

## Audit, Standards and Risk Committee

Tuesday, 24 September 2024

### Adult Skills Fund: Programme Management Update

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**Is the paper exempt from the press and public?** No

**Reason why exempt:** Not applicable

**Purpose of this report:** Monitoring/Assurance

**Is this a Key Decision?** No

**Has it been included on the Forward Plan of Key Decisions?** Not a Key Decision

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**Portfolio:** Education, Training & Skills

**Portfolio Holder:** Cllr Sir Steve Houghton CBE

**Lead Chief Executive:** Kate Josephs

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**Director Approving Submission of the Report:**

Fliss Miller – Director for Skills

**Report Author(s):**

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#### Executive Summary

The purpose of this report is to demonstrate the processes that are in place to ensure the Adult Skills Fund (ASF) is managed robustly, along with examples of how we track and measure the impact of the delivery of this programme, following a request from the Audit Standards and Risk Committee.

ASF is Adult Skills Funding – renamed from Adult Education Budget (AEB) for academic year 2024-25 commencing August 2024.

## **What does this mean for businesses, people and places in South Yorkshire?**

The purpose of ASF is to support residents across South Yorkshire who are aged 19 and over who are not in employment, education or training with access to free skills support and training programmes. The aim is to provide residents with the opportunity to gain skills and knowledge, predominantly across pre-entry to Level 3 qualification levels, which will lead to meaningful and sustained employment, including apprenticeships, or to enable progression to further learning in education. ASF also supports wider outcomes, such as to improve health and well-being.

Additionally, employed residents can access ASF provision to support progression in an existing job or move to a new career.

South Yorkshire employers have the opportunity to access a better skilled workforce, decrease skills gaps and increase productivity to support business growth.

## **Recommendations**

That the Committee:

1. Note the update provided in this report.

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## **Consideration by any other Board, Committee, Assurance or Advisory Panel**

N/A

## **1. Background**

- 1.1 SYMCA received devolved funding of c. £40m per year and began delivering ASF from the 2021-22 academic year (AY). In addition, SYMCA receives c. £3m per year of delegated Free Courses for Jobs (FCFJ) funding.
- 1.2 SYMCA's internal auditors undertook AEB performance audits for both academic years 2022/23 and 2023/24. These audits focussed on performance in terms of SYMCA internal controls and processes, with marked improvement between 2022/23 and 2023/24.
- 1.3 Audit, Standards and Risk Committee noted internal audits undertaken did not provide detail on the performance monitoring activity undertaken in relation to individual learning organisations delivering ASF.
- 1.4 This paper provides an update on ASF performance monitoring.
- 1.5 A single set of funding and performance rules have been developed to performance manage the delivery of ASF and FCFJ. The content of this paper is therefore applicable to learning organisations delivering under both funding streams.

## **2. Key Issues**

2.1 SYMCA uses a number of tools to manage ASF performance:

- Performance Data
- AEB Specific Due Diligence, Performance Monitoring and Compliance
- Governance, Audit and Assurance
- Evaluation

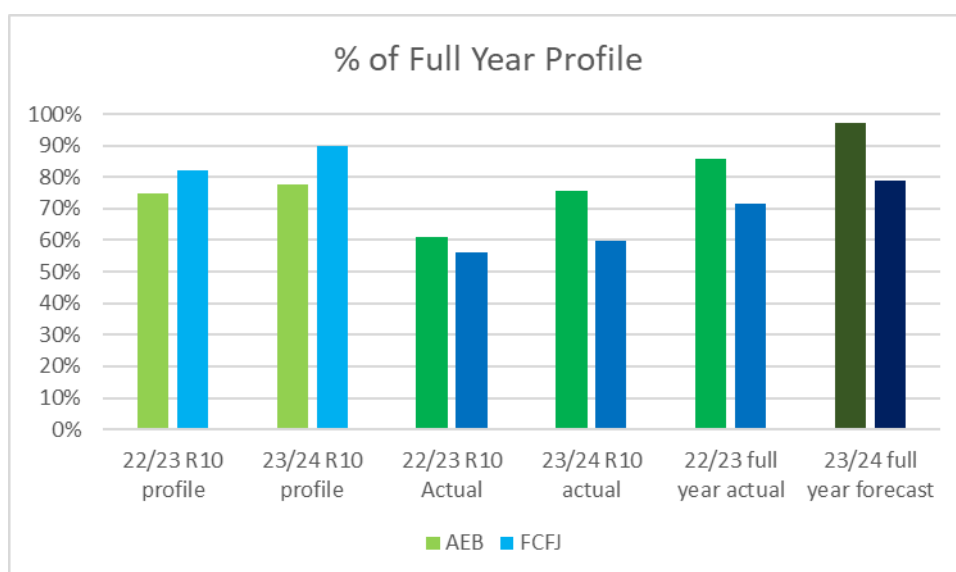
### Performance Data

2.2 SYMCA utilises data driven performance management, via a Power BI dashboard, which includes detail of enrolments, spend, demographics, course details and achievements. This enables performance to be reviewed across individual learning organisations, specific subject sector areas and ring fenced budget allocations within the programme.

