



Department  
for Education

# **Devolution of adult education functions**

**Memorandum of understanding  
Strategic Authorities**

**May 2025**

# Contents

Document history	4
Introduction	5
1. Context	6
2. Background	7
2.8 Entitlements	8
3. Purpose	9
4. Key objective	9
5. Principles of collaboration and the parties' responsibilities	10
6. Ways of working	10
6.1 Financial resources, consideration of jointly-funded provider financial health and sector stability	10
6.2 Funding decisions	11
6.3 Insolvency	13
6.4 Learner protection	13
6.5 Quality/Intervention	14
6.6 Fund management	15
6.7 Data	15
6.8 Commissioning	16
6.9 Skills planning / priorities	16
6.10 Governance	17
6.11 Strategic engagement	18
7. Costs and liabilities	18
8. Confidentiality	18
9. Data protection and record keeping	18
10. Assurance, audit and investigations	19
11. Start date and duration	19
12 Review and amendments	20
13. Communications	20
14. Escalation procedure	20
15. Miscellaneous	21
16. Status	21

17. Governing law and jurisdiction	21
Appendix A: Nolan principles	22
1. Selflessness	22
2. Integrity	22
3. Objectivity	22
4. Accountability	22
5. Openness	22
6. Honesty	22
7. Leadership	22
Appendix B: Allocations and payments	23

## Document history

The original version of this document was published in 2019: [Devolution of adult education functions: MoUs - GOV.UK](#). The main changes in this revised version are set out below.

- Throughout the document, references to Adult Education Budget (AEB) have been replaced with Adult Skills Fund (ASF) which came into effect in August 2024.
- We have updated the legal entitlements in paragraph 2.8.
- We have clarified the role of place-based teams within the DfE in section 6.1: financial resources.
- Changes regarding the Public Procurement Act 2023 are reflected in section 6.8: commissioning.
- Section 6.9 has been updated to reflect LSIPs arrangements.
- We have added section 6.11: Strategic engagement.
- We have aligned the MoU to the Get Britain Working and English Devolution White Papers. This includes renaming Combined Authorities (CA) as Strategic Authorities (SA).

# Introduction

**THIS MEMORANDUM OF UNDERSTANDING** (which expression shall include the Appendices) ('MoU') is dated 1 July 2024

Between:

(1) **THE SECRETARY OF STATE FOR EDUCATION** of Sanctuary Buildings, 20 Great Smith Street, London, SW1P 3BT ('the Secretary of State'), acting through

- the Department for Education ('DfE'), a department of His Majesty's Government responsible for child protection, education (compulsory, further and higher education), apprenticeships and wider skills in England;

and

(2) **THE MAYORAL STRATEGIC AUTHORITIES ('SA')**

<b>Greater Manchester</b>	Tootal Buildings, 56 Oxford Street, Manchester M1 6EU
<b>Liverpool City Region</b>	Mann Island, PO Box 1976, Liverpool L63 3HN
<b>West of England</b>	70 Redcliff Street, Bristol, BS1 6AL
<b>Tees Valley</b>	Cavendish House, Teesdale Business Park, Stockton-on-Tees TS17 6QY
<b>West Midlands</b>	16 Summer Lane, Birmingham B19 3SD
<b>Cambridgeshire and Peterborough</b>	2nd Floor, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN
<b>North East</b>	The Lumen, St James Boulevard, Newcastle Helix, Newcastle upon Tyne, NE4 5BZ
<b>South Yorkshire<sup>1</sup></b>	11 Broad Street West, Sheffield, S1 2BQ
<b>West Yorkshire</b>	Wellington House, 40-50 Wellington Street, Leeds, LS1 2DE

Each a 'party', together the 'parties'. Where an activity is to be undertaken by the DfE or the SA, this is specified.

---

<sup>1</sup> Full name as per SI is Barnsley, Doncaster, Rotherham and Sheffield

References to an ‘academic year’ in this MoU are to the period running from 1 August in one calendar year to 31 July in the following calendar year.

References to ‘Data Protection Legislation’ in this MoU are to UK Data Protection Legislation. References to ‘UK Data Protection Legislation’ in this MoU are to any data protection legislation from time to time in force in the UK including the Data Protection Act 2018, UK GDPR or any successor legislation. UK GDPR has the meaning given to it in section 3(10) (as supplemented by section 205(4)) of the Data Protection Act 2018.

References to the ‘SA Area’ in this MoU are to the geographical area of the SA (namely the totality of the geographical areas of the constituent authorities of that area).

