

Adult Education Budget

Assurance Framework

Supporting accountability, transparency and value for money.

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City Hall, Kamal Chunchie Way,
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www.london.gov.uk

Telephone: 020 7983 4000

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Introduction

The Adult Education Budget (AEB) Assurance Framework sets out how the Greater London Authority (GLA) manages London's AEB as delegated to the Mayor of London by the Secretary of State for Education. The GLA has volunteered to publish this document as part of leading the way in terms of our commitment to [openness and transparency](#) in our policy and decision making.

In order to receive AEB functions and funding, the GLA was required to meet certain readiness conditions set by the Department for Education (DfE). The AEB Assurance Framework has been shaped around these readiness conditions to ensure consistency. It also aligns with the *Guidance for the Mayor of London and Greater London Authority* (the "London Guidance") issued by the Department for Education which ensures that funding and provider management arrangements are agreed by the Mayor with providers in a way that minimises costs and maximises consistency and transparency. This Assurance Framework also builds on the National Local Growth Assurance Framework for Mayoral Combined Authorities (MCAs) with a single pot funding arrangement and Local Enterprise Partnerships.

This document is designed to provide the same level of assurance in London's management of the AEB as that demonstrated by the Mayoral Combined Authorities in their Local Growth Assurance Frameworks.

The Assurance Framework is reviewed annually to ensure the GLA's governance arrangements for delivering the AEB remain compliant with HM Government requirements and stakeholder expectations.

1. Governance and Decision Making

The [delegation letter](#) and [Memorandum of Understanding](#) (MoU) between the Mayor and the Secretary of State for Education confirming the delegation of certain statutory functions and funding relating to the transfer of the Adult Education Budget (AEB) to the Mayor of London from the 2019-20 academic year (1 August 2019) were signed in January 2019. This Framework provides assurance that the Greater London Authority (GLA) has in place the necessary systems and processes to manage delegated functions and funding relating to the AEB effectively.

This section sets out the governance and decision making arrangements, including how and when decisions are taken, and by whom.

1.1 Governance and Decision Making

Governance structure

1.1.1 The Mayor approved the governance arrangements for implementing and managing the statutory functions relating to the AEB in July 2018 under [Mayoral Decision \(MD\)2328 – Governance arrangements for statutory functions relation to AEB](#). This included the establishment of key decision making bodies for ensuring that these functions are implemented and delivered effectively. [MD2255 – Devolution of the Adult Education Budget to the Mayor](#) provides further information on the Mayor’s decision to accept the AEB functions.

Adult Education Budget Mayoral Board

1.1.2 The AEB Mayoral Board is chaired by the Mayor and is the key forum for ensuring that the statutory functions relating to the AEB, as delegated by the Secretary of State for Education to the Mayor of London under Section 39A of the Greater London Authority Act 1999 from 1 August 2019, are implemented and delivered effectively.

1.1.3 Under the legislative framework permitting the delegation of functions to the Mayor, he is excluded from delegating any decisions further and must take them personally. The AEB Mayoral Board provides an opportunity for the Mayor to actively consider pending decisions before making any final decision either at the meeting, or through the GLA decision making procedures,¹ notwithstanding that decisions cannot be delegated under the GLA’s usual financial thresholds, as set out in [Mayoral Decision Making in the GLA](#). As such, all decisions must comply with the GLA’s corporate governance, financial, legal and procurement frameworks and processes. The

¹ Details of which decisions may be made by the Mayor at the AEB Mayoral Board meetings and those which are reserved to Mayoral Decision are set out at the end of this chapter.

implementation of Board recommendations is undertaken through the GLA's decision making process.

1.1.4 In March 2021, under the cover of [MD2736](#), the Mayor approved in March 2021, sets out changes to the AEB decision -making process, implementing a two-tier process whereby decisions can either be made by the Mayor at the AEB Mayoral Board meeting, or by Mayoral Decision form. The process is set out in detail at paragraphs 1.2.4 – 1.2.7 of this chapter, and guidance on the types of decisions that can be made under each tier are set out at the end of this chapter under the 'Schedule of Matters Reserved to the Mayor'. The changes were put in place in order to:

- 1) provide guidance as to which decisions may be taken by the Mayor via the AEB Mayoral Board and those which require a Mayoral Decision (MD) form under the ['Mayoral Decision Making in the GLA' framework](#);
- 2) maintain robust and lawful decision making whilst enabling routine programme decisions to be taken quickly and effectively; and
- 3) meet the needs of internal and external stakeholders.

1.1.5 Any decisions taken through the urgency procedure require an MD form (notwithstanding the exceptions set out at paragraph 10.5 of the AEB Mayoral Board constitution), and the two-tier approach set out above does not apply. Further detail on the urgency procedure is set out at section 10 of the AEB Mayoral Board constitution.

Board membership

1.1.6 The [AEB Mayoral Board](#) comprises the following members:

- Mayor of London – Chair;
- Deputy Mayor for Planning, Regeneration & Skills;
- Mayor's Deputy Chief of Staff;
- Executive Director – Resources (Chief Finance Officer); and
- any other appointment that the Mayor deems to be in furtherance of the Board's aims.

1.1.7 Final AEB decision making rests with the Mayor and all other members attend in an advisory capacity.

Roles and responsibilities

1.1.8 The purpose of the AEB Mayoral Board is to consider proposals in relation to:

- a) the strategic priorities and funding requirements for the AEB, including alignment to the Mayor's Skills for Londoners Strategy and Skills Roadmap for London;
- b) the modelling of funding allocations for the AEB programme;

- c) the funding allocations to education and training providers;
- d) any redistribution of allocated funding in the AEB programme;
- e) any key programme risks identified; and
- f) any other area that the Mayor determines is needed in order to exercise his delegated authority.

1.1.9 The [AEB Mayoral Board constitution](#) sets out further details on how the Board operates, including its membership and terms of reference.

1.1.10 The AEB Mayoral Board is informed by the recommendations of other GLA Skills for Londoners bodies as set out below.

Skills for Londoners Board

1.1.11 Although accountability for all decision making sits with the Mayor, the GLA recognises the need to engage with key stakeholders including London's boroughs, Further Education Colleges and Independent Training Providers, as well as employers, particularly in relation to ensuring strategic priorities are being met and are addressing local need.

1.1.12 The Skills for Londoners Board fulfils this purpose and has been established to advise the Mayor on the AEB programme, as well as helping to drive the [Skills for Londoners Strategy](#) and inform the GLA's thinking on other skills and employment funding priorities.

1.1.13 In order to provide a balance of members, the Board comprises representatives from London's boroughs, Further Education Colleges and Independent Training Providers as well as London's employers and business.

1.1.14 Under cover of [MD2972](#), the Mayor approved minor changes to the Skills for Londoners Board constitution in April 2022. In summary, the constitution has been updated to include a representative from Higher Education as a member of the Board. This member will be a representative of London Higher.

1.1.15 The updated [Skills for Londoners Board constitution](#) sets out further details on how the Board operates, including its membership and terms of reference.

Jobs and Skills Business Partnership

1.1.16 The Mayor originally established the London Occupational Skills Board (LOSB) under the cover of [MD2328](#) in July 2018, as a key advisory body to the Mayor following a commitment in the Skills for Londoners (SfL) Strategy. It is chaired by the Deputy Mayor for Business and has been operating as the SfL Business Partnership since its inaugural meeting on 25 February 2019.

1.1.17 The coronavirus pandemic, and the increasing need to prioritise London's jobs and skills, have led to the recent publication of the Skills Roadmap for London and a timely review of the SfL Business Partnership's constitution to maximise collaboration in support of London's recovery from the Covid-19 pandemic.

