



Department
for Education

Cambridgeshire and Peterborough
Combined Authority
Greater Manchester Combined Authority
Liverpool City Region Combined Authority
North of Tyne Combined Authority
Sheffield City Region Combined Authority
Tees Valley Combined Authority
West Midlands Combined Authority
West Yorkshire Combined Authority
West of England Mayoral Combined
Authority

Department for Education
Sanctuary Buildings
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London
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Tel: 0370 000 2288
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Date: 08 April 2021

Dear Colleague,

**Re: S31 Grant Determination (Ring-Fenced) Letter for Level 3 Adult Offer
Funding: No. 31/5508 (DfE Grant Reference: L3AO-21-22)**

This Determination is made between:

- (1) **The Secretary of State for Education** and
- (2) **Barnsley, Doncaster, Rotherham and Sheffield Combined Authority¹
Cambridgeshire and Peterborough Combined Authority
Greater Manchester Combined Authority
Liverpool City Region Combined Authority
North of Tyne Combined Authority
Tees Valley Combined Authority
West Midlands Combined Authority
West Yorkshire Combined Authority
West of England Mayoral Combined Authority**

This letter confirms the amount of ring-fenced funding to be transferred in the financial year (FY) 2021-22 (1 April 2021 to 31 March 2022) for the delivery of the Level 3 adult offer in your devolved area. It also sets out the conditions that the ring-fenced funding comes with.

¹ The legal title for Sheffield City Region Combined Authority.

Payment arrangements

You will receive your FY 2021-22 payment by mid-April 2021. The payment is in addition to the annual Devolved Adult Education Budget (AEB) for the FY 2021-22, which has been communicated separately.

We are providing this grant as a Section 31 (S31) ring-fenced transfer under the Local Government Act 2003 and have copied this grant letter to the Chief Finance Officer of your Combined 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 be 'R. Simper', with a horizontal line extending to the right.

Richard Simper
Deputy Director
Further Education Funding
Post 16 Strategy Directorate

Re: S31 Grant Determination (Ring-Fenced) Letter for Level 3 Adult Offer Funding: No. 31/5508 (DfE Grant Reference: L3AO-21-22)

The Secretary of State for Education (“the Secretary of State”), in exercise of the powers conferred by section 31 of the Local Government Act 2003, makes the following determination:

Citation

1) This determination may be cited as the Level 3 adult offer Determination for FY 2021-22 [31/5508].

Purpose of the grant

2) The purpose of the grant is to support the Government’s ‘Lifetime Skills Guarantee’ and deliver a targeted Level 3 adult offer to help adults without an existing full Level 3 qualification or above by providing a free fully funded Level 3 qualification to learners aged 24 and over.

Determination

3) The Secretary of State determines as the authorities to which grant is to be paid and the amount of grant to be paid, the authorities and the amounts set out in Annex A.

Grant conditions

4) Pursuant to section 31(4) of the Local Government Act 2003, the Secretary of State determines that the grant will be paid subject to the conditions in Annex B.

Treasury consent

5) Before making this determination in relation to specified Mayoral Combined Authorities in England, the Secretary of State obtained the consent of the Treasury.

Signed by authority of the Secretary of State for Education



Richard Simper
Deputy Director
Further Education Funding
Post 16 Strategy Directorate

08/04/2021

ANNEX A

**FY 2021-22: Level 3 Adult Offer Funding Transferred to Specified
Mayoral Combined Authorities and the Greater London Authority**

Combined Authority	AY 2020/21	AY 2021/22		
	FY 2021-Payment			FY 2022-23 Payment ^{1,2}
	Apr to Jul	Aug to Mar	Total	Apr to Jul
Barnsley, Doncaster, Rotherham and Sheffield^{3,4}	£0	£2,093,352	£2,093,352	£697,784
Cambridgeshire and Peterborough	£207,838	£625,217	£833,055	£208,406
Greater London Authority (on behalf of the Mayor of London)⁵	£5,532,062	£16,612,991	£22,145,053	£5,537,664
Greater Manchester	£1,671,649	£5,029,420	£6,701,069	£1,676,473
Liverpool City Region	£927,536	£2,785,160	£3,712,696	£928,387
North of Tyne	£409,894	£1,231,191	£1,641,085	£410,397
Tees Valley	£531,580	£1,595,968	£2,127,548	£531,989
West Midlands	£2,268,089	£6,883,680	£9,151,769	£2,294,560
West Yorkshire⁴	£0	£3,467,078	£3,467,078	£1,155,692
West of England	£266,081	£799,725	£1,065,806	£266,575
Devolved Total	£11,814,729	£41,123,782	£52,938,511	£13,707,927

Notes:

1. This is not the overall total for FY 2022-23, which will include an amount from the academic year (AY) 2022/23. This will be confirmed in January 2022 and will be issued under a separate S31 Grant Determination (Ring-Fenced) Letter.
2. Funding against the FY 2022-23 falls outside the current Spending Review period and the Department is allocating this amount at its own risk.
3. The legal title for Sheffield City Region Combined Authority.
4. The FY 2021-22 grant allocation is for AY 2021/22 year only, covering the period 1 August 2021 to 31 March 2022.
5. The Mayor of London's grant allocation will be transferred to the Greater London Authority (on behalf of the Mayor of London) under separate arrangements in accordance with Section 39A of the Greater London Authority Act 1999. It is being referenced here for completeness.

