

Adult Education Budget

Assurance Framework

Supporting accountability, transparency and value for money.

Issue date	July 2020
Amendments made from previous version	Updates to the 'Matters reserved for the Mayor' and 'schedule of officer responsibilities' in Chapter 1, as well as minor factual changes throughout from the August 2019 version approved under the cover of MD2498.
Approved by	The Mayor under cover of MD2649
Review date	July 2021
Senior owner	Assistant Director, Skills & Employment
Document owner	Senior Manager – Programmes & Governance, Skills & Employment

Published by
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Introduction

The Adult Education Budget (AEB) Assurance Framework sets out how the Greater London Authority (GLA) will manage 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 will be 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 [MD2328 – 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 through the standard GLA decision-making procedures, 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 implementation of Board recommendations is undertaken through the GLA's decision making process.

Board membership

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

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

Roles and responsibilities

1.1.5 The purpose of the AEB Mayoral Board is to consider and make recommendations in relation to:

- a) the strategic priorities and funding requirements for the AEB, including alignment to the Mayor’s Skills for Londoners Strategy;
- 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.

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

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

Skills for Londoners Board

1.1.8 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 (FE) Colleges and Independent Training Providers (ITPs), as well as employers, particularly in relation to ensuring strategic priorities are being met and are addressing local need.

1.1.9 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.

1.1.10 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.

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

Skills for Londoners Business Partnership

1.1.12 The Skills for Londoners 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.

1.1.13 The SfL 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.

1.1.14 The SfL 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 SfL Business Partnership, as nominated by the Partnership, will also be a member of the Skills for Londoners Board with a role in ensuring collaborative working across the Mayor's skills agenda.

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

Subordinate bodies

1.1.16 The SfL Board and 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 [SfL Business Partnership](#) webpages.

Governance structure chart

1.1.17 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

1.1.18 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')¹. A Code of Conduct, which further details the expectations of members is issued by the GLA following appointment.

- 1.1.19 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

- 1.1.20 London's diversity is its biggest asset and the Mayor of London strives to reflect London's diversity in all Board appointments.
- 1.1.21 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.
- 1.1.22 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

- 1.1.23 The AEB programme is supported by staff within the GLA's existing structures.
- 1.1.24 The Executive Director for Communities & Skills or their nominee will act 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.
- 1.1.25 Governance arrangements from 1 August 2019 have consisted of three Delivery Groups, co-chaired by Skills and Employment Senior Managers, which meet monthly. Quarterly performance and risk information is then reviewed by the Skills for Londoners Programmes Board, an internal group which meets at the start of each financial quarter before submitting corporate reports to the GLA's Governance team. Reports submitted to the GLA's Governance team are then be shared with the London Assembly each quarter.
- 1.1.26 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

¹ With the exception of members who hold public office as they are automatically bound by these principles.

agreements, payment profiling, non-significant variations and making the provider payments are managed by GLA officers on his behalf.

- 1.1.27 The tables setting out both AEB matters reserved to the Mayor and the processes for discharging officers' responsibilities are included at the end of this chapter.

Use of Resources

- 1.1.28 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.
- 1.1.29 The GLA's Financial Framework is contained within the [GLA's Financial Regulations](#) and applies to all AEB funding.
- 1.1.30 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/Skills-for-londoners. 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 taken through the AEB Mayoral Board (via the SfL Board, Business Partnership or subordinate body as appropriate) prior to a formal Mayoral Decision being obtained. 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.

- 1.2.4 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'.
- 1.2.5 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.
- 1.2.6 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.
- 1.2.7 Summary minutes of the meetings of the Boards are 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

- 1.2.8 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

- 1.2.9 The Mayor of London is committed to complying with the Freedom of Information Act 2000 and Environmental Information Regulations 2004.
- 1.2.10 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).

- 1.2.11 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

- 1.2.12 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.
- 1.2.13 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

- 1.2.14 The GLA website provides information on how a member of the public may make a complaint about the AEB programme in London via the [GLA complaints procedure](#). This includes a link to a secure form through which confidential complaints can be made.
- 1.2.15 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

- 1.2.16 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.
- 1.2.17 Stakeholders are engaged through a range of informal meetings, briefings and events, as well as through formal meetings of the SfL Board and 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, and representatives from each of the four sub-regional partnerships.

Arrangements for project delivery

- 1.2.18 All projects recommended by the AEB Mayoral Board are subject to the GLA's project appraisal and approval and procurement processes. The GLA takes responsibility for ensuring effective delivery including where sub-contractor delivery bodies have been appointed. The GLA uses its Project Management Toolkit to support officers in ensuring effective arrangements are in place.