- 1.1.18 Under the cover of MD2972, the Mayor approved the repurposing and reconstitution of the Skills for Londoners Business Partnership, renaming the Business Partnership the 'Jobs and Skills Business Partnership' and amending the Business Partnership's constitution.
- 1.1.19 The key amendment to the constitution was to introduce nominated members from four major employer representative bodies, plus the London Economic Action Partnership (LEAP) (London's local enterprise partnership), to complement the existing membership of individual employers appointed through an open recruitment process.
- 1.1.20 The Jobs and Skills Business Partnership sits alongside the Skills for Londoners Board and brings together business/employer representatives to advise the Mayor on how to improve and align skills provision, including specialist and higher-level skills provision (considering progression routes to higher education), to meet skills needs in London.
- 1.1.21 The Jobs and Skills Business Partnership is responsible for advising the Mayor and the Skills for Londoners Board on meeting occupational skills requirements through City Hall's skills and employment programmes, including the AEB.
- 1.1.22 The Jobs and Skills Business Partnership comprises members from London's business, employers and representative bodies encompassing such categories as the Mayor considers will best further the Partnership's purpose. A Member of the Jobs and Skills Business Partnership is also a member of the Skills for Londoners Board with a role in ensuring collaborative working across the Mayor's skills agenda.
- 1.1.23 The Jobs and Skills Business Partnership constitution sets out further details on how the Partnership operates, including its membership and terms of reference.

Subordinate bodies

- 1.1.24 The SfL Board and Jobs and Skills Business Partnership have established a number of subordinate bodies to assist in meeting their objectives. A full list of subordinate bodies and further information about their work, including terms of reference, is available on the [SfL Board](#) and [Jobs and Skills Business Partnership](#) webpages.

Governance structure chart

- 1.1.25 An [AEB governance structure chart](#), and further information about the Boards and their subordinate bodies is available on the Skills and Employment governance and decisions page on the GLA website.

Conduct of Board Members

- 1.1.26 All non-GLA Board Members (and members of any subordinate bodies) are required to sign terms of appointment which includes a requirement to observe the seven principles of public life ('The Nolan Principles')². A Code of Conduct, which further details the expectations of members is issued by the GLA following appointment.
- 1.1.27 Board members who are also GLA staff are required to adhere to the [GLA Code of Ethics and Standards for Staff](#), which sets out the role of the Authority's staff in assisting the Mayor and Assembly and details expectations in relation to declarations of interest, as well as confidence and trust.

Diversity

- 1.1.28 London's diversity is its biggest asset and the Mayor of London strives to reflect London's diversity in all Board appointments.
- 1.1.29 All reports presented to the boards or their subordinate bodies include details of how equality issues have been considered in the process of arriving at the recommendations.
- 1.1.30 The Mayor has published his [Equality, Diversity and Inclusion Strategy](#) that sets out how he will work to create a fairer, more equal, integrated city where all people feel welcome and able to fulfil their potential.

Officer support

- 1.1.31 The AEB programme is supported by staff within the GLA's existing structures.
- 1.1.32 The Executive Director for Communities & Skills or their nominee acts as the Senior Responsible Owner for the AEB programme, and the GLA's Executive Director of Resources acts as the GLA's Chief Finance Officer. Programme and project support is provided from the Skills & Employment Unit policy and delivery teams. GLA corporate support services (e.g. Finance and Human Resources) are also provided from within the GLA's existing support arrangements.
- 1.1.33 Governance arrangements consist of Skills & Employment Senior Manager led delivery and performance groups which meet regularly to review, monitor and challenge performance, issues and risks of all Skills programmes. The Skills for Londoners Programmes Board, which is chaired by the Assistant Director, Skills & Employment and includes officers from GLA Legal, Finance and Governance, considers reports and recommendations from the Delivery and performance groups ahead of submission to the AEB Mayoral Board.

² With the exception of members who hold public office as they are automatically bound by these principles.

1.1.34 Under AEB delegation arrangements, all formal decisions relating to the AEB are exercisable by the Mayor only and are not able to be delegated to officers under the usual GLA decision making thresholds. AEB processes that are purely operational, such as those associated with entering into contracts/grant agreements, payment profiling, non-significant variations and making the provider payments are managed by GLA officers on his behalf via the Skills & Employment programme governance arrangements outlined above.

1.1.35 The tables setting out both the 'Schedule of AEB Matters Reserved to the Mayor' (through the MD form process, and those decisions he can take at the AEB Mayoral Board meetings), as well as the 'Schedule of Officer Responsibilities' are included at the end of this chapter. Processes for discharging the responsibilities set out in those schedules are included in Appendix A.

Use of Resources

1.1.36 Resources are managed in line with programme requirements and compliance is ensured by GLA officers seeking legal and financial opinions as a part of implementing the Mayor's decisions following recommendation by the AEB Mayoral Board and appropriate appraisal by the GLA's decision making processes.

1.1.37 The GLA's Financial Framework is contained within the [GLA's Financial Regulations](#) and applies to all AEB funding.

1.1.38 Under the Financial Regulations, the GLA's Executive Director of Resources acts as the GLA's Chief Finance Officer and has statutory duties in relation to the financial administration and stewardship of the GLA. This statutory responsibility cannot be overridden. The statutory duties arise from:

- Section 127 of the GLA Act 1999;
- The Local Government Finance Act 1988;
- The Local Government and Housing Act 1989;
- The Local Government Act 2003; and
- Accounts and Audit (Amendment) (England) Regulations 2006.

1.2 Accountable and Transparent Decision Making

1.2.1 The Mayor is committed to openness and transparency in his administration and will make sure the work of the Boards set out above is in line with Mayoral policy and stakeholder expectations wherever possible.

GLA Website

- 1.2.2 The primary source of information relating to the AEB in London is on the GLA website at www.london.gov.uk/what-we-do/jobs-and-skills. The webpages contain key documents and information relating to delivery of the AEB.

Making and recording decisions

- 1.2.3 All proposed AEB decisions are considered by the AEB Mayoral Board (after consultation with the SfL Board, Jobs and Skills Business Partnership or subordinate body as appropriate) prior to the final decision being taken by the Mayor either at the AEB Mayoral Board meeting or via a formal Mayoral Decision being obtained.
- 1.2.4 Under the cover of MD2736, the Mayor approved a two-tier AEB decision making process by which AEB decisions can be made by the Mayor as follows:
- **AEB decisions that require endorsement by the AEB Mayoral Board and approval by the Mayor via an MD form.** This includes, but is not limited to: strategic direction and priorities; overarching governance & decision making arrangements; the AEB commissioning strategy and overarching annual budget; and provider allocations for the year. Decisions taken in this way should first be considered by the AEB Mayoral Board before the MD form is submitted for approval through the Mayoral decision making process. Where required, all overarching MDs will set the parameters under which the AEB Mayoral Board can consider the matter and the Mayor can take decisions at the AEB Mayoral Board meeting. In addition, if changes are required to the MD after approval, it would be subject to the following variation procedure:
 - Where the value of a Financial Commitment associated with a decision changes, then a new MD form is required unless the original MD form has set out specific criteria or financial thresholds.
 - If there are significant changes to the nature of a decision, the basis on which it was taken or to the outcomes being pursued, then a new MD form may also be required, subject to consultation with GLA Governance.
 - **AEB decisions that can be approved by the Mayor at the AEB Mayoral Board meetings.** This includes decision making that falls within the scope of any MD form setting the strategic direction or Mayoral priorities (and where these do not affect the basis of the original decision) and/or where a decision is not, according to the rules set out in Mayoral Decision Making in the GLA, reserved to the MD process (see below and Section 1.6). In order to record decisions made in this way, following consideration of a report on a matter by the AEB Mayoral Board, the Mayor will approve the decision(s) made at the end of the AEB Mayoral Board meeting which are then recorded. Should the AEB Mayoral Board require amendments to any recommendations, the decision is

automatically referred to MD and submitted once the changes have been made.

