



Department
for Education

Greater Manchester Combined Authority
West Midlands Combined Authority

Department for Education
Sanctuary Buildings
Great Smith Street
London
SW1P 3BT
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Date: 31 March 2023

Dear Colleague,

Re: S31 Grant Determination (Ring-Fenced) Letter for Free Courses for Jobs (Level 3 Adult Offer) Funding: No. 31/6635 (DfE Grant Reference: L3AO-23-24)

This Determination is made between:

- (1) **The Secretary of State for Education** and
- (2) **Greater Manchester Combined Authority
West Midlands Combined Authority**

This letter confirms the amount of ring-fenced funding to be transferred in the financial year (FY) 2023-24 (1 April 2023 to 31 March 2024) for the delivery of the Level 3 Free Courses for Jobs in your devolved area. It also sets out the conditions for the use of this ring-fenced funding.

Payment arrangements

You will receive your FY 2023-24 payment by mid-April 2023. The payment is in addition to the annual Devolved Adult Education Budget (AEB) for the FY 2023-24, 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 read 'Bo Emecheta', written in a cursive style.

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

Re: S31 Grant Determination (Ring-Fenced) Letter for Free Courses for Jobs Funding: No. 31/6635 (DfE Grant Reference: L3AO-23-24)

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 Free Courses for Jobs Determination for FY 2023-24 [31/6635].

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 (now called Free Courses for Jobs, but referred to as the ‘Level 3 Adult Offer’ in the 2021 Grant Determination Letter) 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. Since April 2022, the qualifications have also been available to any adult in England who is 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.

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



Bo Emecheta

Deputy Director
Further Education Funding
Labour Market Skills and Funding Directorate

FY 2023-24: Level 3 Free Courses for Jobs Funding Transferred to Specified Mayoral Combined Authorities and the Greater London Authority

Combined Authority	Aug 2021 - Jul 2022 remaining funding rolled over to Apr 2023 - Mar 2024 ¹	AY 2022/23	AY 2023/24		FY 2024-25 Payment ²
		FY 2023-24 Payment			
		Apr 2023 to Jul 2023	Aug 2023 to Mar 2024	Total	Apr 2024 to Jul 2024
Cambridgeshire and Peterborough ⁴	£131,212	£32,991	£567,728	£600,719	£283,822
Greater London Authority (on behalf of the Mayor of London) ³	£8,503,685	£0	£13,191,214	£13,191,214	£7,541,584
Greater Manchester	£4,915,203	£0	£1,652,714	£1,652,714	£2,283,140
Liverpool City Region	£1,940,797	£0	£1,696,343	£1,696,343	£1,264,343
North of Tyne	£854,467	£0	£753,345	£753,345	£558,908
South Yorkshire	£2,232,353	£0	£501,355	£501,355	£950,292
Tees Valley	£1,104,271	£0	£979,903	£979,903	£724,501
West Midlands	£5,392,891	£0	£3,596,504	£3,596,504	£3,124,895
West Yorkshire	£3,710,552	£0	£817,103	£817,103	£1,573,904
West of England	£679,369	£0	£364,992	£364,992	£363,041
Devolved Total	£29,464,799	£32,991	£24,121,203	£24,154,194	£18,668,428

Notes:

1. This funding is not part of the FY 2023-24 payment. It is being referenced here for completeness.
2. This is not the overall total for FY 2024-25, which will include an amount from the academic year (AY) 2024/25. This will be confirmed in January 2024 and will be issued under a separate S31 Grant Determination (Ring-Fenced) Letter.
3. 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.
4. £84,539 deducted to account for provider invoicing following audit.

Grant Conditions

1. In this Annex:

“the Department” means the Department for Education.

“the Authority” means the Combined Authority 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 2023 and 31 March 2024, 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 50% of its ring-fenced grant funding subject to meeting all the following conditions:
 - You may fund eligible learners (as outlined in paragraph 4) who are enrolled on Level 3 qualifications eligible for government funding. You may also use this funding to fund other groups of adults aged 19+ who are not eligible for the AEB statutory entitlement to a first full Level 3.
 - Usage of this flexibility must be tracked via the ILR.