Priorities and mechanisms for enhancing social value

- 1.2.19 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 Executive Director for Communities and Skills and the GLA's legal and finance teams).

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 Risks and issues are held in a risk register & issue log used by project officers and reported to project governance. The overarching risk register & issue log is currently updated via reports taken through AEB governance arrangements and officer updates. Risks and issues are taken to monthly AEB Delivery Group Skills & Employment Senior Manager meetings.
- 1.4.3 Further detail in relation to governance and decision-making for the AEB in London is available at: <https://www.london.gov.uk/what-we-do/skills-and-employment/skills-londoners/governance-and-decision-making/>

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. Implementation of the AEB has taken this into consideration and made 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.

AEB Matters reserved for the Mayor

Document/process	Approach for approval
Standard form of contract/grant agreement	
The Standard form of contract/grant agreement	1. The Mayor approves the Standard form of contract/grant agreement via a Mayoral Decision.
Entering into provider contracts/grant agreements (within the scope of the standard form of contract / grant agreement and funding values as agreed by Mayoral Decision)	1. The Mayor signs a dedicated Mayoral Decision (MD) which 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).² 2. The Mayor approves the variation via a Mayoral Decision.
Significant changes to GLA Funding Rules to improve provider management or to implement new GLA policies.	<ol style="list-style-type: none"> 1. Officers propose changes to the AEB Mayoral Board (which will need to take into account advice from Finance and TfL Legal). 2. The Mayor approves the Funding Rule changes via a Mayoral Decision.
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. An MD is issued, 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 takes effect depending on the circumstances, in accordance with the terms and conditions imposed by the grant agreement or contract for services.

² TfL Legal provides the GLA's legal service function under a GLA Group Shared Service arrangement.

Payment profiles	
Approval of payment profile (consistent with overall funding value as approved by Mayoral Decision)	1. The Mayor approves the initial payment profile for all annual grant and contract allocations via a Mayoral Decision. In approving these payment profiles, the Mayoral Decision will give explicit approval for GLA officers to approve payments on the Mayor's behalf on a monthly basis.
Significant variations to a payment profile (value > +/- 5% of the payment profile)	<ol style="list-style-type: none"> 1. Officers propose variations to the payment profile to the AEB Mayoral Board (which will need to take into account advice from Finance and TfL Legal). 2. The Mayor approves variation to the Payment Profile via a Mayoral Decision.
Deliverables	
Significant* variations to the Value ³ of a contract for services/grant agreement <i>*See table below for definition of 'significant'.</i>	<ol style="list-style-type: none"> 1. Officers propose variations to the payment profile to the AEB Mayoral Board (which will need to take into account advice from Finance and TfL Legal). 2. The Mayor approves the variation via a Mayoral Decision.
Provider growth requests/reduction statements	
Significant growth requests and reduction statements	<ol style="list-style-type: none"> 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. The Mayor approves the growth request or reduction via a Mayoral Decision.
Other types of decisions	
Novel, contentious, or repercussive decisions	1. The Mayor to directly decide on such matters.

Note: In cases where a Mayoral Decision is needed urgently and there is no scheduled AEB Mayoral Board and no opportunity of an extraordinary meeting, the proposed decision will be circulated to the AEB Mayoral Board by email and the Mayor's Chief of Staff will confirm the decision on behalf of the Mayor, in line with the AEB Mayoral Board urgency procedure. The final decision will then be taken via the standard Mayoral Decision process.

³ 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.

Schedule of officer responsibilities

Document/process	Approach for approval
Standard form of contract/grant agreement	
Non-significant variations to the standard form of contract/grant agreement e.g. to correct a clerical error or to ensure compliance with evolving legislation	<ol style="list-style-type: none"> 1. GLA officers propose changes to terms to the Skills for Londoners Programmes Board (which will need to take into account advice from TfL Legal and GLA Finance). 2. The Skills for Londoners Programmes Board approves the changes and minutes the approval. 3. The change is reported to the next AEB Mayoral Board for information (or the Mayor is directly informed via highlight reports earlier in the process, should officers deem it necessary).
Payment profiles	
Non-significant variations to a payment profile (value is <5% of the payment profile)	<ol style="list-style-type: none"> 1. Officers propose changes to payment profiles for grant or contract allocations to the Skills for Londoners Programmes Board (which will need to take into account advice from GLA Finance and TfL Legal). 2. The Skills for Londoners Programmes Board approves the variation and minutes the approval. 3. The change is reported to the next AEB Mayoral Board for information (or the Mayor is directly informed via highlight reports earlier in the process, should officers deem it necessary).
Growth requests/reduction statements	
Non-significant growth requests and reduction statements <i>*See table below for definition of 'non-significant'.</i>	<ol style="list-style-type: none"> 1. Officers propose changes to the overall funding value to the Skills for Londoners Programmes Board (which will need to take into account advice from Finance and TfL Legal). 2. The Skills for Londoners Programmes Board approves the growth request or reduction and minutes the approval. The change is reported to the next AEB Mayoral Board for information (or the Mayor is directly informed via highlight reports earlier in the process, should officers deem it necessary).