## 1. Context

1.1 Certain functions of the Secretary of State which relate to adult education under the Apprenticeships, Skills, Children and Learning Act 2009 (‘The 2009 Act’), and the associated Adult Education Budget (AEB)<sup>2</sup> have been transferred to specified SAs by way of Orders made under the Local Democracy, Economic Development and Construction Act 2009<sup>3</sup>.

1.2 This MoU also refers to this transfer of the specified functions as ‘devolution of the adult education functions’. Devolution of the adult education functions and associated AEB applies in respect of academic year 2019/20 (AY 2019/20) and thereafter.

1.3 This updated MoU sets out jointly agreed working arrangements between the parties which relate to this legal framework.

1.4 Each party is committed to agreeing an approach and future relationship that will ensure national and local priorities for residents funded by the ASF are delivered in the most effective way possible and that the wider context of post-16 learning and skills provision funded by the parties is considered. This MoU sets out an agreed approach to relevant matters following the delegation.

---

<sup>2</sup> Adult Education Budget (AEB) is renamed Adult Skills Fund (ASF) from August 2024

<sup>3</sup> Greater Manchester <http://www.legislation.gov.uk/id/uksi/2018/1141>

Liverpool City Region <http://www.legislation.gov.uk/id/uksi/2018/1142>

West of England <http://www.legislation.gov.uk/id/uksi/2018/1143>

West Midlands <http://www.legislation.gov.uk/id/uksi/2018/1144>

Tees Valley <http://www.legislation.gov.uk/id/uksi/2018/1145>

Cambridgeshire & Peterborough <http://www.legislation.gov.uk/id/uksi/2018/1146>

South Yorkshire <https://www.legislation.gov.uk/uksi/2020/806>

West Yorkshire <https://www.legislation.gov.uk/uksi/2021/112>

North of Tyne <https://www.legislation.gov.uk/uksi/2018/1133>

1.5 Arrangements to deliver the parties' shared objective of closer collaboration across the post-16 learning and skills environment will be agreed separately, as will any working arrangements agreed between SAs, and between SAs and the Greater London Authority.

## 2. Background

2.1 Each relevant Order transfers to the specified SA adult education functions under section 86 to 88 of the 2009 Act with the exception of functions relating to apprenticeships training, adult detention or any power to make regulations or orders. The functions under section 86 to 88 are as follows, and are exercisable by the SA instead of by the Secretary of State in relation to the SA area:

- section 86 (education and training for persons aged 19 or over and others subject to adult detention);
- section 87 (learning aims for persons aged 19 or over: provision of facilities); and
- section 88 (learning aims for persons aged 19 or over: payment of tuition fees).

2.2 The principles in this MoU support general ways of working between DfE and MSAs. Key to this is the transfer of the core ASF<sup>4</sup> from DfE to SA that happens on a non-ringfenced basis.

2.3 In addition, each Order also provides for the transfer of the Secretary of State's functions under section 90 of the 2009 Act which relate to the encouragement of education and training for persons aged 19 or over, and section 100(1) of the 2009 Act which relates to the provision of financial resources. These functions are transferred to the SA in relation to their area and will be exercisable concurrently with the Secretary of State.

2.3 As set out in the [Get Britain Working White Paper](#), the government will be “working closely with devolved areas to tackle economic inactivity by better connecting work, health and skills support and increasing engagement with that support”. The principles in this MoU support this way of working.

2.4 The Permanent Secretary for the DfE is the Principal Accounting Officer responsible and accountable to Parliament for the proper stewardship of the resources allocated to the DfE

2.5 The following conditions are set on the exercise of the transferred functions:

---

<sup>4</sup> Core Adult Skills Fund does not include Free Courses for Jobs.

- the SA must adopt rules of eligibility for awards by an institution to which it makes grants, loans or other payments under section 100 of the 2009 Act in accordance with any direction given by the Secretary of State<sup>5</sup>; and
- in exercising the transferred functions, the SA must have regard to guidance<sup>6</sup> issued by the Secretary of State (as amended from time to time or replaced by a subsequent document). The SA will give effect to the guidance within the context of local strategic priorities and circumstances.

2.6 The Schedule to each relevant Order contains modifications as to the application of relevant legislative provisions.

2.7 This MoU sets out agreed ways of working between the parties to support the carrying out of the transferred functions by the SA, in addition to matters set out in the statutory guidance. The DfE acknowledges that in order for the SA to carry out the functions within its area, it must receive funds from the Secretary of State each year.