- 1.2.5 Guidance on the types of decisions that sit under each tier are set out in the 'Schedule of AEB Matters Reserved to the Mayor' at the end of this chapter. Processes that are considered operational are defined in the 'Schedule of Officer Responsibilities'.
- 1.2.6 As a general principle, any decisions that, under the 'Mayoral decision making in the GLA' framework, would usually require an MD form (i.e. for areas outside of the AEB) will still be subject to the MD form process. Decisions that would usually be delegated but cannot due to the restrictions relating to the AEB, will be taken by the Mayor at the AEB Mayoral Board (rather than through an MD form).
- 1.2.7 Any decisions considered to be 'novel, contentious or repercussive' remain subject to the MD form process. The AEB Mayoral Board also reserves the right to refer any recommended decision to the MD form process, even where the decision could be approved by the Mayor at the AEB Mayoral Board meetings.
- 1.2.8 Wherever possible, agendas and reports are published on the GLA's website five clear working days before the meeting to which they relate. Only in exceptional circumstances will the agenda and reports be tabled at the meeting or circulated within the five clear working day period.
- 1.2.9 All reports are released with the agenda except in those cases where officers reasonably consider that information may be exempt from disclosure under an applicable exemption under the Freedom of Information Act 2000 (FOIA). These reports will be classed as 'reserved from publication'.
- 1.2.10 The main exemptions that are likely to make information reserved relate to the following (although others may be applicable under the FOIA):
 - commercial sensitivity;
 - information provided in confidence;
 - personal data;
 - legal professional privilege; and
 - information intended for publication at a future date.
- 1.2.11 Board meetings are not held in public, reflecting the accountability arrangements Parliament has put in place for the GLA, in that the Mayor's decisions are scrutinised by the London Assembly, including through Mayor's Question Time only after he has taken decisions.
- 1.2.12 Summary minutes of the meetings of the Boards are usually posted on the GLA's website within two weeks of the meeting to which they relate, with a final version published within ten clear working days of approval, which would normally take place at the following meeting.

In taking forward advice from the AEB Mayoral Board

- 1.2.13 Where the AEB Mayoral Board has recommended to the Mayor a funding decision, this is subject to GLA officers conducting due diligence of that decision, including financial appraisal. Transparency in taking this forward is assured through the GLA's decision making processes and through publication of AEB Mayoral Board reports as well as all GLA decision forms.

Freedom of Information and Environmental Information Regulations requests

- 1.2.14 The Mayor of London is committed to complying with the Freedom of Information Act 2000 and Environmental Information Regulations 2004.
- 1.2.15 Reports that are reserved from publication can be requested under the relevant legislation, at which stage the GLA will consider these requests on a case-by-case basis (taking into consideration such factors as timing, any applicable exemptions and the public interest test).
- 1.2.16 The GLA website includes a link on every page of the website to a dedicated [Freedom of Information](#) page which outlines how to make requests and complaints.

Managing conflicts of interest, gifts and hospitality and complaints

- 1.2.17 All Board members are required to complete the GLA Register of Interests (RoI) form. When undertaking work in connection with the AEB, Members are required to agree to comply with the standards and processes relating to conduct as detailed in their Terms of Appointment and the Code of Conduct ('the Code') as set out in letters of appointment, and any relevant applicable provisions of the [GLA Group's Corporate Governance Framework Agreement](#). The Code includes provisions in relation to adhering to the seven principles of public life ('the Nolan principles') and the potential disclosure and registration of personal interests. The Code acts to ensure the probity of those appointed to the boards.
- 1.2.18 Members are also required to disclose the receipt of gifts or hospitality valued over £50 in the course of their work for the Board.

Complaints and Whistleblowing

- 1.2.19 The Jobs and Skills webpages on the GLA website provides information on how Learners, Parents, authorised representatives of learners and employers can complain about the AEB programme in London via the Skills complaints procedure. Members of the public who are not listed above or are unsatisfied with the Skills complaints procedure, can escalate their complaint to stage two of the [GLA complaints procedure](#). Both procedures include a link to a secure form through which confidential complaints can be made.

1.2.20 The GLA has set out guidance on how staff can raise concerns about wrongdoing in the workplace where they believe the public interest is not being served. Although primarily for staff, the [Whistleblowing Policy](#) and associated guidance also explains how others can raise concerns about the GLA's work.

Local Engagement

1.2.21 While decision making in relation to the AEB programme sits directly with the Mayor, the GLA is committed to working closely with stakeholders, including London's boroughs, Further Education colleges, independent training providers and businesses to enable collective engagement in decision making on skills priorities, including the AEB.

1.2.22 Stakeholders are engaged through a range of informal meetings, briefings and events, as well as through formal meetings of the SfL Board and Jobs and Skills Business Partnership. London Councils (the umbrella organisation for the boroughs and the City of London Corporation) nominates five members to the Skills for Londoners Board. This includes London Councils' Executive Member for Skills and Employment who co-Chairs the Board, and representatives from each of the four sub-regional partnerships.

1.2.23 Stakeholders have been engaged during the process of designing new policies and will continue to be consulted on an annual basis.

Arrangements for project delivery

1.2.24 All contracts/grants recommended and endorsed by the AEB Mayoral Board are subject to the GLA's procurement and associated financial management processes. The GLA takes responsibility for ensuring effective delivery including where sub-contractor delivery bodies have been appointed.

Priorities and mechanisms for enhancing social value

1.2.25 Under Section 30 of the Greater London Authority Act 1999 the GLA uses its power to promote economic, social and environmental development, and wealth creation to implement advice to the Mayor. The GLA also uses its Responsible Procurement Policy that guides procurement to enhance social value.

1.3 Use of independent scrutiny

1.3.1 The GLA operates several structures to ensure that AEB decision making is subject to independent scrutiny. Arrangements include scrutiny by the London Assembly in line with its role described in the Greater London Act 1999 and specifically its Education Panel and Budget and Performance Committee.

- 1.3.2 In addition, all decision making is subject to sign-off by senior officers who are all independent from the AEB Delivery team (including sign-off from the GLA's Finance team. Sign-off is also sought from the GLA's Executive Director for Communities and Skills on all AEB MD forms.
- 1.3.3 The AEB is included in the annual Mayor's Office for Policing and Crime (MOPAC) audit schedule allowing for MOPAC auditors to scrutinise AEB management and allocation processes. The GLA's external auditors are also able to review the AEB payments and financial information.

1.4 Risk Management

- 1.4.1 The GLA has a [Risk Management Framework](#) that all GLA funding is subject to. A senior officer (Executive Director of Communities & Skills) is the Senior Responsible Owner (SRO) responsible for overseeing officers in identifying and managing risk for the AEB.
- 1.4.2 The Skills & Employment Unit has implemented a Risk and Issue management protocol in line with the GLA framework which describes how it manages risks and issues in its portfolio including AEB risks through the unit's governance structures through to escalating to the AEB Mayoral board and separately through to GLA corporate governance processes to the Assembly including reporting in the Corporate risk register. Further detail in relation to governance and decision making for the AEB in London is available at: london.gov.uk/what-we-do/jobs-and-skills/jobs-and-skills-governance-and-partners.

1.5 Equality and Diversity

- 1.5.1 In his [Equality, Diversity and Inclusion strategy](#) published in 2018, the Mayor set out how all his policies and programmes will help to create a fairer and more inclusive city where all people feel welcome and able to achieve their full potential. Delivery of the AEB takes this into consideration and makes assurances that providers do as well:
- Grant providers are required to have criteria for how they will administer and distribute AEB funds; these must reflect the principles of equality and diversity;
 - Grant providers are required to adhere to the Equality Act 2010 and to promote principles that support equality of opportunity for all;
 - In their Invitation to Tender (ITT), Procured providers were required to explain how they would promote and encourage diversity and equality and eliminate unlawful discrimination as outlined in the Equality Act 2010.
- 1.5.2 The education inspection framework (EIF) published by Ofsted in 2019 aims to eliminate discrimination and advance equality of opportunity. All providers

are subject to inspections by Ofsted and therefore will take the EIF into consideration.

1.6 Schedule of AEB Matters Reserved for the Mayor and Officer Responsibilities

1.6.1 The tables in this section set out the following:

Table 1: Schedule of AEB Matters Reserved to the Mayor, which defines decisions that may be made by the Mayor at the AEB Mayoral Board meetings, and those that are reserved to MD form. This table should be considered as guidance and all AEB decisions should be made in line with the Mayoral Decision Making in the GLA framework.

Table 2: Schedule of Officer Responsibilities, which defines operational matters that may be undertaken by officers on behalf of the Mayor.

Table 1: Schedule of AEB Matters Reserved to the Mayor

For details of the current processes relating to this schedule, including substantive changes to the AEB Funding Rules and Rates in-year and varying contracts, including financial thresholds, see Part 1 of Appendix A.