- 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

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 (£20,319 from April 2023). 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.

Eligible 19 to 23-year-olds accessing qualifications available through the Level 3 legal entitlement or Free Courses for Jobs must not be funded using Free Courses for Jobs ring-fenced funding.

Grant Usage

9. 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.
10. To determine the Authority's grant usage, the Department and the authority 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
11. 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](#)).
 12. 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. The Department will not pay for any uplifts outside those outlined in the ESFA AEB Funding Rates and Formula document.
 13. 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.
 14. The authority must submit a statement of grant usage to determine legitimate spend, by a date specified by the Department. The statements 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).
 15. This statement of grant usage will be against **AY 2022/23 (1 August 2022 to 31 July 2023 period)** and for the Authority's grant allocation(s) covering the same period. It will be required in early January 2024 (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 2024 payment. Any funding not used in accordance with the conditions in this letter between **August 2023 – March 2024** will be recovered from future grant payments. If returns are not provided to the department by the date specified, the Department for Education will determine the level of usage based on its ILR records.

Assurance

16. We require the Authority to carry out appropriate assurance and checks to ensure this funding is used in accordance with the conditions in this letter and relevant funding rules, and to ensure the funding is not misused or fraudulently claimed. This can be conducted on an internal or external basis depending on the assurance arrangements in place at the Authority. The internal and/or external audit reports conducted must make clear that the population sample includes Free Courses for Jobs and make explicit reference to financial spend related to Free Courses for Jobs. This is required even if the same assurance processes are used for general AEB spend.
17. The Authority must provide additional detail in the assurance statement where errors are found relating to a) the time period to which audit reports relate and b) the population size and sample used for the checks. We will also require an additional level of detail surrounding how these errors translate into costs and any relevant steps that have been taken to rectify the errors with the provider(s).
18. Whilst we expect these assurance arrangements to incur limited financial burden on the Authority, we will allow up to 1% of the total Free Courses for Jobs grant value to cover audit and administration costs relating to Free Courses for Jobs only. Usage of this funding must be accurately detailed in the Authority's financial statement of grant usage and, in the event of any discrepancies, may require further evidence relating to spend.
19. The Authority must inform the Department immediately of any significant financial irregularity/control issues raised during their audit and assurance processes, along with details of how the Authority intends to recover these funds. 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.
20. The Authority must also provide an assurance statement at the financial year end in line with the requirements set out in this letter. That assurance statement should include details of spend for the whole of FY 2023-2024 broken down by the relevant periods in AY 2022/23 and AY 2023/24 (recognising that AY 2023/24 information will not be finalised at this point and will be covered by the statement of grant usage in January 2025) and by provider. A material difference (any amount exceeding £1000) in the AY 2022/23 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.
21. We 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).

22. 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 2024, 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. 31/6635 have been complied with.”

23. 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.
24. Any sum notified under paragraph 23(b) shall immediately become repayable to the Department for Education.
25. 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.
26. 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

27. 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.
28. When determining underspends to be reflected in FY2024/25 grants, the Department will assess any net under or over delivery against the Authority’s total grant value for AY2022/23. We will account for AY2023/24 underspends into grants for FY2025/26.

29. For **AY 2022/23 (1 August 2022 to 31 July 2023 period)**, the Department will recoup 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 2024:
- **Net under delivery** - the Department will recover any net underspend below 100% of the total ring-fenced grant provided (1 August 2022 to 31 July 2023 period), by **reducing** the Authority's ring-fenced grant in FY 2024-25. 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.
30. It will be made clear in the Authority's Grant Determination (Ring-fenced) Letter issued for FY 2024-25, that any reduction in the Authority's grant attributed to FY 2023-24 is in arrears.
31. The Department will reconcile against delivery to date at the end of AY 2022/23.
32. Funding will be available via future grants to fund continuing learners beyond FY 2023-24.

Financial Management

33. The Authority must inform the Department immediately of any significant financial irregularity/control issues identified or suspected as part of its assurance processes (e.g. in audit reports).
34. 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

35. The Department will undertake or engage a third party to undertake an evaluation of the Level 3 Free Courses for Jobs offer.
36. 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

37. 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.