## 2.8 Entitlements

2.8.1 Entitlements are set out in the 2009 Act and require eligible learners to be fully funded on qualifications that DfE has approved for funding through the relevant entitlement. The essential skills entitlements deliver skills that play a vital role in supporting improved outcomes for learners, and consist of:

- English and maths, up to and including level 2, for individuals aged 19 and over, who have not previously attained a GCSE grade A\* - C or grade 4, or higher, or have been assessed as having an existing skill level lower than grade 4, (even if they have earlier been awarded a GCSE or equivalent qualification in English or maths); and/or
- Essential Digital Skills qualifications (EDSQs) or digital Functional Skills qualifications (FSQs), up to and including level 1, for individuals aged 19 and over, who have digital skills assessed at below level 1;
- first full qualification at level 2 for individuals aged 19 to 23; and/or
- first full qualification at level 3 for individuals aged 19 to 23.

Further information about the qualifications approved for funding is included in the following documents:

- [Adult skills fund: funding rules 2024 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/adult-skills-fund-funding-rules-2024-to-2025)
- [DfE list of qualifications approved for funding](https://www.gov.uk/government/publications/dfes-list-of-qualifications-approved-for-funding)

---

<sup>5</sup> The Secretary of State has directed each strategic authority to include within their adult education funding rules the same residency eligibility criteria as are contained in Adult Skills Fund (ASF) funding rules as amended from time to time.

<sup>6</sup> [Exercising devolved adult education functions - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/exercising-devolved-adult-education-functions)



2.8.2 The Secretary of State will continue to be responsible for setting the minimum literacy, numeracy and digital level required to operate in everyday life (see Schedule 5 of the 109 Act), which are statutory entitlements in accordance with section 88 of the 2009 Act. The minimum level is currently set at level 2 of the Regulated Qualifications Framework for literacy and numeracy, and level 1 for digital.

2.8.3 The Secretary of State will continue to be responsible for determining which qualifications are covered by the entitlement. The DfE will annually publish the list of qualifications, up to and including the minimum level, which are covered by the entitlement. The DfE is responsible for reporting against a consistent set of qualifications. Eligible learners exercising their entitlement must be enrolled on courses leading to qualifications from the specified list of qualifications. The SA may choose to fund other provision (in addition to those specific entitlement qualifications), using the ASF.

2.8.4 The SA will ensure equal access to English and maths and digital provision under the entitlements for people with relevant protected characteristics under the Equality Act 2010.

### **3. Purpose**

3.1 The purpose of this MoU is to establish ways of working and an agreed approach to the discharge of the respective responsibilities of the parties in relation to delegation of the adult education functions. This MoU builds on the assurances SAs provided in developing their readiness conditions, where they outlined the systems and processes they would have in place to effectively manage their devolved adult education functions, including the following:

- how decisions around the funding of provision are reached and communicated
- managing financial risk, including in the event of insolvency and maintaining a sustainable and financially viable adult skills provider base
- educational performance minimum standards
- protection of learners
- management of ASF funds
- management of providers, including collaborative working to minimise administrative burdens
- wider SA skills planning and the place of ASF within that; and
- governance of the SA's ASF.

### **4. Key objective**

4.1 The key objective is to achieve effective engagement between the parties, including coordinated local engagement with providers of adult further education.

## **5. Principles of collaboration and the parties' responsibilities**

5.1 The parties agree to adopt the following principles ('Principles') in relation to the key objective:

- a. to work collaboratively at all levels, as well as to learn, develop and seek to exploit the full potential of the devolution of adult education functions, through the lens of the learner journey, including through budget lines, taking, where possible, complementary and consistent approaches, whilst recognising local priorities and autonomy
- b. to share relevant information, experience, materials and skills, so as to learn from each other, develop effective working practices and to work collaboratively to identify solutions, eliminate duplication, mitigate risks and minimise costs
- c. to adhere to all statutory requirements and best practice (including the seven principles of public life (the Nolan Principles) set out in appendix A).
- d. to comply with applicable laws and standards including data protection and freedom of information legislation
- e. to act professionally and without undue delay
- f. each party will consider the implications of any issues arising for the other party and consult appropriately, if they deem that it is required, e.g. where there is, or is likely to be, a clear impact on the financial viability of colleges or other training providers
- g. to seek to ensure sufficient and appropriately qualified employees and other necessary resources are available and (in the case of employees) authorised to fulfil the responsibilities set out in this MoU
- h. to act in good faith to support achievement of the key objective and compliance with these principles
- i. to set out joint governance arrangements to underpin these principles
- j. to have consideration for each other in the performance of their respective roles and responsibilities as set out in this MoU; and
- k. to communicate with stakeholders (including providers), openly, transparently and wherever possible, consistently.

## **6. Ways of working**

### **6.1 Financial resources, consideration of jointly-funded provider financial health and sector stability**

6.1.1 The parties will meet on a regular basis to discuss provider and sector financial stability; consider jointly, planned provider funding allocations from the DfE and SA respective budget streams (including in-year changes); and consider the cumulative effect of planning decisions, by the DfE and SA, on provider financial health.