Deliverables	
<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>	<ol style="list-style-type: none"> 1. Officers propose changes to the overall funding value to the Skills for Londoners Programmes Board (which will need to take into account advice from Finance and TfL Legal). 2. The Skills for Londoners Programmes Board approves the variation and minutes the approval. The change is reported to the next AEB Mayoral Board for information (or the Mayor is directly informed via highlight reports earlier in the process, should officers deem it necessary).
<p>Changes to Volumes⁴ and/or of Services⁵ which do not impact on the Value of a contract of Services/Grant</p>	<ol style="list-style-type: none"> 1. Officers propose changes to the Volumes and/or Services to the Skills for Londoners Programmes Board (which will need to take into account advice from Finance and TfL Legal). 2. The Skills for Londoners Programmes Board approves the variation and minutes the approval. The change is reported to the next AEB Mayoral Board for information (or the Mayor is directly informed via highlight reports earlier in the process, should officers deem it necessary).
Funding Rules	
<p>Non-significant 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</p>	<ol style="list-style-type: none"> 1. GLA officers propose changes to the Funding Rules to the Skills for Londoners Programmes Board (which will need to take into account advice from TfL Legal and GLA Finance). 2. The Skills for Londoners Programmes Board approves the changes and minutes the approval. 3. The change is reported to the next AEB Mayoral Board for information (or the Mayor is directly informed via highlight reports earlier in the process, should officers deem it necessary).

⁴ 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.

⁵ 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-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

2. Financial Assurance and Auditing

It is important that the GLA has robust arrangements in place to ensure effective delivery of the AEB. This section reflects 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 Audit Commission. 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.⁶

- 2.3.2 The GLA Programme and Project Management Framework is well defined and established. Audit reviews conducted during the year concluded that the major programmes are supported by effective reporting, review and oversight arrangements. Objectives are generally clearly defined and aligned to corporate strategic objectives and these are properly evaluated to determine if the desired outcomes are being met.

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 The GLA will ensure appropriate and proportionate arrangements are in place for monitoring and evaluating delivery in line with the GLA's Project Management Toolkit. Performance and spend will be 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 Programme level evaluations are undertaken as appropriate.
- 2.4.6 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.

⁶ 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 Skills for Londoners Business Partnership. Further information about AEB governance arrangements is set out at Chapter 1 and further details of each board can be found here: <https://www.london.gov.uk/what-we-do/skills-and-employment/skills-londoners/governance-and-decision-making>.
- 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)⁷ 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. A five-year budget to implement the approach was approved 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 Four organisations are shortly to be awarded the five-year audit contract following a competitive tender process.
- 2.6.4 The agreed audit approach meets both the GLA's reporting requirements and those of the European Social Fund programme.

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.

⁷ MOPAC's Directorate of Audit, Risk and Assurances (DARA) provides a shared internal audit service to the GLA.

- 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 a securely encrypted process with time-limited password-protected access to ESFA 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, a file sharing server; and supply 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 DfE 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 and privacy impact assessments.
- 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 London.gov.uk.
- 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, from 1 August 2020:⁸

- GLA Adult Education Budget 2020-21 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 2020-21 Funding Rates and Formula for All Providers
- GLA Managing Provider Performance: GLA AEB Grant-funded provision monitoring and intervention policy 2020-21
- 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:⁹

- '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.'

