



Department
for Education

The Rt Hon S Khan
Mayor of London
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London
E16 1ZE

Department for Education
Sanctuary Buildings
Great Smith Street
London
SW1P 3BT
Tel: 0370 000 2288
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Date: 24 March 2022

Dear Mayor Khan,

Re: Grant Determination (Ring-Fenced) Letter for Free Courses for Jobs (Level 3 Adult Offer) (DfE Grant Reference: L3AO-22-23)

This Determination is made between:

- (1) **The Secretary of State for Education** and
- (2) **The Mayor of London**

This letter confirms the amount of ring-fenced funding to be transferred in the financial year (FY) 2022-23 (1 April 2022 to 31 March 2023) for the delivery of the Level 3 Free Courses for Jobs (which is also known as the Level 3 adult offer) in your devolved area. It also sets out the conditions that the ring-fenced funding comes with.

Payment arrangements

You will receive your FY 2022-23 payment by mid-April 2022. The payment is in addition to the annual Delegated Adult Education Budget (AEB) for the FY 2022-23, which has been communicated separately.

We are providing this grant as a ring-fenced transfer under Section 39A of the Greater London Authority Act 1999. We have copied this grant letter to the Chief Finance Officer of the Greater London Authority for information.

Grant Conditions

Annex B sets out the grant conditions that apply to the ring-fenced funding.

Enquiries

Please contact adult.skillsdevolution@education.gov.uk for further information.

Signed by authority of the Secretary of State for Education,

A handwritten signature in black ink, appearing to read 'Bo Emecheta', written in a cursive style.

Bo Emecheta
Deputy Director
Further Education Funding
Labour Market Skills and Funding Directorate

FY 2022-23: Level 3 Free Courses for Jobs Funding Transferred to Specified Mayoral Combined Authorities and the Greater London Authority

Combined Authority	Apr-Jul 2021 remaining funding rolled over to Apr-Jul 2022 ¹	AY 2021/22	AY 2022/23		
		FY 2022-23 Payment			FY 2023-24 Payment ²
		Apr 2022 to Jul 2022	Aug 2022 to Mar 2023	Total	Apr 2023 to Jul 2023
Cambridgeshire and Peterborough ³	£152,676	£55,730	£746,227	£954,632	£248,742
Greater London Authority (on behalf of the Mayor of London)	£4,624,370	£913,294	£19,828,409	£25,366,073	£6,609,470
Greater Manchester ³	£1,599,401	£77,072	£6,002,856	£7,679,329	£2,000,952
Liverpool City Region ³	£631,532	£296,855	£3,324,224	£4,252,611	£1,108,075
North of Tyne ³	£265,403	£144,994	£1,469,486	£1,879,883	£489,829
South Yorkshire ³	£0	£697,784	£2,498,517	£3,196,301	£832,839
Tees Valley ³	£455,096	£76,893	£1,904,865	£2,436,854	£634,955
West Midlands ³	£1,760,097	£534,463	£8,216,005	£10,510,566	£2,738,668
West Yorkshire ³	£0	£1,155,692	£4,138,124	£5,293,817	£1,379,375
West of England ³	£204,978	£61,597	£954,511	£1,221,086	£318,170
Devolved Total	£9,693,553	£4,014,374	£49,083,224	£62,791,151	£16,361,075

Notes:

1. This funding is not part of the FY 2022-23 payment. It is being referenced here for completeness.
2. This is not the overall total for FY 2023-24, which will include an amount from the academic year (AY) 2023/24. This will be confirmed in January 2023 and will be issued under a separate S39A Grant Determination (Ring-Fenced) Letter.
3. The Combined Authorities grant allocations will be transferred under separate arrangements in accordance with Section 31 of the Local Government Act 2003. They are being referenced here for completeness.

Grant Conditions

1. In this Annex:

“the Department” means the Department for Education.

“the Authority” means the Greater London Authority.

“the Secretary of State” means the Secretary of State for the Department of Education.

Eligible expenditure

2. The Grant paid to the Authority under this determination is ring-fenced. This means the funding can only be used to support eligible expenditure.
3. Eligible expenditure means allocations made by the Authority, between 1 April 2022 and 31 March 2023, to the Authority’s AEB funded providers and for the delivery of Level 3 Free Courses for Jobs.
4. This funding must only be used to:
 - Deliver the level 3 qualifications in the [Level 3 Free Courses for Jobs offer](#) (note that this list is amended as qualifications are added to or removed from the offer. Please note the funding approval start and end date under funding details).
 - For the following learners:
 - adult learners aged 24+ without a first full Level 3 qualification or above and who meet the AEB residency criteria; or
 - from April 2022, adults aged 24+ who are unemployed or earning low wages, even if they hold a full Level 3 qualification or higher. Further detail is set out in ESFA AEB funding rules. This will initially be rolled out on a trial basis over the current Spending Review period.
5. However, the Authority has discretion to use up to 20% of its ring-fenced grant funding subject to the meeting all the following conditions:
 - You may fund eligible learners (as outlined in paragraph 4) who are:
 - i. Enrolled Level 3 qualifications eligible for government funding; and
 - ii. Those qualifications are in the sector subject areas covered by the Free Courses for Jobs offer but not included in the national list of qualifications; and
 - iii. They are technical, vocational or occupational qualifications

- You must ensure providers use LDM code 378 when recording these learners on the ILR (and LDM code 382 when recording learners who meet the low wage eligibility) and record the employment status of learners accessing the offer in the ILR; and
- You must supply the Department for Education with a list of these government-funded qualifications, including their qualification codes, by 1 May 2022 or before you begin delivery (whichever is sooner) to enable us to track eligible expenditure and determine grant usage.