1. Decisions reserved to a Mayoral Decision (MD) Form	2. Decisions which may be taken by the Mayor at the AEB Mayoral Board
Governance and Procedural	
<ul style="list-style-type: none"> • Approval and review of the AEB Assurance Framework, including substantive changes in the following areas: <ul style="list-style-type: none"> ○ Performance management strategy; ○ Provider audit approach; ○ Data management approach; and ○ Governance and decision making arrangements and approval of the 'AEB Matters reserved for the Mayor' and 'Schedule of Officer Responsibilities'.³ 	<ul style="list-style-type: none"> • Approval of AEB programme plan each year and oversight of its implementation. • Review and approval of: <ul style="list-style-type: none"> ○ Performance management and monitoring approach; and ○ programme risks and issues, including any risk management strategy as required. • Review and agreement of actions identified by external and/or internal audit reports.
Financial assurance	

³ The Assurance Framework is reviewed annually, and should any changes be identified in any of the areas listed, these may be subject to separate MDs.

<ul style="list-style-type: none"> • Approval of the annual budget, including the main budget categories,⁴ including (but not limited to): <ul style="list-style-type: none"> ○ Grant provision; ○ Procured provision; and ○ Management & Administration. • AEB commissioning strategy, including ‘indicative’ and ‘final’ provider allocations (see also ‘Managing Provision’). • In-year budget changes where funding is transferred between the main budget categories including: <ul style="list-style-type: none"> ○ any increases or decreases to the overall allocation from HM Government; and ○ Virements between the ‘top line’ budget categories. 	<ul style="list-style-type: none"> • In-year changes (budget reprofiles) to the annual budget allocations (as per the main budget categories agreed annually by the Mayor via MD) that remain within the main budget categories. • Transfers between sub-categories within the Management & Administration budget line that have previously been agreed by MD and subject to the GLA Financial Regulations (unless considered novel, contentious or repercussive in which case it will be deferred to MD).
Strategy and Policy	
<ul style="list-style-type: none"> • Strategic direction and priorities (including those identified through stakeholder consultation activities). • Policy decisions that cannot be aligned to the overall strategic direction. 	<ul style="list-style-type: none"> • Policy decisions designed to achieve the overall strategic direction. • Agreement of research and evaluation priorities, consideration of findings and approval to publish final reports. • Approval of any formal stakeholder consultation exercise(s) designed to inform Strategy and/or Policy.
Managing Provision	
<ul style="list-style-type: none"> • Annual agreement of ‘draft’ and ‘final’ AEB Funding Rules and Rates. 	<ul style="list-style-type: none"> • Changes to individual provider allocations (payment profiles/deliverables) including: <ul style="list-style-type: none"> ○ Approval of payment profile (in line with previously agreed policy)

⁴ The Mayor allocates the AEB across main budget categories. For 2020-21, the Mayor made allocations for three main budget categories ahead of the financial year (grant provision; procured provision; and Management & Administration) and added two additional budget categories in-year (Skills for Londoners (SfL) Innovation Fund; and SfL COVID-19 Response Fund).

	<p>changes and HM Government's standard national profile);</p> <ul style="list-style-type: none"> ○ 'Significant'⁵ variations to the value of a contract for services/grant agreement; and ○ 'Significant' growth requests and reduction statements. <ul style="list-style-type: none"> ● Procedural matters relating to contracts/grant agreements: <ul style="list-style-type: none"> ○ Agreeing the standard form of contract/grant agreement; ○ Entering into provider contracts/grant agreements; ○ Significant variations to terms of contract/grant agreement) i.e. variation to the standard form of contract/grant agreement; and ○ Termination of an AEB contract for services/grant agreement. ● AEB Funding Rules and Rates: <ul style="list-style-type: none"> ○ Substantive in-year changes to AEB Funding Rules and Rates to improve provider management or to implement new GLA policies, subject to the policy decisions that they derive from having been separately agreed by MD where required (and outside of the annual 'draft' and 'final' Funding Rules which are subject to MD).⁶
Other	
<ul style="list-style-type: none"> ● Any novel, contentious or repercussive decisions, and any decisions referred to MD by the AEB Mayoral Board. 	<ul style="list-style-type: none"> ● The AEB Mayoral Board reserve the right to refer any decisions outlined above to the formal MD process.

⁵ The thresholds at which variations are considered 'significant' and must be approved by the Mayor are based on a percentage of the overall contract value and defined at the end of this chapter. 'Non-significant' variations may be made by officers and agreed via the Skills for Londoners Programmes Board.

⁶ Minor changes to GLA Funding Rules as defined by the 'Schedule of Officer Responsibilities' would continue to be made by officers.

<ul style="list-style-type: none"> • Any proposals that require amendments following consideration at an AEB Mayoral Board meeting. • Any matters not covered in this table and not agreed as 'operational' as set out in the 'Schedule of Officer Responsibilities' in the AEB Assurance Framework are to be decided by MD. 	
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Note: In cases where a decision is needed urgently and there is no scheduled AEB Mayoral Board meeting and no opportunity of an extraordinary meeting, the AEB Mayoral Board urgency procedure will be followed and the final decision will then be taken via the standard MD form process.

Table 2: Schedule of Officer Responsibilities

All matters listed under 'the 'Schedule of officer responsibilities' below are actioned in accordance with the applicable legislative framework, HM Government guidance and relevant GLA policies and procedures.

Document/process
Procedural Matters relating to contracts/grant agreements
Minor variations to the standard form of contract/grant agreement e.g. to correct a clerical error or to ensure compliance with evolving law.
Changes to individual provider allocations (payment profiles/deliverables)
Variations to a payment profile (where the overall contract/grant value remains unaltered)
Non-significant* growth requests and reduction statements

<p>Non-significant* variations to the Value of a contract of services/Grant Agreement</p> <p><i>*See table below for definition of 'non-significant'.</i></p>

Changes to Volumes ⁷ and/or of Services ⁸ which do not impact on the Value of a contract of Services/Grant
AEB Funding Rules and Rates
Minor changes to GLA Funding Rules such as alignment with the Education & Skills Funding Agency (ESFA) changes to improve consistency or to correct a clerical error or to ensure compliance with evolving legislation.

Table of value changes considered to be Non-Significant

Commitment Value	Max Change in Value (%)	Maximum Change
<£300k	30	N/A
£300k to £1m	20	£100,000
£1m to £3m	15	£300,000
>£3m	10	£500,000

⁷ Where Volumes relates to overall volumes of (Paid or unpaid) individual deliverables in a Contract/Grant and/or the proportion of volumes of (Paid or unpaid) individual deliverables allocated to the different individual deliverables in the Contract/Grant.

⁸ Where Services means the activities required to be delivered in order to meet the Objectives of a Contract/Grant (for example, the Levels of qualifications or the Learning Aims by sector/theme)

2. Financial Assurance and Auditing

The GLA has robust arrangements in place to ensure effective delivery of the AEB. This section summarises the GLA's existing processes and outlines the GLA's Financial Assurance and Auditing approach.

2.1 Use of independent scrutiny

- 2.1.1 The London Assembly Audit Panel has clearly defined terms of reference and plays a key role in enhancing public confidence in the governance of the GLA. The Panel is concerned with ensuring; the security and monitoring of financial systems, there is an anti-fraud culture and the promotion of probity and good practice within the core GLA. The Panel works in liaison with the external auditors over their annual programme and, with the Mayor as appropriate, approves the internal audit annual plan. It deals with matters arising from external and internal audit activity and reviews the GLA's risk management framework.
- 2.1.2 The Panel meet on a quarterly basis receiving and considering appropriate reports from GLA officers and internal and external audit to effectively discharge its responsibilities as defined within its terms of reference.

2.2 Internal and External Audit Arrangements

- 2.2.1 The GLA is required by the Accounts and Audit Regulations 2015, to undertake effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, considering public sector internal auditing standards.
- 2.2.2 The head of audit provides an independent and objective annual opinion on the effectiveness of risk management, control and governance arrangements for the GLA, which is published alongside the annual accounts in the public domain.
- 2.2.3 The external auditors for the GLA were appointed by the Public Sector Audit Appointments (PSAA). Both internal and external audit report to the London Assembly Audit Panel at each of its meetings and have direct access to the Chair in line with best practice.