6.1.2 DfE place-based teams hold the primary relationship with SAs in general information exchanges and local intelligence sharing within their geographical area, incorporating material from the Independent Market Oversight Division. Place-based teams and SAs work on exceptional college cases; the Independent Market Oversight Division works with SAs on exceptional non-college cases.

6.1.3 The SA and DfE will be responsible for taking their own decisions on provider funding allocations – there is no requirement for them to jointly agree these allocations. However, using these regular local discussions, the SA and DfE will keep each other sighted, as early as possible, on any planned or proposed variation to allocations, enabling the SA and DfE to consider the impact on the overall financial position of the provider.

6.1.4 Providers that hold contracts or grant agreements through one or more of SA or DfE will be subject to DfE financial health processes and assessments, in addition to any checks/due diligence (see paragraph 6.8.1 below) conducted by the SA. Information relating to these financial health assessments will be discussed and shared, in accordance with any Data Sharing Agreements (DSA) or other agreed mechanism such as the Governing Body Financial Dashboard, with the SA as soon as reasonably practicable. Where such a financial health assessment raises any issues of concern, the DfE, will share that information with the SA as soon as reasonably practicable. [ESFA financial health assessment](#).

6.1.5 The DfE and the SA commit to consulting with each other through the arrangements outlined at paragraph 6.1.1 in order to minimise the risk of insolvency of any further education institution in the SA area. The DfE and the SA will participate in and cooperate with the current national arrangements for monitoring of provider financial health. When intervention is likely, the DfE and SA, as funding stakeholders, will engage in dialogue. How and when this engagement takes place will vary, subject to the type of provider concerned, what the risks and issues are and the scale of funding interest of the DfE and SA.

6.1.6 Where intervention occurs, the DfE and the SA are not expected to take the same action as each other (see paragraph 6.5.4), however discussion before action is taken is essential to understand (a) if, in case of the removal of funds by one party, that would render the provider financially unsustainable; and (b) the consequential impact of the action.

## **6.2 Funding decisions**

6.2.1 The SA and DfE will share with each other their intended timelines for communicating funding decisions, seeking to align wherever reasonably possible, allowing providers to plan delivery for the following academic year.

6.2.2 Appendix B sets high-level target dates for planned activity in respect of the DfE's communication of budgets to the SA and how they link to the commencement of SA payments to providers in the relevant academic year.

6.2.3 Following receipt of a budget from HM Treasury for delivery of adult education functions, the DfE will make all reasonable efforts to communicate the SA's ASF budget by 31 January in the calendar year in which the relevant academic year commences, e.g. by 31 January 2025 for academic year 2025/26. In the event that the DfE is unable to meet the 31 January aim, it will inform the SA as a matter of urgency.

6.2.4 The DfE will aim to transfer the relevant budget to the SA in April each year - in accordance with the arrangements set out in appendix B. In the event that the DfE is unable to transfer the budget by 30 April, it will notify the SA as a matter of urgency. Once the budget has been transferred by the DfE to the SA, the SA will have flexibility to utilise that funding to meet administrative/ operational costs associated with managing the budget and retain any underspends generated within the budget.

6.2.5 The SA will, in considering provider-funding decisions, consider the SA's 'conflicts of interest' policy. As a minimum, that policy will include:

6.2.5.1 requirements on all those involved in decision-making and all those receiving funding from this budget to declare and record actual and perceived conflicts of interest; and

6.2.5.2 appropriate external checks, an internal monitoring process and external input to decisions. For clarity, this relates to monitoring / oversight / arbitration on conflicts of interest matters; independent legal or audit advice would satisfy the requirement for external input and/or checks. This paragraph does not mean the SA must have external input to, or external checks on all its general funding decisions.

6.2.6 The government will inform the SA of the basis on which the existing methodology operates to calculate the size of the grant to be paid to the SA for the purpose of exercising the devolved adult education functions. The Government will consult with the SA in a timely and meaningful manner and before decisions are made, on any proposed changes to its methodology for calculating devolved areas' grants.

6.2.7 Funding of the learner will be determined by their residency postcode prior to enrolment. The DfE will consider and agree appropriate funding for residents of non-devolved/delegated areas where the provider delivering the provision has an DfE ASF funding agreement. The SA will decide and agree appropriate funding for its residents where the provider delivering the provision has a SA funding agreement. The DfE and SA will fund their respective learners, as determined by their residency postcode, for the duration of their learning aim or programme, irrespective of whether the learner moves to another area whilst in learning; and the learner's eligibility will not change during the learning aim or programme. The DfE and SA will ensure their respective learners

continue to be eligible for funding for the whole of the learning aim or programme if they are eligible for funding at the start, even if the duration is for over one year. DfE and SA will take steps to minimise the burden on providers.