You cannot use your ring-fenced grant on any qualifications or learners that do not meet the above criteria. Any qualification delivered via this route will not attract uplifts funded from this ringfenced grant described in paragraph 7.

6. When determining its definition of 'low wage' (as per paragraph 4), the Authority may determine their own reasonable low wage threshold, as long as this is at or higher than the National Living Wage annually (£18,525 from April 2022). You must inform the Department of your low wage threshold.
7. In addition, the qualifications included in the Level 3 Free Courses for Jobs offer will attract an uplift:
 - £600 for qualifications of 360 Guided Learning Hours (GLH) and above (unweighted rate)
 - £150 for qualifications of 359 GLH and below (unweighted rate).
8. The Authority must apply the same ESFA AEB funding rates and formula and the above uplifts for delivery of the Level 3 Free Courses for Jobs offer by the Authority's AEB funded providers. This will ensure consistency across devolved and non-devolved areas. Any uplift above this will not be funded from the ring-fenced Level 3 Free Courses for Jobs offer grants.
9. Eligible 19 to 23-year-olds accessing qualifications available through the Level 3 legal entitlement or the Free Courses for Jobs (Level 3 adult offer) must not be funded using the Level 3 adult offer ring-fenced funding.

Grant Usage

10. Grant usage will be calculated against academic years (AY) for the purposes of determining underspends. This applies to the whole grant including any of the flexibility outlined in paragraph 5.
11. To determine the Authority's grant usage, the Department will collect ILR data on the delivery of Level 3 qualifications available in the list of qualifications for the Level 3 Free Courses for Jobs offer [\(please note the funding approval start and end date detailed under funding details\)](#) and for the flexibilities outlined in paragraph 5. The Department will collect the

following ILR data (though not limited to):

- Details of the Authority's providers in receipt of funding
 - Learning aims delivered (number of learners eligible for funding through the Level 3 Free Courses for Jobs offer)
 - The age of learner
 - Spend against the Authority's ring-fenced grant, to the extent it is collected on the ILR
12. The Department will only consider grant usage against Level 3 qualifications funded according to the [ESFA AEB Funding Rates and Formula](#). To ensure the ILR captures this correctly, the Authority's AEB funded providers should use LDM code 378 (or LDM code 382 when recording learners who meet the low wage eligibility) and record the employment status of learners accessing the offer in the ILR when delivering the Level 3 Free Courses for Jobs offer (please refer to the [ESFA AEB funding Rules](#)).
13. Any additional uplifts or alternative funding rates used by the Authority's AEB funded providers to deliver the Level 3 Free Courses for Jobs offer must come from the Authority's 'core' AEB and recorded accordingly. The Department will not pay for any uplifts outside those outlined in the ESFA AEB Funding Rates and Formula document.
14. The Department will apply the Authority's grant usage, determined by the ILR, to the reconciliation process to verify delivery at Authority level. However, this information from the ILR may not be sufficient to tell us the total extent of legitimate MCA/GLA expenditure on the NSF Level offer.
15. Consequently, the department will require a statement of grant usage to determine legitimate spend. This must record the following accurately:
- Any learning support in addition to the £150 per learner per month captured via the ILR using code 'LSF' (this may be captured via the EAS but this will not be broken down to identify L3 Free Courses for Jobs offer spend)
 - Additional learner support
 - Information which allows us to understand the true picture of delivery in the MCA or GLA area covering providers' allocations and delivery against them. This allows us to understand whether recovery of underspend is required. Where an MCA or the GLA has paid a provider 100% against delivery of 97%-100% it will not count as an underspend (see below).
16. This statement of grant usage will be against **AY 2021/22 (1 August 2021 to 31 July 2022 period)** and for the Authority's grant allocation covering the same period. It will be required in early January 2023 (in a format specified by the Department). It will be a funding statement. This will be used to determine any underspends which the department will recover from the April 2023 payment. Any funding not used in accordance with the

conditions in this letter between **August 2022 – March 2023** will be recovered from future grant payments.