2.3 The below data provides an insight into the performance information we use to track progress, analyse performance, and measure impact. **Please note these figures include all learners and enrolments for AEB and Free Courses for Jobs (FCFJ).**

#### 2023/24 Performance to R10 – Financial

2.4

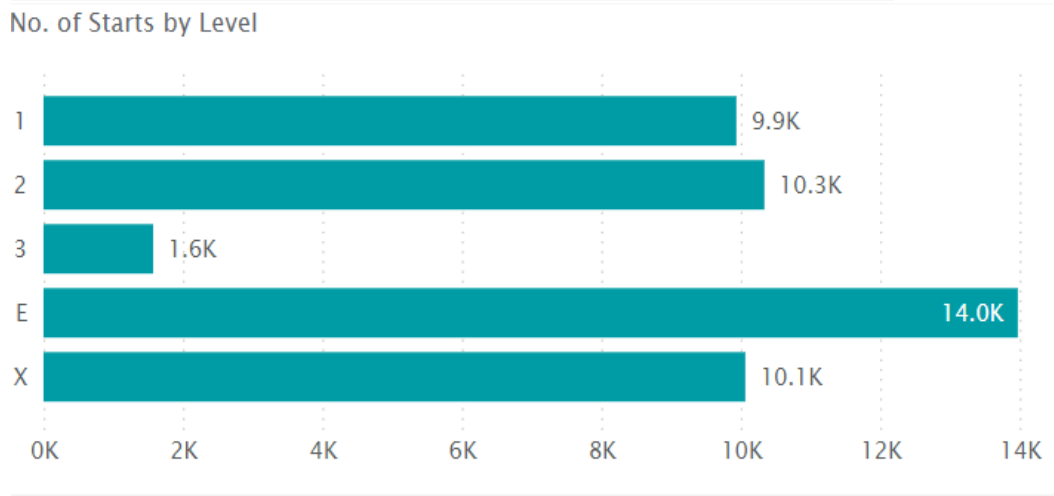
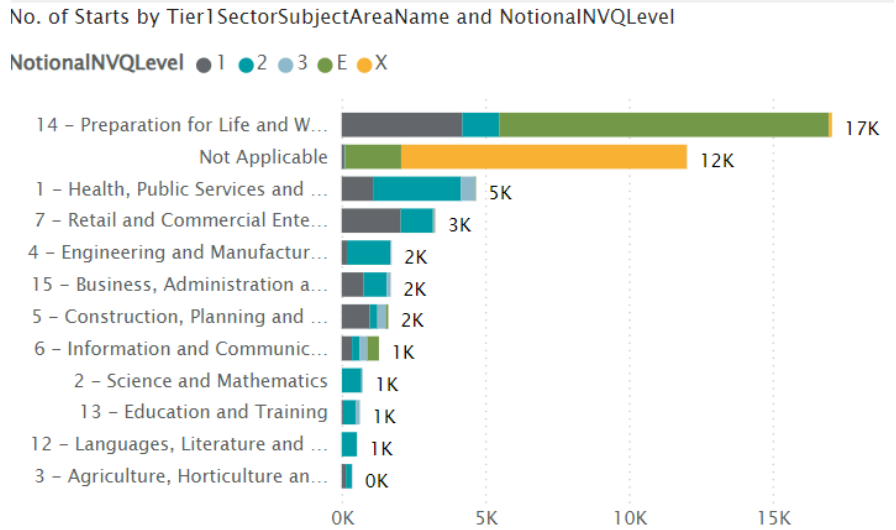


- The above shows financial performance across ASF/AEB (green) and FCFJ (blue), comparing performance in 2022/23 and 2023/24 academic years.
- ASF performance at R10 stood at c. 60% of budget in 2022/23, and was at 75% at R10 2023/24. For FCFJ 2022/23 at R10 was 55% and 60% in 2023/24.
- Full year forecasts for ASF 2023/24 (95%) and FCFJ 2023/24 (80%) exceeded the final year end position for both funding streams in 2022/23 – ASF was 85% and FCFJ 70%
- The introduction of a performance management framework, enhanced contract management, creation of a quality and compliance team and wider cross team

