



Education & Skills  
Funding Agency

# **ESFA funded adult education budget (AEB): funding and performance management rules 2021 to 2022**

For the 2021 to 2022 funding year (1 August 2021 to 31 July 2022)

This document sets out the funding and performance management rules that apply to all providers of education and training who receive AEB funding from the Education and Skills Funding Agency

**Version 2 - July 2021**

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## What's new?

Main changes since the publication of 2021 to 2022 version 1 in May:

- Section 1: General funding requirements
  - Who we fund – restructured for clarity regarding grant only providers
- Section 2: ESFA funded adult education budget (AEB)
  - Legal entitlements information box – information added to clarify that the legal entitlements for level 2 and level 3 follow the definition of fullness; a learner can only be fully funded for one vocational qualification from the entitlement list and appropriate IAG should be given to a learner
  - National Skills Fund – level 3 adult offer addresses eligibility for short course qualifications
  - Digital skills entitlement – non-regulated provision must be aligned with national standards for essential digital skills
- Section 4: Performance management has been added and now includes the following updates:
  - confirmation of the performance management arrangements for 2021 to 2022 for each funding agreement and allocation lines within ESFA funded AEB which include:
    - ESFA funded AEB providers with an Education and Skills Funding agreement (grant)
    - ESFA funded AEB providers with a contract for services through the procurement launched in February 2021
    - Somerset Community learning contract for services through the procurement launched in March 2021
    - 19 to 24 traineeships contract for services through the procurement launched in October 2020
    - 16 to 18 traineeships for providers without a 16 to 19 study programme
  - headings within Section 4 are separated by the funding agreement you have with the ESFA and includes subheadings for payments, reconciliation, increases and reductions
  - additional information on continuing learners for newly devolved areas
  - removal of the COVID-19 skills offer and one-year skills offer
  - addition of the national skills fund for 24 year olds and over
  - standard national profiles consolidated for ease of reference
  - changes to the way learner support will be claimed for contract for services through the earnings adjustment statement
  - changes to the maximum growth available at the review points
  - arrangements for performance management and thresholds for under delivery have been made more transparent.

Please also note the [‘summary of main changes since funding rules 2020 to 2021’](#).

## Devolution of adult education functions

The devolution of adult education functions to specified combined authorities and the Mayor of London will apply in relation to the funding year from 1 August 2021. The following Combined Authorities will exercise, in relation to their area, certain adult education functions of the Secretary of State under the Apprenticeships, Skills, Children and Learning Act 2009. This transfer of functions has been achieved by way of orders made under the Local Democracy, Economic Development and Construction Act 2009:

- The Greater Manchester Combined Authority (Adult Education Functions) Order 2018 (SI 2018/1141)
- The Liverpool City Region Combined Authority (Adult Education Functions) Order 2018 (SI 2018/1142)
- The West of England Combined Authority (Adult Education Functions) Order 2018 (SI 2018/1143)
- The West Midlands Combined Authority (Adult Education Functions) Order 2018 (SI 2018/1144)
- The Tees Valley Combined Authority (Adult Education Functions) Order 2018 (SI 2018/1145)
- The Cambridgeshire and Peterborough Combined Authority (Adult Education Functions) Order 2018 (SI 2018/1146)
- The Newcastle Upon Tyne, North Tyneside and Northumberland Combined Authority (Adult Education Functions) Order 2019 (SI 2019/1457)
- Barnsley, Doncaster, Rotherham and Sheffield Combined Authority (Functions and Amendment) Order 2020 (SI 2020/806)
- The West Yorkshire Combined Authority (Election of Mayor and Functions) Order 2021 (SI 2021/112)

A delegation of those functions has been made in relation to the Mayor of London, under section 39A of the Greater London Authority Act 1999. Both the transfer of the functions to the specified combined authorities and the delegation of those functions in relation to the Mayor of London is referred to in this document as the devolution of adult education.

Where relevant in this document, specified combined authorities and the Mayor of London will be referred to as 'devolved authorities' or 'devolved authority area'.

Since 1 August 2019 devolved authorities with responsibilities for adult education for their residents and associated budgets have published their own funding rules, for those providers in receipt of devolved AEB funding, for AEB delivery to residents in their areas.

Barnsley, Doncaster, Rotherham and Sheffield and West Yorkshire combined authorities will have responsibility for adult education and associated AEB for their residents from 1 August 2021. In the 2021 to 2022 funding year this excludes funding to support learners resident in Barnsley, Doncaster, Rotherham and Sheffield and West Yorkshire who are continuing their learning from 2020 to 2021.