Grant Conditions

1. In this Annex:

“the Department” means the Department for Education.

“the Authority” means the Combined Authorities specified at (2) on page 1.

“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 2021 and 31 March 2022, to the Authority’s AEB funded providers and for the delivery of the Level 3 adult offer.
4. Funding must only be used to:
 - Deliver the level 3 qualifications in the [National Skills Fund – Level 3 adult offer](#).
 - Support adult learners aged 24+ without a first full Level 3 qualification or above and who meet the AEB residency criteria.
5. In addition, the qualifications included in the Level 3 adult offer will attract an uplift:
 - £600 for qualifications of 360 Guided Learning Hours (GLH) and above.
 - £150 for qualifications of 359 GLH and below.
6. The Authority must apply the same ESFA AEB funding rates and formula and the above uplifts for delivery of the Level 3 adult offer by the Authority’s AEB funded providers. This will ensure consistency across devolved and non-devolved and enable the over-delivery threshold that has been applied to the AY 2020/21 for the 1 April to 31 July 2021 period (paragraph 17 to 21 refer).
7. 19 to 23-year-olds accessing qualifications available through the Level 3 legal entitlement or the Level 3 adult offer must not be funded using the Level 3 adult offer ring-fenced funding.

Grant Usage

8. Grant usage will be calculated against academic years (AY).
9. To determine the Authority's grant usage, the Department will collect ILR data on the delivery of Level 3 qualifications listed in the [National Skills Fund – Level 3 adult offer](#). 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 adult offer)
 - The age of learner
 - Spend against the Authority's ring-fenced grant
10. 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 when delivering the Level 3 adult offer (please refer to the [ESFA AEB funding Rules](#)).
11. Any additional uplifts or alternative funding rates used by the Authority's AEB funded providers to deliver the Level 3 adult 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.
12. The Department will apply the Authority's grant usage, determined by the ILR, to the reconciliation process to verify under and over delivery at Authority level.
13. In the event of any discrepancies between the grant usage determined by the ILR data 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.
14. 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.
15. The **first** calculation of grant usage will be against **AY 2020/21 (1 April to 31 July 2021 period)** and for the Authority's grant allocation covering the same period.

Managing Under and Over Delivery

AY 2020/21

16. For **AY 2020/21 (1 April to 31 July 2021 period) only**, ESFA AEB Funded Providers with a Level 3 adult offer allocation will work within an over delivery threshold of 150% for the Level 3 adult offer.
17. The Department expects the Authority to apply the same delivery threshold during the **April to July 2021 period only** to any of the Authority's AEB Funded Providers who receive a Level 3 adult offer allocation from the Authority. This threshold will only apply to the qualifications and eligible learners in scope for the Level 3 adult offer.
18. The Authority will be responsible for managing any under or over delivery amongst the Authority's AEB Funded Providers who receive a Level 3 adult offer allocation, within the total ring-fenced grant provided for **AY 2020/21 (1 April to 31 July 2021 period) only**.
19. The Department will assess any net under or over delivery against the Authority's total grant for **AY 2020/21 (1 April to 31 July 2021 period) only**.
20. For **AY 2020/21 (1 April to 31 July 2021 period) only**, the Department will recoup or reimburse funding based on an Authority's grant usage (net spend) determined by the ILR and adjusting the Authority's next Level 3 adult offer grant payment in April 2022:
 - **Net under delivery** - the Department will recover any net underspend below 100% of the total ring-fenced grant provided (1st April to 31st July 2021 period), by **reducing** the Authority's ring-fenced grant for AY 2021/22 (April to July 2022).
 - **Net over delivery** - the Department will reimburse any net overspend up to 50% above the value of the Authority's ring-fenced grant (1st April to 31st July 2021 period) by **increasing** the Authority's ring-fenced grant for AY 2021/22 (April to July 2022).
21. It will be made clear in the Authority's Grant Determination (Ring-fenced) Letter issued for FY 2022-23, that any reduction or increase of the Authority's grant attributed to FY 2021-22 is in arrears. Specifically, any reimbursement relating to FY2021-22 is not additional funding and that it is for past delivery. Therefore, not an expansion of the Authority's grant allocation for AY 2021-22.
22. The Department will reconcile against delivery to date at the end of AY 2020/21 and the Authority must not carry over funding into the next academic year.

23. Therefore, the Authority must fund any continuing learners from **AY 2020/21 (1 April to 31 July 2021 period)** from the Authority's AY 2021/22 ring-fenced grant. In addition, any 'uplift' funding (paragraph 5 refers) associated with continuing learners must come from the Authority's AY 2021/22 ring-fenced grant.

AY 2021/22

24. Full arrangements for managing under and over delivery will be communicated before the start of the 2021/22 academic year. However, the Department will recoup or reimburse funding based on an Authority's grant usage (net spend) determined by the ILR and adjusting the Authority's next Level 3 adult offer grant payment in April 2023.

Financial Management

25. The Authority must inform the Department immediately of any significant financial irregularity/control issues raised by their own internal auditors.
26. 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

27. The Department will undertake or engage a third party to undertake an evaluation of the Level 3 adult offer.
28. 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

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