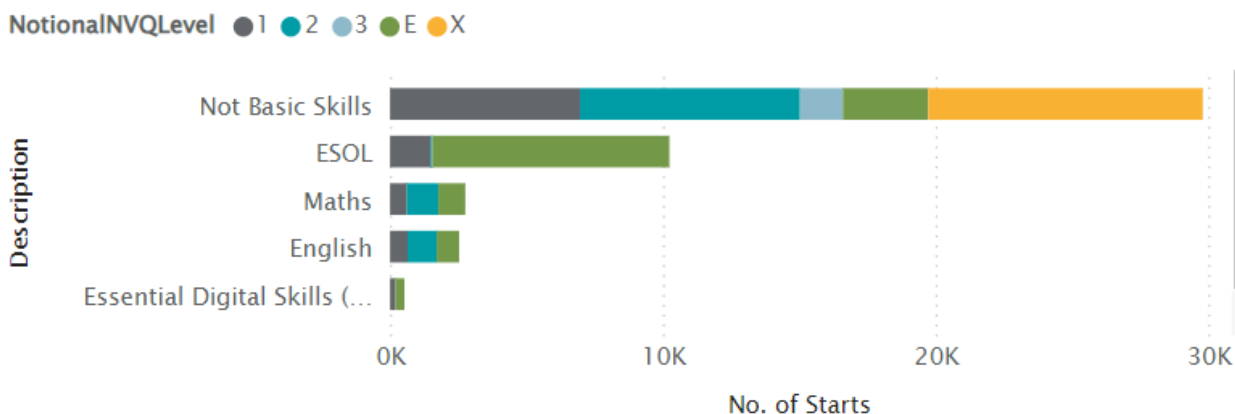
performance management have contributed to improving financial performance across the programme.

### 2023/2024 Performance to R12 – Starts (Enrolments)

#### 2.5



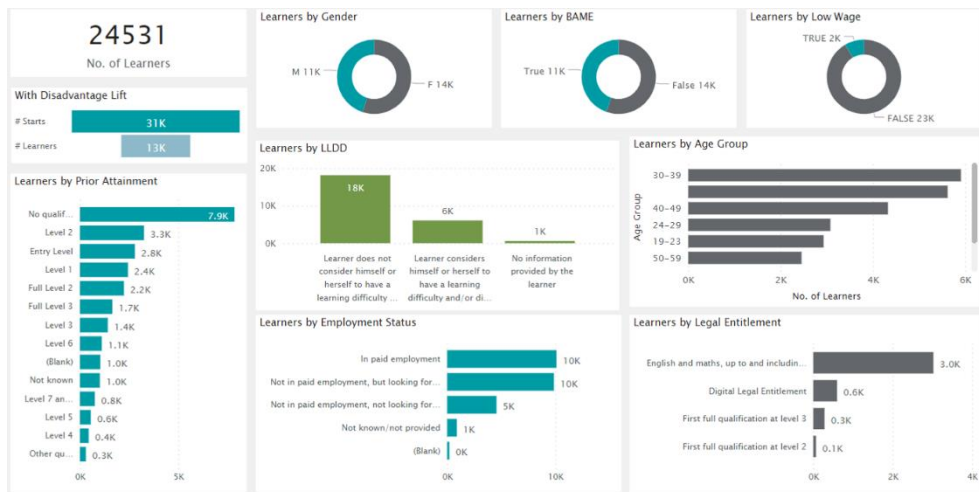
## No. of Starts by Description and Notional NVQ Level



### 2.6 When comparing R12 2022-23 AY to R12 2023-24 AY:

- The 2023-24 AY saw 2108 more learners than the 2022-23 AY
- There were 767 more legal entitlement starts in 2023-24 AY than in 2022-23 AY
- There were 1661 more enrolments and 1362 more learners undertaking Community Learning courses in 2023-24 AY than in 2022-23 AY
- Preparation for Life and Work continues to have the highest number of enrolments in both years and there is evidence that some groups furthest from the labour market are progressing into work at higher rates than average, for example, those previously economically inactive or on basic skills provision.
- There were 653 enrolments in Digital Legal Entitlement in 2023-24 AY. There is no previous data in 2022-23 AY
- Enrolments by Level have increased in all Levels apart from Level 2, which has decreased by 901 enrolments
- The largest increase in enrolments by Level is for Level 1, which has increased by 3615
- Enrolments onto ESOL courses are at the same level in 2023-24 AY as they were in 2022-23 AY
- In regard to prior attainment, the highest volume of learners continues to be those who have no prior qualifications recorded with an increase on this cohort of circa 200 in enrolments from 2022-23 AY to 2023-24 AY
- We have seen a significant increase in learners who prior attainment is at Level 2 by circa 800 enrolments from 2022-23 AY to 2023-24 AY. This may be due to a wider offer from the LO's (Learning Organisation's) across South Yorkshire for FCFJ
- From 2022-23 AY to 2023-24 AY there is a decrease in those learners who prior attainment is at Entry level of circa 800 enrolments
- We have seen slight increases to enrolment numbers of learner who have prior attainment at Level 4, 5 and 6