As a result of the above changes, the content and requirements set out in this document **only** apply to:

- individuals resident in areas of England outside of the devolved authority areas undertaking ESFA funded AEB provision
- continuing AEB funded individuals who are resident in devolved authority areas, who have not completed their learning by 31 July 2021, but started their learning before that authority's devolution date
- continuing AEB funded individuals' who are resident in England attending a provider who met the specified criteria for being nationally funded during 2019 to 2020 and 2020 to 2021, who have not completed their learning by 31 July 2021, but started before that date
- continuing learners in areas of England outside of the devolved authority areas, who have started the High value courses for school and college leavers: a one-year skills offer for 18 and 19-year olds before 1 August 2021 and completed by 31 March 2022
- learners resident in England, including those resident in a devolved authority area, undertaking a 19 to 24 traineeship programme



## Introduction and purpose of the document

1. This document sets out the ESFA AEB funding and performance management rules for the 2021 to 2022 funding year (1 August 2021 to 31 July 2022). These rules contain conditions of funding (in accordance with section 101 of the Apprenticeships Skills Children and Learning Act 2009 and section 16 of the Education Act 2002) and apply to all providers who receive ESFA funded AEB from the Secretary of State for Education acting through the Education and Skills Funding Agency (ESFA).
2. We know that providers are working through exceptional circumstances due to Coronavirus (COVID-19). We may publish further updates about the impact of COVID-19 on our funding rules as these become clear. We will tell you about any changes in our ESFA update. We would like to take this opportunity to thank you for your continued hard work in these difficult times. For further information on COVID-19 response, please read the guidance on [Maintaining education and Skills training provision: further education providers](#).
3. ESFA funded AEB aims to engage adults and provide the skills and learning they need to progress into, or within, work; or equip them for an apprenticeship or other learning. It enables more flexible tailored programmes of learning to be made available, which may or may not require a qualification, to help eligible learners engage in learning, build confidence, and/or enhance their wellbeing.
4. Providers must have due regard to the skills analysis and priorities of Local Enterprise Partnership(s) and their Skills Advisory Panels.
5. These rules do not apply to:
  - 5.1. apprenticeships
  - 5.2. advanced learner loans
  - 5.3. education and training services funded by the European Social Fund (ESF) / HMT Guarantee
  - 5.4. individuals resident in a devolved authority area, unless they meet the criteria in paragraph 27.2.2, 27.2.3, 27.2.4 and 27.3.
6. This document forms part of the terms and conditions of funding and you must read them in conjunction with your funding agreement. You must operate within the terms and conditions of the funding agreement, these rules, and the Individualised Learner Record (ILR) specification. If you do not, you are in breach of your funding agreement with us.
7. All information, including hyperlinks were correct when we published this document.
8. ESFA reserves the right to make changes to these rules.

## How this document can help you

9. We have divided this document into 4 sections that contain general funding requirements, ESFA funded AEB, traineeship programme specific rules and performance management.
10. Each section may include:
  - 10.1. the context of the rule in a box, or set out in a table, and/or
  - 10.2. the rule(s) itself as a numbered paragraph
11. We have included a [glossary](#) to explain technical terms.
12. We have included a [summary of changes](#) to explain new policy rules and amendments that differ from 2020 to 2021.

## Understanding the terminology

13. The term 'we' refers to the Secretary of State for Education, acting through ESFA, an executive agency sponsored by the Department for Education (DfE).
14. When we refer to 'you' or 'providers', this includes colleges, higher education institutions, training organisations, local authorities and employers who receive ESFA funded AEB from us to deliver education and training to learners set out in paragraph 27.
15. We will use the generic term 'you' or 'provider' unless the requirements only apply to a specific provider type. We use the term 'funding agreement' to include:
  - 15.1. financial memorandum
  - 15.2. conditions of funding (grant)
  - 15.3. contract for services
  - 15.4. conditions of funding (grant) – employer
16. We use the terms 'individual' and 'learner' to cover those whose provision is funded by us.
17. When we refer to 'ESFA funded AEB' or 'ESFA funded AEB' this is funding you can claim from us for delivery of AEB provision, and/or the traineeship programme to learners set out in paragraph 27. Please also refer to the '[Devolution of adult education functions](#)' section.
18. We use the term 'provision' or 'learning' or 'learning aims' to refer to ESFA funded AEB, whether it is a regulated qualification, or other learning that is not a regulated qualification.
19. If we refer to qualifications, either these will be from the Regulated Qualifications Framework (RQF) or an Access to Higher Education Diploma recognised and regulated by the Quality Assurance Agency (QAA).