## **6.3 Insolvency**

6.3.1 The Technical and Further Education Act 2017 ('TFEA') introduced an insolvency regime applicable to certain further education providers and will provide an orderly process for insolvency of a failed college. The insolvency regime applies aspects of normal insolvency law to FE and sixth form colleges in England and Wales that are statutory corporations. TFEA has also introduced a special administration regime, known as an education administration, with a special objective to protect learner provision for existing students at an insolvent FE body (as defined at section 4 of TFEA). The insolvency regime under TFEA only applies to FE bodies incorporated under the Further and Higher Education Act 1992 and specialist designated institutions. Some providers, such as Independent Learning Providers (ILPs) are not subject to TFEA and hence the education administration provisions will not apply to these providers. Providers may still be subject to normal insolvency provisions under the Insolvency Act 1986 and associated legislation.

6.3.2 The costs of funding an education administration for the purposes of achieving the special objective are not required to be met by the SA, regardless of where the college is and where the majority of learners are funded from. TFEA includes a flexible funding power allowing the appropriate national authority (defined in section 5 of TFEA), to decide, on a case-by-case basis, whether and how to fund an education administration.

6.3.3 For the avoidance of doubt, the parties agree that the SA will not be expected to pay for the costs of the Special Administration Regime itself, nor to provide any form of exceptional financial support for any college (including any college within the SA area) which is subject to the FE insolvency regime under TFEA. The SA and DfE will however be expected to co-operate with any Independent Business Review or formal insolvency procedure.

6.3.4 The SA will continue to fund its resident learners affected by a college insolvency under TFEA (where they are being funded from the SA's delegated ASF), while a solution to protect those learners is identified and delivered. In the same way, DfE will continue to fund learners resident in non-devolved/delegated areas, where they are funded from the non-devolved/delegated ASF.

## **6.4 Learner protection**

6.4.1 As part of the delegation of adult education functions, there should be no lessening of learner protections. The SA and DfE will, in their respective conditions of funding with providers, seek to secure protection for learners, ensuring that the terms of legal

arrangements with a provider, whether a Grant Funding Agreement or Contract for Services, include the following provisions:

- ASF funds are only provided where learners are engaged in safe and appropriate learning facilities;
- ASF funds are only provided where learners are protected from extremism and the provider complies with the 'Prevent' Duty;
- arrangements exist for the appropriate handling and protection of ASF learner data; and
- equal treatment and access to provision for ASF-funded learners and relevant adjustments under the Equality Act 2010 are required:  
<https://www.gov.uk/guidance/equality-act-2010-guidance>

6.4.2 In the event that a learner protection issue arises, giving a party cause for concern, the relevant party shall take action to inform the other. The parties will agree, on a case-by-case basis, what action will be taken and by whom.

## **6.5 Quality/Intervention**

6.5.1 The SA and DfE will inform each other as early as possible where it becomes known that a jointly funded provider has temporarily suspended operational delivery of programmes funded by the ASF which impact learners or payments to subcontractors or partners and puts at risk public funding and the financial stability of the organisation.

6.5.2 The SA and DfE will share their respective performance information for adult education and training provision commissioned by them from jointly funded providers, through their regular dialogue led by the place-based teams in DfE.

6.5.3 The DfE and SA will share information on national intervention activity involving SA-funded providers, including activity arising or planned following FE Commissioner intervention activity, Ofsted inspection, or any Notice to Improve issued to a provider. The SA and DfE will meet on a quarterly basis or on a case-by-case basis, depending on circumstances to agree the extent of SA involvement, taking into account the number of SA residents in learning at the provider and any known future plans.

6.5.4 Where intervention occurs, the action taken by DfE and the SA should be consistent with their respective conditions of funding, but DfE will operate within the wider national intervention policy set by the DfE. The DfE and the SA are not expected to take the same action as each other, however discussion before action is taken is essential to understand: (a) if, in case of the removal of funds by one party, that would render the provider financially unsustainable; and (b) the consequential impact of the action.

6.5.5 The SA and DfE will inform each other as early as possible where it becomes known that a jointly funded provider has temporarily suspended operational delivery of programmes funded by the ASF impacting on learners, payments to any sub-contractors or partners and puts at risk public funding and the financial stability of the organisation.

6.5.6 The DfE will engage with the SA and DfE on national programmes and initiatives that support quality improvement across FE.