2.3 Corporate Governance Framework

- 2.3.1 The GLA has a clearly defined corporate governance framework which is regularly reviewed to ensure it is in line with best practice and to meet

statutory requirements. An updated GLA Scheme of Delegation, Financial Regulations and Contracts Code are in place.⁹

2.4 Monitoring and Evaluation

- 2.4.1 The GLA is compliant with the Local Audit and Accountability Act 2014. The London Assembly Audit Panel is concerned with ensuring the security and monitoring of financial systems. Terms of reference, details of committee members and minutes are publicly available.
- 2.4.2 The Internal Audit Charter sets out the roles and responsibilities in place to ensure an adequate and effective internal audit function is operating and for reporting to the Mayor and Assembly should the possibility arise of a failure to maintain this requirement.
- 2.4.3 At a local level, the Skills & Employment Unit ensure appropriate and proportionate arrangements are in place for monitoring. Performance and spend are monitored on a regular basis for expenditure, output and outcome performance, and risks and issues as a minimum.
- 2.4.4 The specific outcomes that will be monitored and measured will differ depending on the type of intervention. Monitoring and evaluation focuses on those outcomes that are most relevant to the impact of the AEB programme objectives.
- 2.4.5 As mentioned in Chapter 1 of this Assurance Framework, the AEB is included on the annual MOPAC audit schedule allowing for auditors to scrutinise AEB processes.
- 2.4.6 Programme level evaluations are undertaken as appropriate.
- 2.4.7 AEB officer-level programme boards are established to oversee and monitor programme performance. Details of AEB governance arrangements can be found in Chapter 1 of this Assurance Framework.

⁹ All available at: <https://www.london.gov.uk/about-us/governance-and-spending/good-governance/our-procedures>

2.5 Decision Making

- 2.5.1 The GLA has a clear and transparent basis against which projects and programmes are initially identified, commissioned, appraised and prioritised. This basis is applied to all AEB finances.
- 2.5.2 Under the legislative framework permitting the delegation of AEB functions to the Mayor, he is excluded from delegating any decisions further and must take them personally. In July 2018, the Mayor formally put in place robust internal and external governance arrangements for overseeing the AEB programme, namely the AEB Mayoral Board, the Skills for Londoners (SfL) Board and Jobs and Skills Business Partnership. Further information about AEB governance arrangements is set out at Chapter 1 and further details of each board can be found here: www.london.gov.uk/what-we-do/jobs-and-skills/jobs-and-skills-governance-and-partners
- 2.5.3 The Executive Director, Resources has overall responsibility for funding and sits on the AEB Mayoral Board.

2.6 AEB Provider Audit

- 2.6.1 The Audit and Assurance approach was developed with input from the Mayor's Office for Policing & Crime (MOPAC)¹⁰ and incorporates joint working arrangements that have been agreed with the Education and Skills Funding Agency (ESFA) and other Mayoral Combined Authorities (MCAs) through the AEB Audit, Assurance, Fraud and Investigations Network. The Mayor approved a five-year budget to implement the approach under cover of MD2455 in December 2019.
- 2.6.2 GLA officers agreed an audit code of practice with the ESFA and MCAs which sets out a common standard for the provision of assurance in relation to the funding of post-16 providers (including AEB).
- 2.6.3 Three organisations have been awarded a five-year audit contract following a competitive tender process. In addition, MOPAC will deliver audits where conflicts of interest exist with contracted firms. This would be covered under the shared service agreement that is currently in place with MOPAC.
- 2.6.4 The agreed audit approach meets both the GLA's reporting requirements and those of the European Social Fund programme.

¹⁰ MOPAC's Directorate of Audit, Risk and Assurance (DARA) provides a shared internal audit service to the GLA.

2.7 Financial due diligence

- 2.7.1 The following arrangements were applied to ensure appropriate financial checks and due diligence as part of the grant allocation and procurement processes.
- 2.7.2 The GLA receive financial information from the Education and Skills Funding Agency (ESFA) about the financial health of providers following each national finance return.
- 2.7.3 All financial health assessments received are reviewed as part of the ongoing provider monitoring arrangements.
- 2.7.4 In respect of funded providers, the GLA has set out performance management arrangements including action to address weakness in financial health where this impacts on the funds delegated to the Mayor.

3. Data management

To enable the development and maintenance of the adult education functions delegated by the Secretary of State, the GLA has devised a framework for the collection, processing and storage of data. This section sets out the approach to data management of the AEB to ensure processes are standardised, compliant and clear.

3.1 Data Collection

- 3.1.1 The GLA, Department for Education (DfE) and Education and Skills Funding Agency (ESFA) will continue to maintain a Data Sharing Agreement (DSA) permitting the monthly transfer of AEB delivery data collected by providers in the Individualised Learner Record (ILR). The ILR is an on-going, nationally specified collection of data about learners and the learning undertaken by them from providers. Data are transferred between parties using securely encrypted processes, with password-protected access to ESFA systems, and a two-factor verification process to access DfE systems.
- 3.1.2 To carry out the delegated functions, the GLA are receiving some data direct from AEB providers for validation purposes, uploaded to OwnCloud (also known as FileCloud), a file sharing server; and supplementary data uploaded to the Skills Gateway platform on the GLA Open Project System (GLA OPS). Uploads require password protected login access by providers and include:
- Monthly learner aggregated data in funding reports
 - Supporting evidence for funding claims
 - Detailed subcontracting plans
 - Financial Health Assessments
- 3.1.3 In addition, the GLA directly collects supplementary information from providers which is shared with the Department of Work and Pensions (DWP) and is used to evaluate AEB procured provision and for monitoring purposes in line with European Commission regulatory requirements.
- 3.1.4 The GLA will continue to work proactively with DfE and ESFA through the monthly Data Governance Group to identify data needs. Where it is recognised that additional data requirements go beyond what is currently collected in the ILR, such as the supplementary data required for GLA AEB procured provision, the GLA and the ESFA will work together to manage potential changes to the system and minimise new data provision demands on providers, as well as to ensure efforts are not duplicated between commissioning bodies.
- 3.1.5 The GLA will continue to gather intelligence through provider engagement work on the most useful data to gather to support the GLA initiatives outlined in the Skills for Londoners (SfL) Framework. Implementation of this work will be informed by the SfL Board; undertaken in consultation with providers; and incremental to balance the impact on providers with the possible benefits to

be realised gathering data.

3.2 Data Processing

- 3.2.1 Data will be utilised by the GLA for operational use associated with the adult skills delegation process. This will include business processes such as:
- Calculating funding earned by providers to enable accurate payments;
 - Monitoring and performance: managing provider delivery against allocation or contract, and evaluating quality and effectiveness of provision;
 - Informing funding and commissioning decisions, research for policy development and modelling; and
 - Conducting programme evaluation and impact analysis.
- 3.2.2 Recipients of operational data will be restricted to GLA officers with a genuine business need to undertake any processing or analysis.

3.3 Data Storage and Security

- 3.3.1. Her Majesty's Government (HMG) security framework policy outlines the mandatory security outcomes expected of the GLA in handling HMG information. Alongside this, data handling will meet the conditions set out in the GLA information security policy which can be found [here](#).
- 3.3.2. As a Data Controller, it is the responsibility of the GLA to maintain adequate organisational and other technical measures to assure compliance with the obligations under the General Data Protection Regulation (GDPR). This will be overseen by the Chief Data Officer.
- 3.3.3. The GLA will ensure a full auditable governance of data from data collection to payment and analysis. Payments will be made based on funding calculations made from the ILR Occupancy and Funding Summary reports, which will be received monthly from the ESFA, and reconciled against a formal Funding Claim statement from providers at year end. This funding data will be stored securely on the GLA systems under the terms of the data sharing agreement.
- 3.3.4. The GLA will continue to maintain technical documentation of data governance arrangements including, but not limited to, Data Sharing and Processing agreements, Data asset registers, data owner and user logs, privacy impact assessments and Skills Data Handling Policy. This documentation will continue to demonstrate the GLA's` management of the risks to the services provided and to the confidentiality, integrity and availability of data assets through formalising the processes and procedures in place.
- 3.3.5. Appropriate data sharing agreements will be in place between the GLA and DfE to enable the sharing of ILR and other national data with the GLA, and for

the GLA to share locally collected, processed data to the DfE to inform nationally published reports and performance measures.