20. If we refer to 'learning aims', we mean a single episode of learning which could be a regulated qualification, a component of a regulated qualification or non-regulated learning.

21. If we refer to 'programmes', we mean a coherent package of learning which may include regulated qualifications, components of regulated qualifications or non-regulated learning with clearly stated aims supporting agreed outcomes.

We may refer to this document as 'funding rules' or 'the rules'.

## **Contacting us**

22. You can contact us through our [enquiry form](#). You can also contact your ESFA territory lead.

## Section 1 - General funding requirements

### Principles of funding

23. These rules apply in relation to all learners (set out in sub-paragraph 27.1, and 27.3) starting new ESFA funded AEB learning aims on or after 1 August 2021, and those learners who meet the criteria in sub-paragraph 27.2.

24. You must not transfer funding between the following budgets:

- 24.1. AEB
- 24.2. 19 to 24 traineeship programmes
- 24.3. level 3 adult offer
- 24.4. apprenticeships
- 24.5. advanced learner loans bursary fund
- 24.6. advanced learner loan facility

25. We will review and monitor whether the ESFA funded AEB provision you provide represents good value for money. If we consider that funding is significantly more than the cost of providing education and training, we may reduce your funding after consulting with you.

26. Failure to comply with funding rules could lead to action or intervention. Our policies and guidance about the oversight of providers has been updated and were published in August 2019 (last updated December 2020). The triggers for action and the type of action we may take is set out in these documents and is in accordance with provisions in our Grant Agreements and Contracts for Services:

- 26.1. [College oversight: support intervention](#)
- 26.2. [How ESFA maintains oversight of independent training providers](#)

### Who we fund

27. We will fund:

- 27.1. individuals resident in areas of England outside of devolved authority areas undertaking ESFA funded AEB
- 27.2. individuals who meet the criteria in sub paragraphs 27.2.1, 27.2.2, 27.2.3 and 27.2.4 with providers who have an Education and Skills Funding agreement (grant) only:
  - 27.2.1. continuing learners who are resident in areas of England outside of the devolved authority areas, who have started the High value courses for school and college leavers: a one-year skills offer for 18 and 19-year olds before 1 August 2021 and completed by 31 March 2022

- 27.2.2. continuing learners resident in Barnsley, Doncaster, Rotherham and Sheffield or West Yorkshire devolved authority areas, who have not completed their learning by 31 July 2021
- 27.2.3. continuing learners who are resident in devolved authority areas, who have not completed their learning by 31 July 2021, but started their learning before the authorities' devolution date
- 27.2.4. continuing learners who are resident in England attending a provider who met the specified criteria for being nationally funded during 2019 to 2020 and 2020 to 2021, who have not completed their learning by 31 July 2021, but started before that date
- 27.3. learners resident in England, including those resident in a devolved authority area, undertaking a 19 to 24 traineeship programme

28. You must check the eligibility of a learner, including where in England they are resident, at the start of each learning aim, or their traineeship programme, and only claim funding for ESFA funded AEB for eligible learners. Please refer to the [glossary](#) definition of 'learner residency' and the devolution [postcode checker data set](#).

29. In addition to paragraph 27, to be ESFA funded, on the first day of learning a learner must be:

- 29.1. aged 19 or older on 31 August within the 2021 to 2022 funding year if the learning aim is not a traineeship, or
- 29.2. starting a traineeship programme on or after 1 August of the funding year in which they have their 16th birthday

30. The age of the learner on 31 August in the funding year determines whether the learner is funded through ESFA's [AEB funding methodology](#) (for individuals aged 19 and over), or the [16 to 19-year-olds funding methodology](#) (for individuals aged 16 to 19 and those aged 19 to 24 with an education health and care plan).

31. All individuals aged 19 or over on 31 August who are continuing a programme they began aged 16 to 18 ('19+ continuers') will be funded through the [16 to 19-year-olds funding methodology](#).

32. Learners will be eligible for ESFA funded AEB for the whole of the learning aim or programme if they are eligible for funding at the start, even if the duration is for over one year. You must reassess the learner for any further learning they start.

33. If an individual starts a learning aim or programme and is not eligible for funding, we will not fund their learning while they remain ineligible.

34. You must not fund a learner who is unable to complete a learning aim or programme of study in the time they have available. Any learner of any age must be able to achieve the learning aim or programme of study within the time they have available.

