

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3191

Title: Adult Education Budget Reconciliation 2022-23

Executive summary:

This Mayoral Decision (MD) seeks the Mayor's approval for the approach to be taken to the reconciliation of the Adult Education Budget (AEB) and Free Courses for Jobs (FCfJ) funding for the 2022-23 academic year. The approach confirms the outturn funding position for: AEB and FCfJ grant-funded providers; Good Work for All (GWfA) providers; and AEB procured providers for the academic year running from August 2022 to July 2023.

Decision:

That the Mayor approves:

- the approach to the reconciliation of Adult Education Budget (AEB) grant-funded providers for the 2022-23 academic year, including Free Courses for Jobs funding
- the approach to reconciliation of funding for the Good Work for All providers for the 2022-23 academic year
- the approach to reconciliation of funding for the AEB procured providers for the 2022-23 academic year.

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:

20/12/23

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

Decision required – supporting report

1. Introduction and background

- 1.1 Adult Education Budget (AEB) funded delivery is reconciled annually following the receipt of final data returns from providers. For the 2022-23 academic year, the final claim and supplementary data return date was 2 November 2023. These returns form the basis for the reconciliation process.
- 1.2 This Mayoral Decision (MD) seeks approval of outturn funding adjustments to AEB grant-funded providers, Good Work for All (GWfA) providers and AEB procured providers based on the outcome of the reconciliation process proposed for 2022-23.
- 1.3 Across the 2022-23 academic year, 230,000 learners received GLA AEB or FCfJ funding, enrolling on 487,000 learning aims. This was an increase of four per cent and five percent respectively on the 2021-22 academic year.

2. Objectives and expected outcomes

Reconciliation of AEB and Free Courses for Jobs (FCfJ) grant-funded providers

- 2.1 The deadline for receipt by the GLA of final funding claims from grant-funded providers was 2 November 2023. The associated final Individualised Learner Record (ILR) data returns (R14) were reviewed, and officers applied adjustments where funding errors were identified. The outturn position proposed for each provider is set out at Appendix A.
- 2.2 The AEB and FCfJ grant reconciliation is applied as follows:
 - following receipt of the final funding claim information, as per the GLA AEB Grant Funding Rules, to set a final AEB performance threshold for 2022-23 of 97 per cent
 - ring-fenced reconciliation of FCfJ delivery between 1 August 2022 and 31 July 2023 set at a 97 per cent performance threshold
 - funding over-performance for AEB provision where performance is above 100 per cent and up to 103 per cent, as per the 2022-23 AEB grant funding rules
 - funding over-performance for AEB provision where performance is above 103 per cent and up to 106 per cent, subject to budget availability
 - funding over-performance for FCfJ provision where performance is above 100 per cent and up to 110 per cent, as per the 2022-23 AEB grant funding rules
 - funding over-performance for FCfJ provision where performance is above 110 per cent, subject to budget availability.
- 2.3 In line with the national sector accounting arrangements, the GLA will issue reconciliation statements to providers in December 2023 to enable the funding to be included in the financial statements process for each organisation.
- 2.4 Against a total of £282.9m AEB grant allocated funding in London, providers delivered £288.3m, giving an overall performance of 102 per cent which is largely due to the GLA AEB flexibilities such as the London Factor, the GLA Level 3 and 4 flexibilities and the 10 per cent non-formula funded flexibility. Factoring in performance thresholds and payment for over-delivery, an additional £4.6m of AEB grant funding will be paid to providers for 2022-23 academic year delivery.

- 2.5 Against a total of £15.8m FCfJ grant allocated funding in London, providers delivered £10.2m, giving an overall performance of 64 per cent which represents 8 per cent increase compared to 2021-22 academic year and is largely due to the introduction of the GLA FCfJ regional flexibility. Factoring in performance thresholds and payment for over-delivery, a total of £5.7m FCfJ funding will be reconciled for 2022-23.