- 3.3.6. The GLA may choose to commission external parties to conduct research and analysis on its behalf. Where the department agrees for the GLA to share data with named individuals in other organisations, the GLA will operate as a data controller of the shared data, and the other organisation operating as its data processor. The GLA will ensure there is a contract with the data processor which outlines the terms and conditions, to include safeguarding and the restriction of data processing.

3.4 Data Publication

- 3.4.1. Any data provided to other external entities (such as training providers) will be aggregated and no confidential, personal or identifiable material will be shared. Data will be made available on the London Datastore.
- 3.4.2. Publication of data by the GLA will be compliant with the rules and regulations set out by the UK statistics authority and agreed with the DfE.
- 3.4.3. The GLA will work jointly with the DfE and ESFA to respond to Freedom of Information requests.

4. AEB Policy: Funding Rules and Learner Eligibility

This section provides a summary of the Adult Education Budget (AEB) policy on funding and learner eligibility, approved by the Mayor of London.

The AEB policy seeks to support delivery of the strategic priorities in the Mayor's Skills for London Strategy while also minimising impact on providers and maintaining stability in the sector. The [Memorandum of Understanding](#) (MoU) between the Secretary of State for Education and the Greater London Authority (GLA) sets out the arrangements for the transfer of AEB funding and agreed ways of working.

4.1 Key documents

4.1.1 The following documents set out the full details of the funding rules and rates for AEB. All documents are updated annually and can be found on the Information for [GLA AEB Providers webpage](#).

- GLA Adult Education Budget Funding and Performance Management Rules for Grant-funded Providers
- Adult Education Budget 2019-23 Funding and Performance Management Rules for Procured Providers
- GLA Adult Education Budget Funding Rates and Formula for All Providers
- GLA Managing Provider Performance: GLA AEB Grant-funded provision monitoring and intervention policy
- GLA Managing Provider Performance: GLA AEB procured provision monitoring and intervention policy 2019-2023

4.2 Entitlement

4.2.1 The MoU summarises AEB entitlements, as set out in Apprenticeships, Skills, Children and Learning Act 2009, which enable eligible learners to be fully funded for:¹¹

- '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; and/or
- 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.'

4.2.2 In addition to the qualifications listed above, the MoU notes that 'a free entitlement to basic digital skills will commence from the beginning of academic year 2020-21. The government will consult on new national

¹¹ Department for Education (2019) *Delegation of certain adult education functions to the Mayor of London Memorandum of understanding*, p5

standards for basic digital skills and the skills level at which to set the entitlement'.¹²

- 4.2.3 The MoU also notes that the 'Mayor will ensure equal access to English and Maths provision under the entitlement for people with relevant protected characteristics under the Equality Act 2010. This may include access to provision of English for Speakers of Other Languages (ESOL) courses.'¹³
- 4.2.4 The MoU notes that the Secretary of State will continue to be responsible for determining which qualifications are covered by the entitlement but that the Mayor of London may choose to fund other provision (in addition to those specific entitlement qualifications), using the AEB.
- 4.2.5 Providers are responsible for checking learner eligibility and claiming funding only for eligible learners in accordance with the criteria specified in the funding rules and rates documents.

4.3 **GLA-specific changes to funding rules**

- 4.3.1 Tables summarising the main changes to funding rules can be found in both the Grant Funding and Performance Management rules 2021-22 and the Procured Funding and Performance Management Rules 2019-23. Both documents can be found as part of the [Information for GLA AEB Providers](#) section of the london.gov.uk.

4.4 **Performance management**

- 4.4.1 The approach to performance managing delivery of funded and subcontracted provision can be found in Chapters 5 and 6 about procured and grant funded provision of the Assurance Framework.

¹² Department for Education (2019) *Delegation of certain adult education functions to the Mayor of London Memorandum of understanding*, p6.

¹³ *Ibid.*, p6.

5. Commissioning and Managing Procured Provision

This section sets out a summary of the approach approved by the Mayor of London to managing contracts with AEB Procured programme providers, including: performance management and intervention; subcontracting; reporting; and ensuring compliance. The programme is contracted to deliver approximately £130million of AEB provision over four years (2019-23) and will be used as match funding to draw down £71 million of London's European Social Fund (ESF) allocation, this means it must be managed in an ESF-compliant manner.

The section also covers the approach approved by the Mayor of London to managing grant-funded providers paid on actual levels of delivery. This includes all funding competitively awarded through the Good Work for All Fund approved by the Mayor in June 2021. £20 million of AEB and £12 million of National Skills Fund (NSF) has been committed over two years through the Fund.

5.1 Delivery and Contract Management

AEB Grant-funded providers paid based on actual levels of delivery

- 5.1.1 From the 2021-22 academic year, the GLA funded new projects through the Good Work for All Fund. To ensure continuity of provision, a small number of independent training providers were also awarded an allocation outside of this process to deliver NSF eligible provision.
- 5.1.2 Providers will need to comply with the GLA AEB Funding and Performance and Management Rules for Grant-funded providers. However, providers are paid in arrears based on actual levels of delivery.
- 5.1.3 Grant agreements include delivery targets to be delivered over the course of the agreement. Provider managers will monitor performance of providers against their delivery targets. Grant allocation values can be reduced or terminated if the GLA considers provider performance to be unsatisfactory. The GLA may invite growth requests if provider performance is considered to be
- 5.1.4 Other contract management approaches relating to AEB grant-funded provision described in Sections 6.3 and 6.4 also apply to this provision.

AEB Procured Delivery and Contract Management Approach

- 5.1.5 The GLA will ensure appropriate and proportionate arrangements are in place for monitoring and evaluating delivery of contracts for services in line with the [Skills for Londoners Framework](#). The approach to managing the delivery of the procured AEB service provision also aligns closely with the current

approach taken by the GLA in discharging its duties as an ESF Co-Financing Organisation (CFO) to facilitate ESF compliance.

- 5.1.6 Performance and spend will be monitored by a named provider manager for each provider. The provider manager will conduct quarterly review meetings with the provider which will, as a minimum, include:
- Monitoring of performance against annual and lifetime financial and output and outcome profiles;
 - A review of risks and issues;
 - A review of the quality of delivery and management systems.
- 5.1.7 The GLA will also complete ESF compliance checks for AEB Procured contracts which will include a minimum 10% sample of outputs and outcomes with a cap of 15 learner/participant files per quarter (60 per year).
- 5.1.8 In addition to the monitoring and review, it is anticipated that assessment of performance will consider the following:
- How actual and forecast delivery compares to profiled targets at two performance management points in December and May;
 - An analysis of monthly ILR data and GLA Supplementary Data, in relation to performance to date and forecast delivery for the remainder of the year, and two additional returns after the end of the academic year to record all learners and achievement of outcome data;
 - An assessment of quality of provision based on educational performance data; and
 - Overall performance of the provider based on financial health, governance and Ofsted grades.
- 5.1.9 Contracted AEB providers are paid based on actuals delivered and therefore underperformance identified at the two performance management points during the year may lead to a reduction in their contract value. In addition, as described in the intervention section below, contracts may be reduced by the GLA if we consider performance or other elements of delivery are unsatisfactory.
- 5.1.10 Providers may also request a reduction or increase in their contract value in line with the two performance management points in December and May and the *Funding and Performance Management Rules for Procured Providers*¹⁴ sets out clearly the criteria that the GLA will use to assess any such requests, which include the availability of funding, providers' capacity and capability to

¹⁴ Guidance documents for providers, including the GLA AEB Funding and Performance Management Rules, are published at: <https://www.london.gov.uk/what-we-do/jobs-and-skills/adult-education-budget/information-gla-aeb-providers>

deliver, recent Ofsted ratings, and providers' performance to date against various benchmarks.

- 5.1.11 The GLA will undertake a reconciliation at the end of the funding year based on providers' annual final funding claims and evidence provided. Claims may be adjusted following this reconciliation and may include recovering any overpayments.
- 5.1.12 The GLA will undertake annual performance reviews in December, based on the final funding claim for the previous funding year and the four-year contract includes a break clause allowing the GLA to terminate the contract at the end of funding years two (July 2021) and three (July 2022) based on performance in the first and second years of the contract.
- 5.1.13 AEB procured match funding, outputs and results will be reported to the Department for Work and Pensions (DWP) for ESF claims after year-end reconciliations have taken place in order to minimise the risk of potential irregularities and clawback of ESF funding at audit.
- 5.1.14 In addition, providers will be required to submit certified scanned copies of the evidence required to support their claims through an online secure portal in order to maintain a robust audit trail for ESF compliance purposes.
- 5.1.15 Further information on monitoring and performance management of procured provision is available [here](#).