## Residency eligibility

35. Individuals will be eligible for ESFA funded AEB if they meet the criteria in paragraph 27, the learning is taking place in England, and they fulfil the residency requirements set out in one or more of the following categories:

- 35.1. UK nationals and other persons with right of abode
- 35.2. UK nationals in the European Economic Area (EEA)
- 35.3. EEA nationals in the UK
- 35.4. Other non-UK nationals

### UK nationals and other persons with right of abode

36. Individuals who meet the criteria in paragraph 35 and they:

- 36.1. are UK nationals or other person with a right of abode<sup>1</sup> in the UK and
- 36.2. have been ordinarily resident in the UK or British Overseas Territories or Crown Dependencies (Channel Islands and Isle of Man) for at least the previous 3 years on the first day of learning
- 36.3. The British Overseas Territories are listed in [Annex A](#)

### UK nationals in the EEA

37. Individuals who meet the criteria in paragraph 35, and they:

- 37.1. are UK nationals and
- 37.2. are living in the EEA on or before 31 December 2020 and
- 37.3. have lived in the EEA only or the EEA and UK only for at least the previous 3 years on the first day of learning and
- 37.4. have lived continuously in the EEA only and/or the EEA and the UK only between 31 December 2020 and the start of the course
- 37.5. the course starts before January 2028<sup>2</sup>
- 37.6. the EEA includes all the countries and territories listed in [Annex A](#)

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<sup>1</sup> Persons with the right of abode have the right to live and work in the UK. All British citizens have the right to abode. Further, some Commonwealth citizens have the right of abode.

<sup>2</sup> Para 37.5 refers to the 7-year offer for UK nationals in EEA. More info on the 7-year offer can be found here (<https://www.gov.uk/guidance/uk-nationals-in-the-eea-and-switzerland-access-to-higher-education-and-19-further-education>)

## EEA nationals in the UK

38. Individuals who meet the criteria in paragraph 35, and
- 38.1. with respect to EEA nationals not including Irish nationals, have obtained either pre-settled or settled status under the EU Settlement Scheme and
  - 38.2. have lived continuously in the EEA, Gibraltar or UK for at least the previous 3 years on the first day of learning
  - 38.3. the EEA includes all the countries and territories listed in [Annex A](#)

## Other non-UK nationals

39. Individuals who meet the criteria in paragraph 35, and they fulfil the requirements of one or more of the below set out in paragraphs 39.1, 39.2 and 39.3.

39.1. A non-UK national who:

39.1.1. has permission granted by the UK government to live in the UK and such permission is not for educational purposes only, and

39.1.2. has been ordinarily resident in the UK for at least the previous 3 years on the first day of learning

39.2. A non-UK national who is also a non-EEA national and:

39.2.1. has obtained pre-settled or settled status under the EU Settlement Scheme and

39.2.2. has been ordinarily resident in the UK for at least the previous 3 years on the first day of learning

39.3. An Irish national and:

39.3.1. who is not also a UK national and

39.3.2. has been ordinarily resident in the UK and/or Ireland for at least the previous 3 years on the first day of learning

## Family members of UK and EEA nationals

40. A 'family member' is the husband, wife, civil partner, child, grandchild, dependent parent or grandparent of a UK or EEA national. A family member is eligible for funding if they:

40.1. where required to do so, have obtained pre-settled or settled status under the EU Settlement Scheme and

40.2. have been ordinarily resident in the UK and/or EEA for at least the previous 3 years on the first day of learning

## Individuals with certain types of immigration status and their family members

41. Any individual with any of the statuses listed below is eligible to receive funding and are exempt from the 3-year residency requirement rule:

- 41.1. Refugee status
- 41.2. Discretionary leave to enter or remain
- 41.3. Exceptional leave to enter or remain
- 41.4. Indefinite leave to enter or remain
- 41.5. Humanitarian protection
- 41.6. Leave outside the rules
- 41.7. Afghan Locally Engaged Staff under the intimidation policy
- 41.8. The husband, wife, civil partner or child of any of the above in paragraphs 41.1 to 41.7
- 41.9. Section 67 of the Immigration Act 2016 leave<sup>3</sup>
- 41.10. Calais leave to remain<sup>4</sup>

42. In relation to the above categories, you must have seen the learner's immigration permission. This would include the biometric residence permit (BRP) and in some cases an accompanying letter from the Home Office.

## Extension or variation of current immigration permission

43. Any learner or family member who has applied for an extension or variation of their current immigration permission in the UK is still treated as if they have that leave. This only applies if the application was made before their current permission expired. Their leave continues until the Home Office decide on their immigration application. Their leave will continue where they have appealed or sought an administrative review of their case within the time allowed to them for doing so.

44. Therefore, a learner or family member is considered to still have the immigration permission that they held when they made their application for an extension, administrative review or appeal, and their eligibility would be based upon this status.