17. The Authority must also provide an assurance statement at the financial year end. That assurance statement should include details of spend for the whole of FY 2022-2023 broken down by AY 2021/22 and AY 2022/23 (recognising that AY 2022/23 information is not finalised at this point and will be covered by the statement of grant usage in January 2024) and by provider. A material difference (any amount exceeding £1000) in the AY 2021/22 spend (when comparing the assurance statement to the funding statement referred to in paragraph 16) will result in a further adjustment which will be made to the Authority's future payments to recover the difference.
18. We will also require that this assurance statement sets out how the Authority monitors the veracity of its providers' ILR returns in relation to this grant and any internal or external audit which are conducted on this spend. The internal and/or external audit reports must be made available to the Department when they become available (and the Authority must retain copies for inspection for a period of 6 years).
19. As part of this assurance statement the Chief Executive and Chief Internal Auditor of each of the recipient authorities are required to sign and return to the team leader of the Further Education Funding Division of the Department of Education a declaration, to be received no later than 30 April 2023, in the following terms:

“To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to the Free Courses for Jobs Determination No 31/6045 have been complied with.”
20. If an Authority fails to comply with any of the conditions and requirements of this letter and its annexes, the Minister of State may-
 - a) reduce, suspend or withhold grant; or
 - b) by notification in writing to the Authority, require the repayment of the whole or any part of the grant.
21. Any sum notified by the Minister of State under paragraph 20(b) shall immediately become repayable to the Minister.
22. In the event of any discrepancies between the grant usage determined by the ILR data (supplemented by the information provided by the Authority through the statement of grant usage) and the Authority's own records on spend against the grant, both Parties will share evidence and use all reasonable endeavours to agree an amount of acceptable grant usage.

23. Ultimately, if an amount of acceptable grant usage cannot be agreed between both Parties, then the final decision will rest with the Secretary of State.

Managing Under Delivery

AY 2021/22

24. The Department expects the Authority to apply the same delivery threshold during the **1 August 2021 to 31 July 2022 period only** to any of the Authority's AEB Funded Providers who receive a Level 3 Free Courses for Jobs offer allocation from the Authority. This threshold will only apply to the qualifications and eligible learners in scope for the Level 3 Free Courses for Jobs offer.
25. The Authority will be responsible for managing any under or over delivery amongst the Authority's AEB Funded Providers who receive a Level 3 Free Courses for Jobs offer allocation, within the total ring-fenced grant provided for **AY 2021/22 (1 August to 31 July 2022 period)**.
26. The Department will assess any net under or over delivery against the Authority's total grant for **AY 2021/22 (1 August to 31 July 2022 period) only**.
27. For **AY 2021/22 (1 August to 31 July 2022 period)**, the Department will recoup or reimburse funding based on an Authority's grant usage (net spend) determined by the ILR and statement of grant usage and will adjust the Authority's next Level 3 Free Courses for Jobs offer grant payment in April 2023:
- **Net under delivery** - the Department will recover any net underspend below 100% of the total ring-fenced grant provided (1st August 2021 to 31st July 2022 period), by **reducing** the Authority's ring-fenced grant for AY 2022/23. This applies to the whole grant including any of the flexibility outlined in paragraph 5.
 - **The Department is content for an Authority to pay a provider 100% against delivery of 97-100% and count this as 100% spend for that provider.** This is in line with the ESFA model, which allows 97-100% delivery with no recovery. There will therefore be no recovery (through the adjustment of future years' budget) of ring-fenced NSF Level 3 funding for the portion of funding where the Authority agrees 100% funding to providers against delivery of 97-100%. We will consider this 100% delivery. This must be fully evidenced through the statement of grant usage return.
28. It will be made clear in the Authority's Grant Determination (Ring-fenced) Letter issued for FY 2023-24, that any reduction in the Authority's grant attributed to FY 2022-23 is in arrears.

29. The Department will reconcile against delivery to date at the end of AY 2021/22.
30. However, funding will be available via future grants to fund continuing learners beyond AY 2022/23. The Authority must fund any continuing learners from **AY 2021/22 (1 August 2021 to 31 July 2022 period)** from the Authority's AY 2022/23 ring-fenced grant. In addition, any 'uplift' funding (paragraph 5 refers) associated with continuing learners must come from the Authority's AY 2022/23 ring-fenced grant.

AY 2022/23

31. The Department will recoup unspent 2022/23 funding based on an Authority's grant usage (net spend) determined by the ILR (and supporting statement of grant usage) and adjusting the Authority's next Level 3 adult Free Courses for Jobs grant payment in April 2023.

Financial Management

32. The Authority must inform the Department immediately of any significant financial irregularity/control issues raised by their own internal auditors.
33. The Secretary of State may at any time require a further external validation to be carried out by an appropriately qualified independent accountant or auditor, on the use of the grant.

Evaluation

34. The Department will undertake or engage a third party to undertake an evaluation of the Level 3 Free Courses for Jobs offer.
35. In relation to any such activity, the Authority will:
 - Provide all reasonable assistance.
 - Respond to all reasonable requests.
 - Provide any information reasonably required.

Changes to the Department's Requirements

36. The Department will give the Authority notice of any significant changes to the Level 3 Free Courses for Jobs offer to which the Authority will be asked to respond. For example, if the qualification list for the Level 3 Free Courses for Jobs offer changes or expands in the future.