



March 2018

Dear Colleague,

UKPRN	10004791
Legal Name	NOTTINGHAM CITY COUNCIL

Please find enclosed your allocation statement for the 2018 to 2019 academic year. Please read it along with the relevant Funding and Performance Management Rules for the 2018 to 2019 year (when published). Annex A includes diagrams summarising the methodologies set out in this letter.

### **Adult education budget**

We continue to allocate your (non-procured) adult education budget as a block grant. We have worked out your allocation as follows: we have taken your post-performance-management point 2 contract value (February 2018) and rolled it forward. This means your allocation includes any growth we awarded you at performance management points 1 and 2 in 2017 to 2018.

Where applicable, your allocation includes a funding amount for non-formula funded community learning, as set out in your funding agreement. You can deliver non-formula funded community learning provision up to this amount but we will not fund any delivery above this.

We want you to earn your allocation with confidence. We are therefore committing to fund 3% over-delivery at the end of the 2018 to 2019 academic year. This means we will fund over-delivery up to 103% of your allocation, subject to you meeting our usual track-record checks. Any delivery you undertake above this level is at your own risk and we will not fund it. Our policy remains that we will not fund over-delivery on non-formula funded community learning. In calculating the 3% we will include non-formula funded community learning delivery up to the amount set out in your funding agreement but we will not include delivery over this amount.



## Education & Skills Funding Agency

The 3% end-year reconciliation tolerance remains in place for your block grant allocation for the 2018 to 2019 academic year. Where you deliver at least 97% of your allocation you will not have to pay back any unspent funds. Where you deliver less than 97% of your allocation, you must pay back any unspent funds up to the full value of your funding allocation. Our calculation of whether you have delivered 97% will only include delivery of non-formula funded community learning up to the value specified in your funding agreement.

In February 2018, you submitted your mid-year forecast to us for the 2017 to 2018 academic year. If you are forecasting an underspend on your adult education budget block grant and/or have underspent in previous years, we will invite you to review whether you wish to reduce your 2017 to 2018 block grant and/or your 2018 to 2019 block grant. Any changes you agree with us will supersede the allocation values in this statement.

As you will be aware, government plans to devolve the adult education budget to Mayoral Combined Authorities (MCAs) and delegate to the Greater London Authority (GLA) from 2019 to 2020, subject to them meeting readiness conditions. This will change the way the budget is distributed and allocations are calculated. The changes will affect all providers so it is important you understand them; we explain more about this later in the letter.

In preparation for devolution and delegation from 2019 to 2020, MCAs and the GLA are using 2018 to 2019 as a transition year during which they will work closely with providers to understand the mix and balance of provision in their respective areas. As part of this, MCAs with a formal Memorandum of Understanding (Liverpool City Region, Tees Valley, West of England, Greater Manchester, West Midlands and Cambridgeshire and Peterborough) may wish to vary your adult education budget block grant for the 2018 to 2019 academic year. The MCA will discuss this with you directly.

Allocation changes can only take place where you: agree to them; are not in intervention, or; you do not have declining financial health or, you are not under an Education and Skills Funding Agency notice or implementing area review outcomes. Any changes the MCA makes must be cost-neutral across providers.

MCAs have to inform us by 27 April 2018 of any variations they wish to make. You will need to agree to any proposed variations before they are sent to us on this date. Any change agreed by you, the MCA and us, will be reflected in your funding agreement and will supersede the allocation value in this statement.



## **Devolution of the adult education budget from 2019 (excluding 19-24 traineeships)**

From the start of the 2019 academic year, the government plans to devolve the adult education budget (excluding 19-24 traineeships) to six MCAs and delegate to GLA. This change will affect all providers. The areas in scope are:

- Cambridgeshire and Peterborough
- Greater Manchester
- Liverpool City Region
- Tees Valley
- West Midlands
- West of England.

Government has also indicated its support for devolution of the adult education budget to the Sheffield City Region and the North of Tyne authorities but this is subject to the necessary statutory requirements and consents being secured.

The implications of devolution/delegation are that in future:

- For learners resident in non-devolved areas, we will provide funding - where there is a contractual relationship between us and a provider.
- For delivery in devolved/delegated areas, MCAs/GLA will determine which providers they contract with.
- For learners resident in devolved/delegated areas, MCAs/GLA will determine all funding, allocation and contract management arrangements for the providers they have chosen to contract with.
- In future, you may have a single funding relationship with us or multiple funding relationships covering one or more MCAs/GLA, plus ESFA.



## Education & Skills Funding Agency

- You can gauge how this change might impact you by reviewing your adult education budget delivery (excluding 19-24 traineeships) on a geographic basis to see what proportion of your delivery sits within devolved/delegated/non-devolved areas.
- Traineeships for 19-24 year olds will remain a nationally funded and contracted programme with funds provided by us, regardless of where trainees reside.
- The value of adult education budget funding providers have received in previous years will change, because:
  - we will be taking historical delivery into account in calculating our allocations
  - MCAs/GLA will determine allocations for those providers they have chosen to contract with.
- Funding we provide for non-devolved areas (that can be distributed through an allocations process) will be confirmed in March 2019.