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<sup>3</sup> A child of a person who has received leave under section 67 of the Immigration Act 2016 will come within paragraph 41.9 where they have been granted "leave in line" by virtue of being a dependent child of such a person.

<sup>4</sup> A child of a person who has received Calais leave to remain will come within paragraph 41.10 where they have been granted "leave in line" by virtue of being a dependent child of such a person.



45. You may wish to find information, advice and support on eligibility from the [UK Council for International Student Affairs](#).

46. The learner's immigration permission in the UK may have a 'no recourse to public funds' condition. Public funds do not include education or education funding. Therefore, this does not affect a learner's eligibility, which must be decided under the normal eligibility conditions.

## Children of Turkish workers

47. A child of a Turkish worker is eligible if both the following apply:

47.1. the Turkish worker is ordinarily resident in the UK on or before 31 December 2020 and has Turkish European Community Association Agreement (ECAA) rights or extended ECAA leave and

47.2. the child has been ordinarily resident in the UK, EEA and/or Turkey for at least the previous 3 years on the first day of learning and is resident in the UK on or before 31 December 2020

## Asylum seekers

48. Asylum seekers are eligible to receive funding if they:

48.1. have lived in the UK for 6 months or longer while their claim is being considered by the Home Office, and no decision on their claim has been made, or

48.2. are receiving local authority support under [section 23C](#) or [section 23CA of the Children Act 1989](#) or the Care Act 2014

49. An individual who has been refused asylum will be eligible if:

49.1. they have appealed against a decision made by the UK government against granting refugee status and no decision has been made within 6 months of lodging the appeal, or

49.2. they are granted support for themselves under [section 4 of the Immigration and Asylum Act 1999](#), or

49.3. are receiving local authority support for themselves under [section 23C](#) or [section 23CA of the Children Act 1989](#)

## Persons granted stateless leave

50. A person granted stateless leave is a person who:

50.1. has extant leave to remain as a stateless person under the immigration rules (within the meaning given in [section 33\(1\) of the Immigration Act 1971](#)); and

- 50.2. has been ordinarily resident in the UK and Islands throughout the period since the person was granted such leave
51. A stateless person must:
- 51.1. be ordinarily resident in the UK on the first day of the first funding year of the course; and
- 51.2. have been ordinarily resident in the UK and Islands throughout the 3-year period preceding the first day of the first funding year of the course
52. Certain family members are also eligible under this category if:
- 52.1. the spouse or civil partner of a person granted stateless leave (and who was the spouse or civil partner of that person on the leave application date), who is ordinarily resident in the UK on the first day of the first funding year of the course, and who has been ordinarily resident in the UK and Islands throughout the 3-year period preceding the first day of the first funding year of the course; or
- 52.2. the child of a stateless person or of the stateless person's spouse or civil partner (and who was the child of that stateless person or the child of the stateless person's spouse or civil partner on the leave application date), was under 18 on the leave application date, is ordinarily resident in the UK on the first day of the first funding year of the course, and has been ordinarily resident in the UK and Islands throughout the 3 year period preceding the first day of the first funding year of the course
53. "Leave application date" means the date on which a person is granted stateless leave made an application to remain in the UK as a stateless person under the immigration rules (within the meaning given in [section 33\(1\) of the Immigration Act 1971](#))

## Individuals who are not eligible for funding

54. You must not claim funding for individuals who do not meet the eligibility criteria set out in paragraphs 35 - 53. Examples of individuals who do not meet the eligibility criteria include the following. Please note this list is not exhaustive:
- 54.1. those who are here without authority or lawful status
- 54.2. those who are resident in the UK on a student visa unless they are eligible through meeting any other of the categories described above
- 54.3. those who are in the UK on holiday, with or without a visa
- 54.4. those who are a family member of a person granted a student visa, who have been given immigration permission to stay in the UK and have not been ordinarily resident in the UK for the previous 3 years on the first day of learning
- 54.5. those whose biometric residence permit or residence permit imposes a study prohibition or restriction on the individual

## **Learners in the armed forces**

55. British armed forces personnel, Ministry of Defence personnel or civil and crown servants resident in England, who meet the criteria in paragraph 27, where learning takes place in England are eligible for ESFA funded AEB.

56. British armed forces, Ministry of Defence personnel or civil crown servants on postings outside of the UK, including their family members, are treated as ordinarily resident in the UK, who meet the criteria in paragraph 27, and are eligible for ESFA funded AEB funding.