5.2 Intervention and Sub-Contracting

AEB Procured Intervention and subcontracting

- 5.2.1 The approach to intervention is similar to that for grant-funded providers. Provider managers will monitor delivery and performance across all aspects of the contract and if issues are identified the GLA will require the provider to develop a recovery plan to address these issues. The recovery plan must be approved by the GLA. If a provider fails to agree a recovery plan or does not implement the plan as agreed the GLA may, at its discretion, implement further measures of intervention including, but not limited to, reducing the contract value, suspending payments, or ultimately termination.
- 5.2.2 Circumstances that might lead to intervention and the requirement for an action plan and/or further intervention measures include:
- routine financial health checks indicate that a provider's financial health is forecast to decline to unsatisfactory levels;
 - the provider fails to implement agreed actions to improve performance and/or address issues in relation to the accuracy, quality and timeliness of data submissions and evidence to support claims;
 - the provider's data evidences a decline in achievement of targets;
 - the provider becomes insolvent;

- irregularities in claims, data submissions or supporting evidence are identified and/or claims, reports and data submissions are consistently late or incorrect;
- audit findings identify serious and/or widespread irregularities and/or failures in management control systems;
- a complaint or whistle-blower alerts the GLA to a breach in financial management or safeguarding;
- the outputs and outcomes evidenced are not at the level or quality agreed within the Contract; and
- the provider receives an 'Insufficient progress' rating for overall effectiveness in an Ofsted monitoring report; a 'requires improvement' rating from Ofsted or the provider is deemed 'inadequate' by Ofsted inspection.

5.2.3 The GLA will work with the provider to seek to explore all avenues for raising performance, achievement and quality before terminating a contract.

5.2.4 The approach to subcontracting is very similar to that for grant-funded providers, the key variation being that providers are required to detail their subcontracting arrangements in their tenders, these are assessed as part of the tender evaluation and any changes to these during the contract lifetime will require GLA approval.

5.2.5 As with the Grant funded AEB provision, a 20% cap is to be applied to subcontracted funding retained by lead providers and the GLA will continue the requirement for providers to obtain an annual report from an external auditor that provides assurance on their arrangements to manage and control their delivery subcontractors.

5.2.6 Further information on intervention triggers and mitigations for procured provision is available [here](#).

6. Grant-Funded Provision

This section sets out a summary of the approach approved by the Mayor of London to managing grants with providers, including: performance management and intervention; subcontracting; reporting; and ensuring compliance.

The Mayor's [Skills for Londoners Strategy](#) sets out the priorities and actions required for London's skills system. The Skills for Londoners Framework outlines how the objectives of the strategy will be delivered, in the context of delegation of the AEB to London, from 1 August 2019. The strategy and framework were developed through consultation with providers, employers and other stakeholders.

6.1 Approach to allocating grant funding

6.1.1 The approach to allocating grant funding can be found in section 6.5 - Allocation and Payments.

6.2 Delivery and grant management approach

6.2.1 The GLA will ensure appropriate and proportionate arrangements are in place for monitoring and evaluating delivery in line with the [Skills for Londoners Framework](#). Performance and spend will be monitored by a named provider manager for each provider. The provider manager will conduct quarterly meetings with the provider to monitor expenditure, output and outcome performance and risks and issues as a minimum.

6.2.2 For providers in receipt of grant funding, in addition to the monitoring set out in this document, it is anticipated that assessment of performance will consider the following:

- How agreed delivery is being met at the mid-year claim, end-year claim and final claim date;
- Receipt of ILR data to review performance and forecast for delivery for the remainder of the year;
- An assessment of quality of provision based on educational performance data; and
- Overall performance of the provider such as financial health, governance and Ofsted grades.

6.2.3 Provider managers will monitor any underspend against grant values. A reduction statement process will enable providers and provider managers to reduce grant amounts.

6.2.4 A growth request process for 2021-22 will be considered by the AEB Mayoral Board at the appropriate stage. Any variations to funding will be subject to the availability of funding and the capacity and capability of a provider to deliver

the outputs/outcomes. An assessment criterion to determine the increase or decrease in grant value will be developed and outlined in the Funding Rules when published.

- 6.2.5 Further information on monitoring and performance management of grant funded provision is available [here](#).

6.3 Subcontracting

6.3.1 The GLA approach to subcontracting will be broadly similar to that currently used by the ESFA. To provide additional assurance and satisfy requirements for achieving value for money, the GLA will adopt the following additional measures:

- Providers will be asked to outline their plans to use subcontracting arrangements at the beginning of each funding year;
- Approval to be required for any in-year changes to subcontracting arrangements; and
- A 20% cap to be applied to subcontracted funding retained, unless a provider can demonstrate that a management fee exceeding this level of cap can be justified.

6.3.2 The GLA will continue the requirement for providers to obtain an annual report from an external auditor that provides assurance on their arrangements to manage and control their delivery subcontractors as set out in the GLA arrangements. The GLA funding rules will set out that the provider must send a copy of the certificate and report to the GLA each year, to confirm that the external assurance work has been completed and that there are no assurance issues.

6.3.3 The GLA has received legal advice and support on the development of documentation required for the delivery for both AEB grant funding and AEB contract for services. Aligned with the Mayoral commitment to maximising provider stability in the first year of AEB delegation, the GLA approach has continued to be where appropriate in alignment with the existing ESFA contract documentation.

6.4 Intervention

6.4.1 The GLA will work closely with AEB providers to ensure that their delivery and performance meets the criteria agreed in the grant agreement.

6.4.2 Where issues with performance and/or the quality of delivery are identified, the GLA will require the provider develop an action plan to address these

issues as part of its Active Support procedure, which will require approval by the GLA.

6.4.3 If the provider fails to agree an action plan, or does not implement the action plan as agreed, or does not meet the agreed milestones, the GLA may, at its discretion, implement further measures of intervention including, but not limited to, reducing the allocation value or suspending payments.

6.4.4 The GLA will implement Active Support measures when any of the following conditions are met:

- GLA or ESFA Financial Health assessment determines that the provider's financial health 'Requires Improvement', or risks declining to 'Requires Improvement' or 'Inadequate' in future and/or the provider's financial information shows that the provider may not be able to meet liabilities in future;
- Two consecutive 'Requires Improvement' ratings for overall effectiveness by Ofsted or a finding of insufficient progress arising from an Ofsted monitoring visit;
- Poor and/or a measurable decline in educational performance management data; and/or
- Escalation by the GLA Provider Manager due to local intelligence or poor quality data returns.

6.4.5 The GLA will implement Intervention measures for Colleges when any of the following conditions are met:

- Failure to comply with informal intervention measures as described in the 'escalation' process above;
- Quality of the providers provision is evidenced as below contracted levels, as evidenced by:
 - Ofsted inspection determines that the overall effectiveness of a provider is inadequate;
 - FE Commissioner diagnostic assessment determines that a provider requires urgent escalation to formal intervention;
 - A significant decline in the provider's educational performance data, as described in the below section.
- Financial health assurance:
 - GLA or ESFA Financial health assessment is 'Inadequate';
 - The provider is considering structural change, including via an Independent Business Review (IBR), or Structure and Prospects Appraisal (SPA); and/or

- If a provider enters the FE insolvency regime, as defined by the Technical and Further Education Act 2017.¹⁵
- Audit, assurance, fraud and investigations:
 - A qualified opinion resulting from a funding audit;
 - A fraud or financial irregularity investigation produces evidence to support suspicion or allegations; and/or
 - A provider fails to provide audit and assurance documents required by the GLA (to be set out in an audit code of practice).