### 2.7 2023/2024 Performance to R12 – Demographics



- In 2023-24AY there were 2258 more enrolments which attracted a disadvantage uplift than in 2022-23AY.
- Around 32% of 2023-24 AY learners had no prior attainment, this is slightly higher than 2022-23 AY, by 0.5%
- IN 2023-24 AY and 2022-23 AY, just under 25% of learners had LLDD (Learners with Learning Disabilities and / or Difficulties)
- The highest proportion of learners in both years fall into the 30-39 age band
- There has been a drop in the number of learners who are aged 70+ undertaking courses
- The split between male and female learners was 40/60 in 2022-23 AY; in 2023-24 AY this is 45/55.
- In 2023-24 AY there is a marked increase in the employment status of learners with around 40% of learners on courses are in paid employment. This is an increase of around 4% from 2022-23 AY
- Similar levels of learners who are not in paid employment but are looking for work apply to both 2023-24 AY and 2022-23 AY. This figure remains around 40% of the total learner numbers.
- From 2022-23 AY to 2023-24 AY, the number of learners who are on a low wage and undertaking courses increased by 1%

## AEB Specific Due Diligence, Performance Monitoring and Compliance

2.8 SYMCA has adopted a risk-based approach for LO contract award and contract management using a range of factors, including pre grant due diligence, contract mobilisation meetings, and routinely measures risk against operation, strategic, quality and financial criteria.

2.9 Risk management is embedded both at strategic and operational levels with a Corporate, Directorate and Programme level Risk Register reviewed and updated on a regular basis. SYMCA uses 4risk as an internal risk management tool.

2.10 The LO's SYMCA contract with, both on a grant funded and procured contracted basis, are required to complete a delivery plan template before the start of each AY. They are also required to submit a monthly data return via the national

Individual Learner Record system. The data returns enable SYMCA to analyse delivery, performance and spend against each contract and across the South Yorkshire region.

- 2.11 In the 2023/24 academic year SYMCA introduced a number of performance review points.
- 2.12 LO performance monitoring activities take place throughout the period of the funding agreement. SYMCA monitor LO performance and analyse and interpret the monthly ILR returns. There are currently three earnings review points:
- the mid-year funding report (R04)
  - the year-end forecast report (R08)
  - the final funding report (R12)
  - learner organisation payments will be reconciled at the end of the funding period following the R14 ILR submission.
- 2.13 SYMCA will be increasing the number of Earnings Review points to six during the 2024/25 academic year so we have more regularity of information specifically in relation to Additional Learner Support and up to date figures for those grant LO's delivering Tailored Learning programmes and activities.
- 2.14 SYMCA has dedicated contracts and performance managers and officers conducting individual formal quarterly review meetings with LO's. The contracts team gathers intelligence from quarterly performance meetings, with the DfE and its area teams, nationally published data and LO's internal reports and profiles to analyse performance. Further information on this is set out in the SYMCA Payments and Performance Management Framework.
- 2.15 SYMCA will be issuing an annual certification of expenditure/use of funds statement for the academic year 2023/24, to be completed by an independent auditor/ accountant to report on the grant expenditure for each LO. This gives additional assurance that the LO has complied with the terms and conditions of the Grant Funding Agreement and any guidance issued from SYMCA and all financial transactions conform to the Grant Funding Agreement. The letter will be returned at the close of the academic year as part of R14 reconciliation (October – December 2024).

## **Governance, Audit and Assurance**

- 2.16 SYMCA reports on the following to the Mayoral Combined Authority board regularly throughout the academic year. Board cycle dates are published on our website:  
<https://governance.southyorkshireca.gov.uk/mgCalendarMonthView.aspx?GL=1&bc=1>
- 2.17 SYMCA reports on the academic year findings to the SYMCA board and the Portfolio Holder when the data is available, this submission will include:

- a. The policy for adult education
- b. ASF spend
- c. Analysis of delivery to SYMCA residents
- d. Local impact with regard to:
  - Overall participation in adult funded provision.
  - Number of learners exercising their statutory entitlement to full funding for:
    - i) English and maths up to Level 2; ii) essential digital skills qualifications up to and including Level 1, for individuals aged 19 and over, who have digital skills assessed at below level 1 (introduced 1 August 2020), iii) first full level 2 (learners aged 19-23); and iv) first full level 3 (learners aged 19-23).
  - Completion and achievement rates.