⁸ The below documents are published at www.london.gov.uk/skills-for-londoners

⁹ Department for Education (2019) *Delegation of certain adult education functions to the Mayor of London Memorandum of understanding*, p5

- 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 standards for basic digital skills and the skills level at which to set the entitlement’.¹⁰
- 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.’¹¹
- 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 In accordance with the Mayor’s funding flexibility summarised in this document, the GLA’s [grant funding rules](#) introduce the following changes:
- Traineeships are not eligible for GLA AEB funding;
 - The GLA will fund continuing AEB learners from 2020/21 onwards;
 - Learners must be an ordinary resident in London to be eligible for GLA AEB funding;
 - The GLA reserves the right to allow providers who are not listed on the ESFA’s Register of Training Organisations to deliver GLA funded AEB provision, subject to GLA due diligence checks;
 - The GLA must approve any subcontracting proposals and in-year changes prior to providers entering into a contract with a third party. The GLA will consider a retention of up to 20% of funding to manage delivery of subcontractors as a maximum cap and would not expect providers to retain more than this;
 - ESF match funding requirements no longer apply to GLA grant-funded AEB providers;
 - The GLA will fully fund a learner’s British Sign Language qualification up to level 2;

¹⁰ *Ibid.*, p6;

Memorandum of understanding, p6

¹¹ Department for Education (2019) *Delegation of certain adult education functions to the Mayor of London*;
Memorandum of understanding, p6

- The GLA will fully fund eligible learning aims which support the upskilling of teaching or learning support staff to deliver improved specialist provision for learners with SEND within the adult/further education sector;
- The GLA will provide additional funding uplift for fully funded Level 1 and Level 2 English and maths learning aims under the legal entitlement;
- Learners who earn less than the London Living Wage are eligible for full funding; and

4.3.2 In accordance with the Mayor's funding flexibility issued as part of the AEB procurement process the following additional changes were introduced:

- AEB Procured provision will be contracted for four academic years, with break clauses at the end of funding years two and three.
- Contracts will include ESF output targets under Priority Axis 1 (Inclusive Labour Markets) and Priority Axis 2 (Skills for Growth).
- ESF eligibility and evidence requirements will apply to GLA procured provision to enable the GLA to apply for ESF match funding.
- Providers will need to complete a GLA Supplementary Data collection form, to submit ESF-specific information that is not collected in the national ILR.
- Learner eligibility must meet ESF requirements as well as those of AEB to be fully compliant, as detailed in the Adult Education Budget 2019-23 Funding and Performance Management Rules for Procured Providers.
- Providers will be permitted to deliver AEB provision that does not fully meet ESF eligibility requirements under a Flexible Allocation, up to a limit of 15% of their allocation for AEB delivery.

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.

5. Commissioning and Managing Procured Provision

This section sets out the approach approved by the Mayor for the competitive procurement of AEB services with a value of approximately £130 million over four years. It was agreed that this AEB procured provision will also be used as match funding to draw down £71 million of London's European Social Fund (ESF) allocation and that therefore the AEB service provision must be procured and managed in an ESF-compliant manner.

5.1 Procurement approach

5.1.1 The GLA is committed to responsible procurement as per the [GLA Group Responsible Procurement Policy](#). As part of our existing programme delivery, we adhere to the published GLA [Contracts and Funding Code](#), which sets out rules and processes for procuring or otherwise entering into contracts for the provision of grant funding or services.

5.1.2 The procurement process undertaken, in summary, involves:

- procurement of AEB services using the “Light Touch Regime (LTR)” under the Public Contracts Regulations 2015, utilising certain maximum and minimum thresholds for bids and a combined two-stage process that combines Standard Selection Questionnaire (SSQ) and Invitation to Tender (ITT) submission;
- GLA undertaking due diligence activity on the financial health of organisations recommended for contract award to identify suitably robust service providers.

5.1.3 Transport for London (TfL) manage this procurement programme on behalf of the GLA.

5.2 Delivery and Contract Management Approach

5.2.1 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.

5.2.2 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;
- Spot-check verification of a sample of evidence to support funding claims; and
- A review of the quality of delivery and management systems.

5.2.3 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.

5.2.4 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.

5.2.5 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*¹² 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 deliver, recent Ofsted ratings, and providers' performance to date against various benchmarks.

5.2.6 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.

5.2.7 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

¹² Guidance documents for providers, including the GLA AEB Funding and Performance Management Rules, are published at: <https://www.london.gov.uk/what-we-do/skills-and-employment/skills-londoners/adult-education-budget/information-gla-aeb-providers>.

of funding years two (July 2021) and three (July 2022) based on performance in the first and second years of the contract.

- 5.2.8 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.
- 5.2.9 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.
- 5.2.10 Further information on monitoring and performance management of procured provision is available in [GLA Managing Provider Performance: GLA AEB procured provision monitoring and intervention policy 2019-2023](#).