57. Members of other nations' armed forces stationed in England, and their family members, aged 19 and over, are eligible for ESFA funded AEB, set out in paragraph 27, if the armed forces individual has been ordinarily resident in England for the previous 3 years on the first day of learning. We will not fund family members that remain outside of England.

## **Learners temporarily outside of England**

58. Individuals resident in areas of England outside of devolved authority areas and who work outside of England as part of their job, are eligible for ESFA funded AEB as long as some of the learning takes place in England. You cannot claim for the additional expense of delivering learning outside of England.

## **Learners who live in Wales, Scotland or Northern Ireland**

59. Wales, Scotland and Northern Ireland have their own funding arrangements. You must develop arrangements with the relevant devolved administration if you are planning to deliver a significant quantity of learning to learners who do not live in England.

60. You must not actively recruit learners who live or work outside of England.

61. We will fund an individual who does not live in England if specialist skills training is only available in England and the individual wants to travel to, or live in, England to study or learn. We do not expect these numbers to be significant.

62. For learning delivered at an employee's workplace, we will fund individuals whose main employment or normal place of work is in England.

63. We will fund individuals who live in Scotland, Wales and Northern Ireland who require and are eligible for ESFA funded AEB, and work for a UK-based employer. Delivery must take place in England. We do not expect these numbers to be significant.

64. Providers located close to the borders can deliver ESFA funded AEB to learners who are not resident in England but reside in their catchment area. Delivery must take place in England. We do not expect these numbers to be significant.

## Fees and charging

65. You must not make compulsory charges relating to the direct costs of delivering a learning aim to learners we fully fund, including those with a legal entitlement to full funding for their learning. Direct costs include any essential activities or materials without which the learner could not complete and achieve their learning.

66. If a fully funded learner needs a Disclosure and Barring Service (DBS) check to participate in learning, you cannot charge them for this. If the learning is associated with the learner's employment, their employer is responsible for carrying out and paying for this check.

## Qualifying days for funding

67. A learner must be in learning for a minimum number of days between their learning start date and learning planned end date before you can earn funding, including learning support. You can access this information in the [adult education budget: funding rates and formula 2021 to 2022 guidance](#).

68. This does not apply where the learner achieves the learning aim.

## Recognition of prior learning (RPL)

69. A learner could have prior learning or attainment that has been previously accredited by an awarding organisation or could be formally recognised and count towards achievement of a qualification. If this is the case, you must:

- 69.1. reduce the funding amount claimed for the qualification aim by the percentage of learning the learner does not need
- 69.2. follow the policies and procedures set by the awarding organisation regarding recognition of prior learning, including any restrictions concerning where RPL or prior attainment may not be applied
- 69.3. ensure you have a robust internal RPL policy and appropriate resources to deliver RPL

70. We would not expect RPL or prior attainment to be used against the whole qualification, this is exemption rather than RPL.

71. You must not use prior learning to reduce funding for English and maths qualifications up to and including level 2.

72. If a learner enrolls on an advanced subsidiary (AS) level qualification followed by an A level, you must reduce the funding claimed for the A level to take account of the prior study of the AS level and record this in the 'funding adjustment for prior learning' field in the ILR. More information is available in our [ILR guidance](#).

## Breaks in learning

73. You and the learner can agree to suspend learning while the learner takes a break from learning. This allows the learner to continue later with the same eligibility that applied when they first started their learning.

74. We will not fund a learner during a break in learning.

75. You must record the date a learner starts a break in learning and the date they restart their learning in the ILR. Further guidance on recording breaks can be found in the [ILR provider support manual 2021 to 2022](#).

76. You must have evidence that the learner agrees to return and continue with the same learning aim; otherwise, you must report the learner as withdrawn. When the learner returns to learning, you must re-plan and extend the remaining delivery as required.

77. You must not use a break in learning for short-term absences, such as holidays or short-term illness.

## Response to coronavirus (COVID-19)

78. In line with paragraphs 73 to 77, you and the learner can agree to suspend learning to enable the learner to take a break in learning where:

- 78.1. the learner is self-isolating, or caring for others affected by coronavirus (COVID-19) and is unable to continue by distance learning and/or an online offer, or
- 78.2. you are unable to deliver learning because of the impact of COVID-19 on your business and there is no reasonable way to achieve appropriate delivery by distance learning and/or online learning

79. To record breaks in learning for COVID-19 reasons, you must:

- 79.1. include these learners in your ILR submissions
- 79.2. record the reason, and retain and submit evidence as set out in paragraphs 75 to 76
- 79.3. ensure affected learners are not recorded as permanently withdrawn from their learning, by entering the 'completion status' field of the ILR as '6', denoting that the learner has temporarily withdrawn from learning due to an agreed break in learning as a direct impact of COVID-19
- 79.4. not change the current planned end date of the learning aim record
- 79.5. agree a new planned end date, when the learner returns, that must be assessed and recorded against the revised learning aim record