2.18 The devolved funding from HM Government is held and managed by SYMCA and subject to financial management arrangements and subject to Internal Audit in accordance with the Accounts and Audit Regulations (2015) and in compliance with the mandatory Public Sector Internal Audit Standards. This will provide independent and objective assurance regarding the effectiveness of SYMCA's risk management, control and governance processes.

2.19 A risk based Internal Audit Plan is considered by Senior Officers and approved through the audit committee. Our internal audit function is performed by RSM.

2.20 RSM have undertaken an audit of our management of AEB during financial year 2023/24. The internal audit opinion is that SYMCA can "take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective".

2.21 SYMCA's financial activity is also subject to review through the annual external audit, which assesses the financial probity of the Authority's affairs and the extent to which resources have been used economically, efficiently and effectively in delivering its services and activities. EY were the external auditors for SYMCA for financial year 2022/23, with KPMG assuming the contract for the audit of the financial year 2023/24 accounts.

2.22 The SYMCA Statement of Accounts is published on the Financial Information and Expenditure section of the website here [https://southyorkshire-ca.gov.uk/about-us-governance-policy\\_Financial-Expenditure](https://southyorkshire-ca.gov.uk/about-us-governance-policy_Financial-Expenditure)

2.23 SYMCA will commission and pay for additional funding compliance audits as deemed necessary, for example if the ESFA random sample does not cover a high-risk organisation where repeated irregularities have been uncovered, or if following analysis of data and the performance reviews we believe an additional assurance is required.



- 2.24 The SYMCA Audit, Standards and Risk Committee has an overall remit to approve the internal audit plan for the year and oversight of the external audit process. The Committee's terms of reference also empower it to:
- Review and scrutinise the authority's financial management – including all funding awarded through devolution.
  - Review and assess the authority's risk management, internal control and corporate governance arrangements; and
  - Report and make recommendations to the SYMCA in relation to these issues.
- 2.25 SYMCA has put in place an effective system of internal control designed to identify and manage risks to a reasonable level.
- 2.26 SYMCA has established a Quality and Compliance team who undertake compliance audits on both our grant and procured LO's. Pre-contract audit includes a review of LO's policies, quality assurance processes, teaching and support staff arrangements, and finances.
- 2.27 A programme of LO audits started in 2023/24 academic year across all AEB, FCFJ and wider Skills provision, with audits of 14 AEB (now ASF) LO's completed. Audit of further LO's delivering ASF and wider skills provision will be undertaken on a risk-based approach.
- 2.28 Audits encompass compliance and quality checks focussing on four key areas: data, learner eligibility, initial assessment and support and intervention, resulting in an overall assessment of a LO's internal controls as being effective, generally effective or not effective.
- 2.29 14 AEB audits have been completed to date by the Quality and Compliance Team. Of the 14, 3 LO's received outcomes where internal controls and compliance with funding rules were deemed to not be sufficiently effective. 1 has subsequently received a satisfactory audit and the remaining 2 have follow-up audits planned.

## **Programme Evaluation**

- 2.30 SYMCA commissioned an external consultant to complete an AEB impact evaluation up following delivery until the 2023-24 AY. The evaluation will be finalised and published imminently, whereby recommendations can be taken forward.

## **3. Options**

- 3.1 This paper is for update only and therefore does not include options.

## **4. Consultation on Proposal**

- 4.1 This paper is for update only, no consultation required.

## **5. Timetable and Accountability for Implementing this Decision**

5.1 This paper is for update only and does not include Decisions for implementation.  
Performance management of ASF is ongoing

6. **Financial and Procurement Implications and Advice**

6.1 None arising from this report

7. **Legal Implications and Advice**

7.1 None arising from this report

8. **Human Resources Implications and Advice**

8.1 None arising from this report

9. **Equality and Diversity Implications and Advice**

9.1 None arising from this report

10. **Climate Change Implications and Advice**

10.1 None arising from this report

11. **Information and Communication Technology Implications and Advice**

11.1 None arising from this report

12. **Communications and Marketing Implications and Advice**

12.1 None arising from this report

**List of Appendices Included:**

N/A

**Background Papers:**

N/A