6.4.6 The GLA will implement intervention measures for Independent Training Providers (ITPs) when any of the following conditions are met:

- failure to comply with active support measures as described in the ‘escalation’ Active Support process above;
- quality of the providers provision is evidenced as below contracted levels, as evidenced by:
 - Ofsted inspection determines that the overall effectiveness of a provider is inadequate;
 - a decline in the provider’s educational performance data, as described in the below section.
- Financial health assurance:
 - GLA or ESFA Financial health assessment is ‘Inadequate’;
 - Audit, assurance, fraud and investigations:
 - a qualified opinion resulting from a funding audit;
 - a fraud or financial irregularity investigation produces evidence to support suspicion or allegations; and/or
 - a provider fails to provide audit and assurance documents required by the GLA (to be set out in an audit code of practice).
- ESFA defined “high risk organisation”
 - GLA is notified that the ESFA consider the provider a “high risk organisation”, as defined by the Funding higher risk organisations and subcontractors policy.

6.4.7 The GLA will work with the provider to seek to explore all avenues for raising performance, achievement and quality before implementing further measures of intervention. This includes, but is not limited to, further performance management points and/or suspension of payments against grant value and/or a reduction in the grant value and/or regular submission of detailed

¹⁵ Technical and Further Education Act 2017 (TEFA 2017) available at <http://www.legislation.gov.uk/ukpga/2017/19/contents>

information such as management accounts and/or Governing Body minutes, which will be agreed in a SMART action plan.

- 6.4.8 Further information on intervention triggers and mitigations for grant-funded provision is available in [here](#).

6.5 Allocation & Payments

Allocation of grant funding

- 6.5.1 The Mayor will annually set out the approach for awarding grants to eligible providers.
- 6.5.2 The grant allocation approach has been developed based on the following key principles:
- to maintain funding stability for providers;
 - to align allocations with actual performance levels; and
 - to ensure the process is fair, efficient and transparent.
- 6.5.3 To ensure value for money in grant allocation administration, City Hall only allocated an AEB grant to grant-funded providers delivering adult education services to London residents where providers are located with London and its fringe area or a business case for continued funding was approved.
- 6.5.4 Final 2022-23 academic year allocations were considered by the Mayor and issued to grant-funded providers in March 2022. It is envisaged that the list of final allocations will be published by the GLA in the autumn term of 2022-23.
- 6.5.5 In addition to AEB grant allocations, the Mayor allocated increased funding to providers to deliver the National Skills Fund Level 3 (FCFJ) offer in 2022-23.

Payment and monitoring process

The payments process is specified in the Skills for Londoners AEB Funding and Performance Management Rules for Grant Providers. Further details can be found in Chapter 4 of this Framework. Funding and Performance Management Rules for Grant Providers can be found on the [Information for AEB Providers](#) webpage GLA website.

7. Adult Education Budget Assurance Framework Appendices

7.1 Appendix A: Processes for managing AEB Provision

The current processes for managing the matters set out in the schedules at 1.6 in Chapter 1 are set out below. This should be considered as guidance and processes are reviewed annually in line with the AEB Assurance Framework review.

Part 1: Schedule of Matters reserved for the Mayor

Document/process	Approach for approval
Procedural Matters relating to contracts/grant agreements	
Agreeing the Standard form of contract/grant agreement	1. The Mayor approves the Standard form of contract/grant agreement through the AEB Mayoral Board meetings process.
Entering into provider contracts/grant agreements (within the scope of the standard form of contract / grant agreement and funding values as agreed by the Mayor at the AEB Mayoral Board.)	1. The Mayor approves this decision through the AEB Mayoral Board meetings process. The report presented to the Board will include the list of legal documents being proposed, the parties involved, and the total annual contract or grant funding value.
Significant variations to terms of contract/grant agreement) i.e. variation to the standard form of contract/grant agreement	<ol style="list-style-type: none"> 1. Officers (Provider Managers or Senior Managers) propose changes to terms to the AEB Mayoral Board (which will need to take into account advice from Finance and TfL Legal).¹⁶ 2. If no changes are requested by the Board, the Mayor is asked to approve the variation at the AEB Mayoral Board meeting.
Termination of an AEB contract for services / grant agreement	<ol style="list-style-type: none"> 1. Officers propose termination of a contract for services or grant agreement to the AEB Mayoral Board (which will need to take into account advice from Finance and TfL Legal). 2. If the Board endorse the proposals, the Mayor is asked to approve the decision at the AEB Mayoral Board meeting, and termination is executed by officers, i.e. the payment profile is suspended in line with contractual terms and the output profile is suspended accordingly. 3. The GLA will notify the provider of the termination in writing, the timing of the notice before the termination

¹⁶ TfL Legal provides the GLA's legal service function under a GLA Group Shared Service arrangement.

	takes effect depending on the circumstances, in accordance with the terms and conditions imposed by the grant agreement or contract for services.
Changes to individual provider allocations (payment profiles/deliverables)	
Approval of payment profile (consistent with overall funding value as approved by Mayoral Decision and in line with previously agreed policy changes and HM Government's standard national profile)	1. The Mayor approves the initial payment profile for all annual grant and contract allocations through the AEB Mayoral Board meeting process. In approving these payment profiles, the decision will give explicit approval for GLA officers to approve payments on the Mayor's behalf on a monthly basis.
Significant* variations to the Value ¹⁷ of a contract for services/grant agreement	1. Officers propose variations to the overall funding value to the AEB Mayoral Board (which will need to take into account advice from Finance and TfL Legal). 2. If no changes are requested by the Board, the Mayor is asked to approve the variation at the AEB Mayoral Board meeting.
Significant* growth requests and reduction statements <i>*See table below for definition of 'significant'.</i>	1. Officers propose changes to the overall funding value to the AEB Mayoral Board (which will need to take into account advice from Finance and TfL Legal). 2. If no changes are requested by the Board, the Mayor is asked to approve the growth request or reduction at the AEB Mayoral Board meeting.
AEB Funding Rules and Rates	
Substantive changes to GLA Funding Rules to improve provider management or to implement new GLA policies, outside of the annual 'draft' and 'final' Funding Rules which are subject to MD.	1. Officers propose changes to the AEB Mayoral Board (which will need to take into account advice from Finance and TfL Legal). 2. If no changes are requested by the Board, the Mayor is asked to approve the Funding Rule changes at the AEB Mayoral Board meeting.
Other types of decisions	
Novel, contentious, or repercussive decisions	1. Mayoral Decision drafted to decide on such matters.

¹⁷ Where Values relates to overall Contract/Grant value and/or the proportion of spend allocated to the different provisions funded in the Contract/Grant and/or the values paid for individual deliverables (more usually referred to as the Unit Cost or Unit Rate) in the Contract/Grant.

Note: If the AEB Mayoral Board require changes to any recommendations presented for decision at an AEB Mayoral Board meeting, the decision will not be made at the meeting and will automatically be referred to MD once the changes have been made.

Part 2: Schedule of officer responsibilities

All matters listed under ‘the ‘Schedule of officer responsibilities’ below are actioned in line with any legislative framework, HM Government guidance and relevant GLA policies and procedures.

Document/process
Procedural Matters relating to contracts/grant agreements
Minor variations to the standard form of contract/grant agreement e.g. to correct a clerical error or to ensure compliance with evolving legislation.
Changes to individual provider allocations (payment profiles/deliverables)
Variations to a payment profile (where the overall contract/grant value remains unaltered)
Non-significant* growth requests and reduction statements

Non-significant* variations to the Value of a contract of services/Grant Agreement <i>*See table below for definition of ‘non-significant’.</i>
Changes to Volumes ¹⁸ and/or of Services ¹⁹ which do not impact on the Value of a contract of Services/Grant
AEB Funding Rules and Rates
Minor changes to GLA Funding Rules such as alignment with the Education & Skills Funding Agency (ESFA) changes to improve consistency or to correct a clerical error or to ensure compliance with evolving legislation.

¹⁸ Where Volumes relates to overall volumes of (Paid or unpaid) individual deliverables in a Contract/Grant and/or the proportion of volumes of (Paid or unpaid) individual deliverables allocated to the different individual deliverables in the Contract/Grant.

¹⁹ Where Services means the activities required to be delivered in order to meet the Objectives of a Contract/Grant (for example, the Levels of qualifications or the Learning Aims by sector/theme).

Table of value changes considered to be Non-Significant²⁰

Commitment Value	Max Change in Value (%)	Maximum Change
<£300k	30	N/A
£300k to £1m	20	£100,000
£1m to £3m	15	£300,000
>£3m	10	£500,000

²⁰ As agreed under the cover of MD2649.