## What we will not fund

80. We will not fund:
- 80.1. qualifications, units or learning aims that are not listed on [Find a learning aim](#) or on the [ESFA list of qualifications approved for funding](#) – please see paragraphs 114 to 119 below
  - 80.2. provision to learners in custody - [the Ministry of Justice](#) funds prison education in England. Please note you can use your ESFA funded AEB to fund individuals released on temporary licence as set out in paragraph 120.4.
  - 80.3. end-point assessment outside of apprenticeship standards, which is subject to Ofqual external quality assurance and regulated as a qualification
  - 80.4. any part of any learner's learning aim or programme that duplicates provision they have received from any other source
  - 80.5. training through ESFA funded AEB, where a learner is undertaking or planning to undertake an apprenticeship and where that training will:
    - 80.5.1. replicate vocational and other learning aims covered by the apprenticeship standard or framework, including English and maths
    - 80.5.2. offer career-related training that conflicts with the apprenticeship aims
    - 80.5.3. be taking place during the apprentices working hours. Where an apprentice has more than one job, working hours refers to the hours of the job the apprenticeship is linked to
  - 80.6. a learner to repeat the same regulated qualification where they have previously achieved it, unless it is for any GCSE where the learner has not achieved grade 4 (C) or higher
  - 80.7. a learner to sit or resit a learning aim assessment or examination where no extra learning takes place

## Contracting

### Staying on the Register of Training Organisations

The Register of Training Organisations (ROTO) main purpose was to act as a market entry point for organisations interested in receiving ESFA funding. Since the last time ROTO was open in 2016, it is no longer fit for the purpose of procuring AEB or ESF provision. As such, ROTO is being formally decommissioned on 31 July 2021.

For subcontractors who wish to deliver over £100k they previously have had to be listed on ROTO. We have now established what our interim measures will be until the externally assessed standard is introduced in 2022 to 2023. This information is available in the [ESFA Update further education: 9 September 2020](#) and any future funding opportunities will be communicated via GOV.UK.

### Subcontracting

For funding year 2021 to 2022 the ESFA has taken the decision to both simplify and unify the subcontracting funding rules that apply to all providers of education and training who receive AEB, ESF and 16 to 19 funding. By subcontracting we mean any delivery to a learner's programme of learning by a third party.

***As such, this document does not contain a section on subcontracting.***

***Subcontracting rules will be published separately in the spring term at: [Post-16 education subcontracting: using funding to offer education and training](#).***

### Match funding requirements relevant to the AEB

We procure and manage contracts for ESF-funded provision on behalf of local enterprise partnerships that meets local needs. This includes matching the ESF contract value to other similar funding and learners, which we report to the ESF Managing Authority in England.

This means any learning funded by us becomes part of the ESF programme, and the ESF programme rules apply and will be subject to our ESF compliance checks and external audit.

81. You must not use the payments that we make as match funding for any ESF projects with any co-financing organisation or Managing Authority direct bids.

82. You must return complete ILR data, including contact details such as telephone numbers, and you must only return 'not knowns' in exceptional circumstances. In particular, you must ensure data for employment status prior to starting, household situation, prior attainment and destination is returned, as these are important for match



funding. If the information is not provided, or 'not known', or is not available, then you must use 'learner has withheld this information'.

83. You and your subcontractors must follow the retention of documents, 'publicity' and horizontal themes rules and provide evidence as detailed in the [Funding and Performance Management Rules 2014 to 2020 European Social Fund \(ESF\) Programme](#).

84. You and your subcontractors must follow the evaluation, surveys and annual implementation reporting rules in the ESF 2014 to 2020 funding rules.

85. You must keep to the rules of the ESF programme or you will break the conditions of your contract and this could result in us recovering funds. This includes keeping to the eligibility evidencing rules in the 'evidence pack' section of this document.

## Evidence

86. You must hold evidence to assure us that you are using ESFA funded AEB appropriately. Most evidence will occur naturally from your normal business process.

87. You must make sure enrolments for ESFA funded AEB, and/or the traineeship programme, support your decision to claim funding and support the individual's case for consideration as ordinarily resident in England, or any exceptions set out in the 'Residency eligibility' section.

88. In line with [General Data Protection Regulations](#) (GDPR), you must record in the evidence pack what appropriate documentation you have seen, rather than take photocopies to prove eligibility.