## **6.6 Fund management**

6.6.1 The parties will ensure that appropriate arrangements are in place for the receipt and disbursement of ASF funds. Paragraph 6.2.4 above sets out the arrangements for payments that will be made to the SA, by the DfE. The DfE and the SA will also work together to evaluate and report on use of ASF funds, including in terms of value-for-money. The DfE will pay regard to the SA's timeline for monitoring and evaluation prior to making any request for monitoring and evaluation information. The parties will consider together, the practical arrangements for information sharing in respect of any evaluation, including through the activity outlined in paragraph 6.1.1.

6.6.2 The SA and DfE will, for their respective areas of responsibility, separately publish and operate their own systems of rules and principles that safeguard public funding; confirm eligibility; set out contracting and sub-contracting arrangements; set out management information requirements on providers; and document payments and performance management arrangements for ASF-funded activity.

6.6.3 The SA and DfE will publish on their respective websites, accessible to the general public, the terms and conditions of their funding agreements and contracts for services which they use with providers and will also publish provider allocations information in the autumn term and any subsequent changes.

## **6.7 Data**

6.7.1 The parties will jointly agree through the Devolution Data Group (DDG) a set of reliable, accessible and timely data, through appropriate DSAs or other agreed mechanism, to facilitate the delivery of operational processes and strategic planning, including performance reviews; and how any data will be shared in advance of publication in order to carry out any necessary checks.

6.7.2 The parties will act in accordance with any DSAs or other agreed mechanism they have and will consider the impact on providers of any additional proposals made.

6.7.3 Learner data will continue to be gathered from providers in a national data system via the ILR, from which the DfE will share data (in accordance with the agreed DSA or other agreed mechanism) to support the SA in carrying out the adult education functions. It is recognised that the SA may have additional data requirements that go beyond what is currently collected nationally through the ILR and that the DfE may propose changes to the ILR from time-to-time. The SA will be engaged in the ILR refresh process through the DDG, with all parties working collaboratively. The parties will work together through the DDG to maximise the effective sharing of data in accordance with data protection



legislation, and to manage potential changes to the system, minimise new data-provision demands on providers and avoid duplication.

6.7.4 Section 40 of the TFEA amends section 54 of the Further and Higher Education Act 1992 in respect of England to ensure that the Secretary of State can continue to obtain information from providers of further education under the devolution arrangements. In particular it applies in relation to a person who is receiving or has received funding from the Secretary of State, a local authority in England or a strategic authority. This includes providers who are funded in accordance with the Secretary of State's delegation of functions under section 39A of the Act. Section 54 enables the continuation of current arrangements to gather data on further education in England and the gathering and publication of consistent and comparable data on the operation of the further education system across England.

6.7.5 The SA will provide information to the DfE that the Secretary of State may reasonably require for purposes connected with further education (content and timing of such data to be agreed between the parties)

## **6.8 Commissioning**

6.8.1 The SA and DfE will conduct appropriate due diligence in establishing which providers will deliver ASF-funded provision, complying with Public Contracts Regulations 2015 which will be replaced with the Public Procurement Act 2023 when this comes into being.

6.8.2 The SA and DfE will undertake legally compliant exercises in line with public procurement regulations and put in place contract/performance management regimes, complying with any transparency obligations.

6.8.3 All parties will share information regarding providers where sanctions or a termination following a breach of contract has been required, subject to the DSA.

6.8.4 Parties will share information regarding providers who have been awarded a contract through a procurement exercise, subject to the DSA.

## **6.9 Skills planning / priorities**

6.9.1 The parties will work together to develop skills needs analysis and plans. Such plans will be designed to ensure a strategic landscape is built for learners that responds to local and national priorities and economic needs.

6.9.2 Local Skills Improvement Plans (LSIPs) set out current and future skills needs of an area and consider how local provision needs to change to help people develop the skills they need to get good jobs and increase their prospects. They help build a stronger and more dynamic partnership between employers, providers and local stakeholders allowing



provision to be more responsive to the skills needs of employers and local labour markets.

6.9.3 The SA and the designated employer representative body (ERB) will work together during all stages of an LSIP (development, review and implementation) and as appropriate, other relevant local and regional strategies. This include ensure that plans are effective and complement each other to maximise benefits to all parties.

This will include:

- developing and providing skills needs analysis and intelligence as appropriate in a timely manner
- supporting to deliver relevant actions outlined in the LSIP including providing updates on activity contributing to the LSIP's implementation.

6.9.4 This will ensure a landscape is built for learners that responds to local and national priorities and economic needs. Arrangements will be agreed between the parties under the 'closer collaboration' arrangements set out at paragraph 1.5.

6.9.5 Local Growth Plans will set out the long-term opportunities for economic growth in a place. They will draw on evidence from existing LSIPs and inform LSIPs and support and guide Get Britain Working Plans. Each plan will have a specific purpose and will need to complement and feed into one another.