In order to calculate the relative devolved/delegated/non-devolved shares of the adult education budget, we will use full-year 2017 to 2018 funding data to determine how much funding each learner accounts for and whether they reside in a devolved/delegated or non-devolved area. We will convert:

- non-devolved learner funding into a budget for us to manage and distribute
- devolved/delegated learner funding into a budget for MCAs/GLA to manage and distribute.

It is therefore important that you record 'learner postcode prior to enrolment' data in the ILR completely and accurately as this information will drive budget setting. Where funding for individual learners cannot be determined from ILR data (for example, on learner support and non-formula funded community learning as these are block-funded) we are applying consistent assumptions at provider level instead.



## Education & Skills Funding Agency

We will provide further information and advice on these changes and how they will affect you as details are finalised.

If you have any queries about your allocation statement, please contact your provider manager in the first instance.

If, due to exceptional circumstances, you wish to raise an issue about your allocation values (i.e. you have had significant data issues which have adversely affected the allocations we have worked out for you), you can submit a business case to us. The deadline for submitting a case is 10 May. We will confirm the outcome of business cases by the end of July 2018.

Yours sincerely,

Keith Smith  
Director – Funding and Programmes

### **Allocation statement notes**

This allocation statement sets out your indicative funding allocation(s) for the 2018 to 2019 academic year.

The Education and Skills Funding Agency reserves the right to reduce or withdraw your allocation(s) at any stage if, based on information from audit or other processes, we believe we are putting public funds at risk.

This allocation statement does not create any legal obligation or expectation enforceable against the Secretary of State for Education acting through the Education and Skills Funding Agency, an executive agency of the Department for Education.

We have used nationally consistent methodologies to calculate allocations.

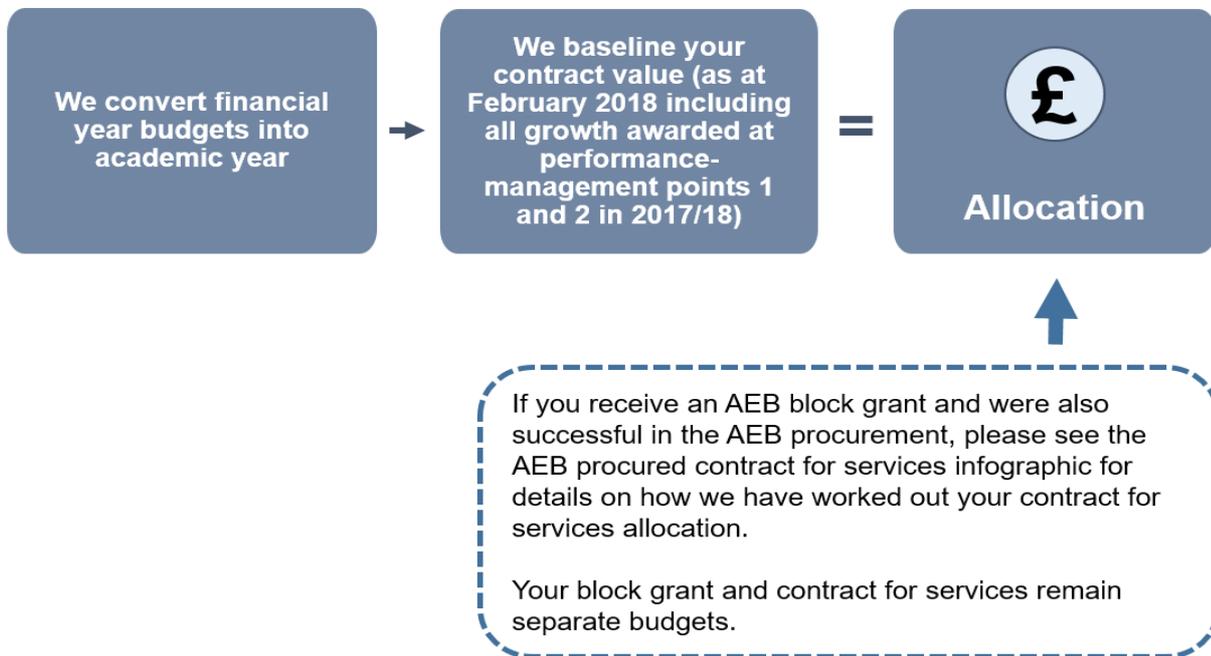


We will only apply increases to your contract values where you have successfully passed our track record criteria including the capability and capacity section of the Register of Training Organisations at the point we issue contract variations.

We will continue to operate in-year performance management processes.

## Annex A: Allocation infographics

### Adult education budget block grant





**UKPRN**  
10004791

**Provider Name**  
NOTTINGHAM CITY COUNCIL

### Adult Education Budget

We have calculated your adult education budget block grant by taking your 2017 to 2018 contract value post performance management point 2 and rolling-it forward. Please refer to paragraphs on adult education budget and annex A in your covering letter for further information.

Baseline	£301,056	
<b>2018 to 2019 allocation</b>	<b>£301,056</b>	Total value of your 2018 to 2019 allocation
August 2018 to March 2019	£188,612	Value of your allocation to use from August 2018 to March 2019
April 2019 to July 2019	£112,444	Value of your allocation to use from April 2019 to July 2019
<i>2017 to 2018 allocation</i>	£301,056	This is your current 2017 to 2018 contract value, for information only