Reconciliation of the Good Work for All programme

- 2.6 The deadline for receipt by the GLA of final funding claims from GWfA grant-funded providers was 2 November 2023. The associated final ILR data return (R14) was reviewed, and officers applied adjustments where funding errors were identified. The outturn position proposed for each provider is set out at Appendix B.
- 2.7 The reconciliation of funding for the GWfA programme, both AEB and FCfJ grant, is applied as follows:
- following receipt of the final funding claim information, for providers delivering performance below 100 per cent, ring-fenced reconciliation will apply based on actual performance
 - funding over-performance for GWfA AEB provision where performance is above 100 per cent and up to 106 per cent, subject to budget availability
 - funding over-performance for FCfJ provision where performance is above 100 per cent
- 2.8 The over-performance is funded by excess AEB and FCfJ funds as appropriate. There will be no virement between funding streams.
- 2.9 In line with the national sector accounting arrangements, the GLA will issue reconciliation statements to providers in December 2023 to enable the funding to be included in the financial statements process for each organisation.
- 2.10 Against a total of £11.1m GWfA AEB allocated funding in London, providers delivered £10.5m, giving an overall performance of 95 per cent. Factoring in performance thresholds and awarding over-delivery, a total of £1.2m GWfA AEB grant funding will be unused from 2022-23.
- 2.11 Against a total of £8m GWfA FCfJ allocated funding in London, providers delivered £5.25m, giving an overall performance of 66 per cent. Factoring in performance thresholds, a total of £2.75m GWfA FCfJ funding will be unused funding for 2022-23.

Reconciliation of AEB procured programme

- 2.12 AEB procured provider delivery for 2022-23 was reviewed following receipt of the final claim; ILR R14 data return and supplementary data returns were received by 2 November 2023, and officers applied adjustments where funding errors were identified. The outturn position proposed for each provider is set out at Appendix C.
- 2.13 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 claims for AEB procured delivery. Under the approach, the GLA seeks to review 10 per cent of files (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 were adjusted to take account of any data issues identified.
- 2.14 The AEB Procured provider reconciliation is proposed to be applied as follows:
- following receipt of the final funding claim information, for providers delivering performance below 100 per cent, ring-fenced reconciliation will apply based on actual performance

- over-performance for AEB procured provision funded where performance is above 100 per cent and up to 110 per cent of a provider's original lifetime contract value, as per the contractual terms and subject to budget availability.

- 2.15 Against a total of £33.8m AEB procured allocated funding in London, providers delivered £30m giving an overall performance of 89 per cent. Factoring in performance thresholds and awarding over delivery, a total of £4.3m AEB procured funding will be unused from 2022-23.
- 2.16 The GLA will issue reconciliation statements to providers in December 2023. Funding will be adjusted in the GLA Open Projects System (OPS) according to the outturn position set out above.
- 2.17 All providers across the three programmes will have a final opportunity by the end of December 2023 to raise any exceptional businesses cases in respect of the final reconciliation statement.
- 2.17 The GLA will consider any subsequent adjustments and these will be reported to the AEB Mayoral Board for noting or decision as required as permitted under the 'Schedule of AEB Matters Reserved to the Mayor' and the 'schedule of officer responsibilities' in the AEB Assurance Framework.

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 In determining the GLA's reconciliation approach for 2022-23, due consideration was given to its impact on learners with protected characteristics. The proposed approach to use a consistent process for all providers will ensure consistency in our reconciliation approach. This approach means that no groups of learners should be disadvantaged as funding will continue in line with prior actual delivery.
- 3.4 The aim of the AEB and the ESF is to improve opportunities for people who are disadvantaged in the labour market. Many potential AEB participants have protected characteristics listed above. The GLA's AEB provision will support a range of groups, particularly the most disadvantaged people not currently receiving sufficient support into employment or education. These include young adults who are not in education, employment, or training; people without basic skills; and people who are workless. It will also support Londoners in low-paid/low-skilled jobs.

4. Other considerations

Links to Mayoral strategies and priorities

- 4.1 The interventions proposed in this MD align with the approach outlined in the [AEB Funding Rules](#) (which are incorporated within each of the agreements with grant-funded and procured providers), approved by the Mayor through [MD3016](#). Ensuring that reconciliation processes align to published rules provide stability for the AEB provider base.

- 4.2 The [Skills Roadmap for London](#) sets out how the Mayor plans to ensure London's skills offer better serves London's communities and economies. The approach to 2022-23 AEB reconciliation is aligned to the priorities in the Roadmap and continues to support London's skills providers to deliver training that will help learners move into and progress in London's labour market.
- 4.3 In his [Equality, Diversity and Inclusion strategy](#) published in 2018, the Mayor set out how all his policies and programmes will help to create a fairer and more inclusive city where all people feel welcome and able to achieve their full potential. Delivery of the AEB takes this into consideration and seeks assurances from providers that they will support this ambition.