6.9.6 As set out in the Get Britain Working White Paper, the government will provide all areas in England with resource to produce a local Get Britain Working Plan, focused on reducing economic inactivity among their local population. LSIPs will be one source of intelligence to inform Get Britain Working Plans.

## **6.10 Governance**

6.10.1 There are a number of governance mechanisms to oversee the relationship between DfE and SAs.

6.10.2 As part of the guidance set out in the National Local Assurance Framework and English Devolution Accountability Framework, SAs are asked to provide DfE with an Annual Assurance Report on the delivery of adult education functions, in line with wider monitoring and evaluation requirements. These are crucial in supporting the Permanent Secretary in fulfilling her role as Accounting Officer for the funding SAs are responsible for.

6.10.3 DfE analyses these reports and uses them to help inform the Annual Skills Stocktakes, drawing out key findings on the spend and impact of devolved skills funding, helping build our understanding on the impact of devolution.

6.10.4 The Annual Assurance Report and Skills Stocktakes should take into account relevant performance data, including published data presented on GOV.UK and any in-

year/live data, to help identify trends, successes, challenges and support strategic reviews and self-improvement.

## **6.11 Strategic engagement**

6.11.1 DfE will engage with SAs on a regular basis to discuss key strategic skill and wider education priorities, and on how we collaborate to deliver these.

## **7. Costs and liabilities**

7.1 Except as otherwise provided for in this MoU, the parties will each bear their own costs and expenses incurred in complying with the ways of working under this MoU.

7.2 Each party shall remain liable for any losses or liabilities incurred due to their own or their employees' actions and neither party intends that the other shall be liable for any loss it suffers as a result of this MoU.

## **8. Confidentiality**

8.1 Each party understands and acknowledges that it may receive or become aware of confidential information belonging to another party, whether in the course of operating this MoU or otherwise.

8.2 Each party shall treat another party's confidential information as confidential and safeguard it accordingly, and not disclose another party's confidential information to any other person (except their employees, agents, and professional advisers to which such disclosure is necessary for the purposes contemplated under this MoU).

8.3 These obligations of confidentiality shall not apply to any confidential information to the extent that such confidential information is required to be disclosed by a requirement of law placed upon the party making the disclosure. This includes any requirements for disclosure under the Freedom of Information Act 2000 and/or the Environmental Information Regulations 2004.

## **9. Data protection and record keeping**

9.1 The parties confirm that they shall comply with their responsibilities under Data Protection legislation. To the extent a party is processing another party's data (for example, where the SA has access to learner records provided by the DfE) each party will safeguard such data and treat it in the same manner as it would treat its own data to comply with the requirements of Data Protection legislation.

9.2 The SA will permit access to any records, data and information collected by it in relation to DfE-funded programmes to the DfE and any persons, including other crown

bodies and auditors (including third party auditors acting on the DfE's instructions) to inspect such records on reasonable notice. This may include taking copies of such records and sharing the same with other government agencies. The SA will ensure that the DfE (and those acting on its behalf) can use those records for such purposes and the SA shall secure all necessary consents to share any personal data (including sensitive personal data) comprised in such records, with the DfE.

## **10. Assurance, audit and investigations**

10.1 The parties will use all reasonable endeavours to ensure adult further education providers they fund adhere to the [post-16 audit code of practice](#).

10.2 The parties are responsible for assurance of their own funds.

10.3 The SA will share annual assurance statements on the providers they fund, in an agreed template on a financial year basis. It is the responsibility of the DfE to determine the level of reliance they place on the statements of assurance.

10.4 The DfE will share an annual letter outlining the assurance frameworks and oversight activities in place. Each SA will be informed of AEB and ASF audits that have been carried out once they have been completed.

10.5 The parties should be aware of and follow the guidelines set out in the English Devolution Accountability Framework which was published on 16 March 2023.

10.6 If the DfE or SA suspect fraud or financial irregularity or receive information and/or allegations in relation to a provider, including a subcontractor (that is funded by both DfE and SA) the information will be shared appropriately.

## **11. Start date and duration**

11.1 This MoU will commence on the date of this agreement. In the event there is an irreconcilable dispute arising between the parties in relation to matters set out in this MoU, it may end upon termination by either party, having first exhausted all other avenues/attempts at resolution, set out at sections 13 and 14 below. In those circumstances, either party may terminate this MoU by giving to the other party written notice expiring in a minimum of three (3) months or at the end of the latest academic year for which the SA has issued funding allocations to providers, whichever is later.