5.3 Intervention and subcontracting

- 5.3.1 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 an action plan to address these issues. The action plan must be approved by the GLA. If a provider fails to agree an action plan or does not implement the action 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.
- 5.3.2 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 two consecutive 'requires improvement' ratings at Ofsted or the provider is deemed 'inadequate' by Ofsted inspection.
- 5.3.3 The GLA will work with the provider to seek to explore all avenues for raising performance, achievement and quality before terminating a contract.
- 5.3.4 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.
- 5.3.5 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.
- 5.3.6 Further information on intervention triggers and mitigations for procured provision is available in [GLA Managing Provider Performance: GLA AEB Procured provision monitoring and intervention policy 2019-2023.](#)

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 2020/21 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 in GLA Managing Provider Performance: GLA AEB Grant-funded provision monitoring and intervention policy.

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 been where appropriate to align 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, 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 early intervention 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;
 - Poor and/or a measurable decline in 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 formal intervention measures 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;
 - The provider is in receipt of a notice for 'minimum standards' from the ESFA;
 - 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';
 - 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 2017.¹³
 - 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 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 information such as management accounts and/or Governing Body minutes, which will be agreed in a SMART action plan.
- 6.4.7 Further information on intervention triggers and mitigations for grant-funded provision is available in GLA Managing Provider Performance: GLA AEB Grant-funded provision monitoring and intervention policy 2019-2020.

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. For 2020/21, the Mayor published and consulted on a Skills for Londoners Framework, which described the proposals for grant allocation.
- 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 funded by the GLA in 2019/20.
- 6.5.4 For other grant-funded providers delivering AEB to London residents above a value of £100,000, the GLA considered business cases from providers

¹³ Technical and Further Education Act 2017 (TEFA 2017) available at <http://www.legislation.gov.uk/ukpga/2017/19/contents>

applying for an allocation where they were a grant-funded provider located in London or in the fringe.

- 6.5.5 Final allocations were considered by the Mayor and issued to grant-funded providers in February 2020. It is envisaged that the list of final allocations will be published by the GLA in the autumn term of 2020/21.

Payment and monitoring process

- 6.5.6 The payments process is specified in the Skills for Londoners AEB Funding and Performance Management Rules for Grant Providers. In summary:

- Providers must submit funding claims in line with the funding claims 2020/21 guide which the GLA will publish in autumn 2020. The GLA will review the actual funding claimed against the ILR and EAS data provided by the ESFA.
- In autumn 2020, GLA may use a provider's 2019/20 outturn to review their grant value for 2020/21. The GLA may adjust their 2020/21 grant value to a level that is in line with their prior year outturn.
- Providers can voluntarily reduce their AEB funding allocation by notifying their GLA Provider Manager by Friday 31 January 2020 at the latest.
- The Conditions of Funding (Grant) will span two financial years:
 - August 2019 to March 2020: periods 1 to 8 of the 2019 to 2020 funding year; and
 - April 2020 to July 2020: periods 9 to 12 of the 2019 to 2020 funding year.
- The AEB is allocated to providers as a block grant for 2020/21. The GLA will make payments on the standard national profile as set out in the *Skills for Londoners AEB Funding and Performance Management Rules for Grant Providers*.
- The grant agreement will state the maximum amount of AEB provision that can be delivered between 1 August 2020 and 31 July 2021. It will also state the maximum value of non-formula funded community learning GLA will fund (where applicable).
- Providers must provide three funding claims setting out their actual delivery to date and, where appropriate, provide a forecast for the remainder of the funding year. The funding claims must include adult skills, non-formula funded community learning and learner support funding. The funding claims that must be provided are set out overleaf:
 - The mid-year funding claim;
 - The year-end forecast claim; and
 - The final funding claim.

- At the end of the 2020/21 funding year GLA will apply a 3% reconciliation tolerance for under-delivery. Where a provider's delivery of the overall AEB is at least 97% of their AEB block grant funding allocation, GLA will not make a year-end adjustment to their AEB block grant funding allocation and providers will not have to pay back any unspent funds.
- The calculation of whether a provider has delivered 97% will only include delivery of non-formula funded community learning up to the value specified in their grant agreement (where applicable).
- If a provider does not deliver 97% or above, GLA will confirm the value of funding they must pay back in their reconciliation statement.
- AEB block grants and AEB contract for services remain separate with different payment and performance management arrangements. Providers cannot vire funds between the two without GLA's prior written approval.