Risks arising/mitigation

- 4.4 Should an organisation consider there to be errors with the reconciliation statements based on our latest approach, providers will be given the opportunity to submit clarification requests for GLA review where they believe errors have been made.
- 4.5 The GLA only funds provider overperformance up to the thresholds set out in 2.2, 2.7 and 2.14. The GLA AEB Funding Rules state that, for AEB Grant providers, GLA will only fund overperformance up to 103 per cent. It is also stated in the rules that the GLA will only fund GWfA and AEB Procured delivery up to the maximum value of a provider's grant/contract. Funding any additional overperformance above the thresholds set out in the GLA AEB Funding Rules will be subject to budget availability.
- 4.6 There are no conflicts of interest to declare from those involved in the drafting or clearance of this decision.
- 4.7 This decision was considered by the AEB Mayoral Board on 5 December 2023.

5. Financial comments

- 5.1 This decision seeks approval for the following:
- the approach to the reconciliation of the Adult Education Budget (AEB) grant funded providers including Free Courses for JobsFCFJ funding for the 2022-23 academic year
 - the approach to the reconciliation of the GWfA providers for the 2022-23 academic year
 - the approach to the reconciliation of the AEB Procured providers for the 2022-23 academic year.
- 5.2 The AEB funded delivery is reconciled annually following the receipt of final data from providers. The 2022-23 final claim and supplementary data returned in November 2023 forms the basis for the reconciliation process.
- 5.3 Any AEB amount recovered through the reconciliation process can be used for the delivery of AEB programmes in future years however any FCFJ funding recovered will be returned to the Department of Education (DfE).
- 5.4 If these adjustments do occur, they will be contained in the overall AEB budget.
- 5.5 The proposed AEB and FCFJ grant reconciliation is applied as per paragraph 2.2 above and broken down in Appendix A. Following the AEB and FCFJ reconciliation of grant funding allocated to providers compared to delivery by the providers, a net of £4.6m additional AEB grant funding will be paid to providers for 2022-23 academic year and £5.7m FCFJ funding will be recovered from providers for 2022-23.
- 5.6 The proposed reconciliation of funding for the GWfA programme is applied as per paragraph 2.7 and broken down in Appendix B. The result of the reconciliation exercise is that a total of £1.2m GWfA

AEB grant funding will be reduced for 2022-23 and a total of £2.75m GWfA FCFJ funding will be reduced for 2022-23.

5.7 The AEB procured provider reconciliation is applied as per paragraph 2.14 above and is broken down in Appendix C. Following this reconciliation exercise, payment to be made for AEB procured contracts in total for 2022-23 is £4.3m less than the original allocated funding.

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 section 39A 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, sex, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) 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 three (above) of this report.

6.3 Should the Mayor choose to make the decisions sought officers must ensure that the reconciliation and adjustments proposed (and any such further reconciliations resulting from the 2022-23 performance review):

- align with those set out in all applicable funding rules and agreements are documented in accordance with the provisions of the agreements with the providers concerned
- the agreements in question are varied (in GLA OPS or in writing as applicable) before any commitment is made or any reliance is placed upon the new figures, profiles and related details where necessary.

7. Planned delivery approach and next steps

7.1. The next steps are set out below:

Activity	Timeline
2022-23 Reconciliation statements issued to providers	December 2023
Clarification requests from providers on potential reconciliation errors	December 2023/January 2024

Appendices and supporting papers:

- Appendix A – Outcome of the 2022-23 AEB grant-funded provider reconciliation process
- Appendix B – Outcome of the 2022-23 GWfA provider reconciliation process
- Appendix C – Outcome of the 2022-23 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: It is proposed to defer publication of the MD and its appendices until April 2024 as it contains information intended for publication at a later date. Deferring publication will allow for distribution of provider reconciliation statements and consideration of any queries raised by providers.

Until what date: 30 April 2024.

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 confirm 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.

✓

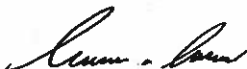
Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 18 December 2023.

✓

INTERIM CHIEF FINANCE OFFICER:

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

Signature:

Date:

18/12/2023

CHIEF OF STAFF:

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

Signature:

Date:

18/12/2023