Termination of this MoU by either party does not:

- revoke or amend the devolution Order;
- change the SA's continuing obligation to act in accordance with the Statutory Guidance; or
- terminate any separately signed arrangements arising from agreement to this MoU.

11.2 In the event of termination of this MoU, the parties will also seek to work together to ensure the continuation of:

- appropriate assurances around financial liabilities in the event of FE insolvency, as set out in section 6.3 above; and
- appropriate national arrangements to support ASF delivery, including maintaining provider financial health, data and audit processes.

## 12 Review and amendments

12.1 This MoU will be reviewed at the request of either party, the first review to be carried out around one (1) year after the date of commencement. It may also be reviewed as part of the governance arrangements, set out at section 6.10 and any dispute resolution procedure, as set out at section 14.

12.2 Amendments to this MoU may only be made upon written agreement of the parties.

## 13. Communications

13.1 All notices or communications under this MoU shall be in writing and sent for the attention of the representatives whose contact details are set out below or to such other person or other address as the relevant party may give notice to the other:

For the SA: *Role within SA*

*Email:*

For the DfE: Head of Funding Policy Implementation (Adult Skills Fund Devolution), Further Education Directorate.

Email: [Skills.Devolution@education.gov.uk](mailto:Skills.Devolution@education.gov.uk)

## 14. Escalation procedure

14.1 Any dispute arising from this MoU which cannot be resolved through discussions between the parties' representatives using the facility outlined in section 13 shall be referred to a Deputy Director of the DfE and the SA delegated decision maker, who shall convene within thirty (30) days of such referral to discuss and seek to resolve the dispute.

14.2 In the event the dispute remains unresolved, it is then escalated to the relevant director general of the DfE (currently Director General, Skills Group), and the Chief Executive Officer of the SA.

14.3 The final route for escalation, if a decision cannot be agreed at senior officer level (DG/CO), would be for the relevant minister and mayor to meet and discuss.

14.4 Where all these avenues have been explored and an impasse remains, either party can decide to terminate the MoU, giving the requisite notice period, in accordance with section 11.

## **15. Miscellaneous**

15.1 This MoU does not confer any rights on any third party. Nothing in this MoU shall be interpreted as limiting, superseding, or otherwise affecting either party's normal operations in carrying out their statutory, regulatory or other duties. This MoU does not limit or restrict either party from participating in similar activities or arrangements with other entities.

15.2 Nothing in this MoU shall create a partnership or joint venture between the parties, nor shall this MoU constitute one party as the agent of another party nor the employees, contractors or consultants of one party as those of another party. No party shall have authority to enter into any contract, warranty or representation as to any matter on behalf of another party. No party shall be bound by the acts or conduct of another party.

## **16. Status**

16.1 This MoU is not intended to be legally binding and no legal obligations or legal rights shall arise between the parties from this MoU. The parties enter into the MoU intending to honour it.

## **17. Governing law and jurisdiction**

17.1 This MoU shall be governed by and construed in accordance with English law.

# Appendix A: Nolan principles

## 1. Selflessness

Holders of public office should act solely in terms of the public interest.

## 2. Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

## 3. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

## 4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

## 5. Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

## 6. Honesty

Holders of public office should be truthful.

## 7. Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs

## Appendix B: Allocations and payments

Target date	Planned activity. NB. Dates and activity in this table are aims and will follow receipt by the DfE of the relevant budget information.
January 2025	The DfE notifies SA of ASF budget allocation for 2025/26 academic year:  1 August 2025 to 31 July 2026
April 2025	The DfE pays to SA, ASF funds for 2025-26 financial year:  August 2025 to March 2026 (8 months)
August 2025	SA begins making payments to providers for academic year 2025/26
January 2026	The DfE notifies SA of ASF budget allocation for academic year 2026/27:  1 August 2026 to 31 July 2027
April 2026	The DfE notifies SA of ASF budget allocation for academic year 2026/27:  1 August 2026 to 31 July 2027
April 2026	SA continues making payments to providers for academic year 2025/26, period April 2026 to July 2026
August 2026	SA begins making payments to providers for academic year 2026/27



Department  
for Education

© Crown copyright 2025

This publication is licensed under the terms of the Open Government Licence v3.0, except where otherwise stated. To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](https://nationalarchives.gov.uk/doc/open-government-licence/version/3).

Where we have identified any third-party copyright information, you will need to obtain permission from the copyright holders concerned.

About this publication:

enquiries <https://www.gov.uk/contact-dfe>  
download [www.gov.uk/government/publications](https://www.gov.uk/government/publications)

Follow us on X: [@educationgovuk](https://twitter.com/educationgovuk)

Connect with us on Facebook: [facebook.com/educationgovuk](https://facebook.com/educationgovuk)