GLA AEB Grant Funding Rules are considered under the framework set out in the [Skills for Londoners Roadmap](#) – published in January 2022. The Equality Impact Assessment of the Roadmap can be found [here](#).
- 3.6. The updates to the Rules align with the aims of the Roadmap, ensuring skills provision is locally relevant – developing a more integrated skills and employment system, meeting the needs of businesses and employers, and fostering learning that supports progression. The changes will also increase the accessibility of the AEB in London, providing a greater range of learning options for prospective participants, including those with protected characteristics.
- 3.7. The impact of the changes to the funding rules will be monitored under existing processes in place for AEB in London. AEB providers submit learner level data throughout the academic year, enabling officers to analyse participation and achievement rates of those learners with protected characteristics. Furthermore, the Mayor rolled out the London Learner Survey (LLS) in the 2021-22 academic year ([MD2652](#)). The LLS, data from which includes details on any protected characteristics a learner may have, allows the GLA to measure the economic and social impact of AEB in London, including the impact of any changes made to the GLA AEB Grant Funding Rules.

4. Other considerations

Key risks and issues

- 4.1. The GLA could see an increase of claims made for delivery that was previously out of scope for AEB funding. The GLA AEB Grant Funding Rules will provide clarification that any use of work preparation and work placement learning aims must be part of a broader offer similar to that seen under the national traineeship programme. The funding of work preparation and work placement learning aims will be kept under review. If it is evident that a significant amount of AEB funding is being directed towards these learning aims, then the Mayor, via the AEB Mayoral Board, may be asked to consider whether to withdraw the funding of them prior to the 2024-25 academic year.
- 4.2. Increasing the London Factor from 13.5 to 15 per cent could result in a reduction in adult skills learning aim enrolments. This is because, compared to previous academic years, providers will not need to deliver as many learning aims before utilising their full GLA AEB allocation. However, the cost of delivering education to adults continues to rise and an increase to the London Factor will support the stability of the GLA AEB provider base and the learning offer for Londoners.

Links to Mayoral strategies and priorities

- 4.3. The changes set out in this MD align with the Mayor's commitment, as outlined in the Skills Roadmap for London, to support Londoners to progress – either into higher levels of education or into 'good work'.

Conflicts of interest

- 4.4. 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. Approval is being sought for the proposed changes to the "GLA AEB Grant Funding Rules" document for the 2023-24 academic year. The measures introduced will help mitigate the impact of the rising cost of delivery for providers and support learners progress into employment or higher levels of education.
- 5.2. Full details are set out at Appendix A which includes that the Mayor approves:
- revising AEB residency requirements so that EEA/Swiss "frontier workers" (those who work in the UK but formally reside in another EU country) are eligible for funding
 - to fund, under GLA AEB arrangements, work preparation learning aims and work placements for 19 to 24 year olds
 - an increase to the uplift (London Factor) to the weighted funding rate from 13.5 per cent to 15 percent for academic year 2023-24 only
 - the revisions to the AEB Grant Funding Rules relating to job outcome payments under the Mayor's Skills Academy programme
 - proposals to allow providers to use up to 50 per cent of their Free Courses for Jobs (FCFJ) allocation to deliver qualifications that are not part of the national offer, whilst also expanding the list of qualifications funded under the GLA's regional Level 3 flexibility.
- 5.3. This will be funded and contained 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, 90 and 100 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, subject to certain conditions. 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 by the Secretary of State 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. In taking the decisions requested, the Mayor must have due regard to the Public Sector Equality Duty set out in section 149 of the Equality Act 2010. The Mayor should have particular regard to section 3 (above) of this report in relation to his obligations under section 149.
- 6.4. Should the Mayor be minded making the decisions sought, officers must ensure that the changes are published and communicated clearly to providers and no reliance is placed upon nor commitments made until all necessary budgets are approved to enable such reliance and/or the making of such commitments.

7. Planned delivery approach and next steps

- 7.1. The activities and timeline is as follows:

Activity	Timeline
Publication of the final 2023-24 GLA AEB Grant Funding Rules	July 2023
Publication of the final 2023-24 GLA AEB Funding Rates and Formulas	July 2023
2023-24 academic year delivery start date	1 August 2023

Appendices and supporting papers:

Appendix A – Table of changes to GLA AEB Grant Funding and Performance Management Rules 2023-24

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 – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to
confirm the
following (✓)

Drafting officer:

Harry Sanders 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

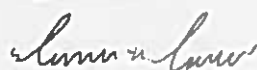
This decision was agreed by the Corporate Investment Board on 17 July 2023

✓

INTERIM CHIEF FINANCE OFFICER:

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

Signature



Date

17 July 2023

CHIEF OF STAFF:

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

Signature



Date

17 July 2023