## Evidence Pack

89. The evidence pack must contain evidence to support the funding claimed and must be available to us if we need it.

90. Evidence in the evidence pack must assure us that the learner exists.

91. The learner must confirm information they provide is correct when it is collected.

92. If the time spent in learning is short, the level of evidence in the evidence pack would reflect this.

93. Where you hold information centrally, you only need to refer to the source.

94. If applicable, the evidence pack must confirm the following:

94.1. all information reported to us in the ILR and the earnings adjustment statement (EAS), and all supporting evidence to substantiate the data that you report

94.2. your assessment and evidence of eligibility for funding and a counter signed record of the evidence the learner has provided to support their eligibility for funding



- 94.3. copies of all assessments and diagnostics undertaken to determine a learner's requirements
- 94.4. information on prior learning that affects the learning or the funding of any of the learning aims or programme
- 94.5. for 'personalised learning programmes', for example, non-regulated learning aims, full details of all the aspects of the learning to be carried out, including supporting evidence of the number of planned hours reported in the ILR
- 94.6. a description of how you will deliver the learning and skills and how the learner will achieve
- 94.7. the supporting evidence about why you have claimed funding and the level of funding for a learner
- 94.8. details of any learner or employer contribution
- 94.9. support needs to be identified, including how you will meet these needs and the evidence of that
- 94.10. that learning is taking or has taken place (including a work placement if the learner is taking part in a traineeship) and records are available
- 94.11. if applicable, a learner's self-declaration as to what state benefit they claim
- 94.12. a learner's self-declaration on their status relating to gaining a job; and
- 94.13. all records and evidence of achievement of qualifications, learning aims or traineeship programme. This must be available within 3 months of you reporting it in the ILR

95. Where the learner is unemployed, this must include a record of what you have agreed with them, including the relevance of the learning to their employment prospects and the labour market needs.

96. If a subcontractor delivers any provision to the learner, it must clearly identify who it is. This must match the information reported to us in the ILR.

## **Confirmation and signatures**

97. The learner must confirm the information is correct when it is collected. You must have evidence of this, which can include electronic formats.

98. We accept electronic evidence, including electronic/digital signatures. Where evidence is electronic, you must have wider systems and processes in place to assure you that learners exist and are eligible for funding.

99. Both electronic and digital signatures are acceptable, we do not specify which should be used, only that a secure process to obtain and store signatures is followed:

- 99.1. an electronic signature is defined as any electronic symbol or process that is associated with any record or document where there is an intention to sign the document by any party involved. An electronic signature can be anything from a check box to a signature and/or

99.2. a digital signature is where a document with an electronic signature is secured by a process making it non-refutable. It's a digital fingerprint which captures the act of signing by applying security to a document. Usually documents which have a digital signature embedded are extremely secure and cannot be accessed or amended easily

100. Where an electronic or digital signature is being held, from any party for any reason, you must ensure it is non-refutable. This includes the definitions of both wet and dry signatures. Systems and processes must be in place to assure to us the original signature has not been altered. Where any document needs to be renewed, and a new signature taken, it must be clear from when the new document takes effect, and both must be held.

101. You must keep effective and reliable evidence. You are responsible for making the evidence you hold easily available to us when we need it.

## **Starting, participating and achieving**

102. You can only claim ESFA funded AEB when directly related learning starts. This would not include enrolment, induction, prior assessment, diagnostic testing or similar learning.

103. For your direct delivery, and any subcontracted delivery, you and where relevant, your subcontractor(s) must have direct centre approval and where appropriate, direct qualification approval from the respective awarding organisation for the regulated qualifications you are offering.

104. Delivery of the qualification (including learner registration with the awarding organisation) for direct delivery and any subcontracted delivery must be in line with the qualification specification and guidance set out by the relevant awarding organisation.

105. You must have evidence that the learning took place and the learner was not certificated for prior knowledge.

106. Where the learning is certificated, you must follow the relevant awarding organisation's procedure for claiming the relevant certificate(s) and ensure the learner receives them. You must evidence this has happened in the evidence pack.

## **Leaving learning**

107. You must report the learning actual end date in the ILR for a learner who leaves learning as the last day that you can evidence, they took part in a learning activity.

## **Individualised learner record (ILR)**

108. You must accurately complete all ILR fields as required in the [2021 to 2022 ILR specification](#), even if they are not required for funding purposes.

109. The ILR must accurately reflect the learning and support (where applicable) you have identified, planned and delivered to eligible individuals. You must not report inaccurate information that would result in an overstatement of the funding claimed.

110. Where your data does not support the funding claimed, we will take action to correct this and we could recover funds you overstated.

## **Self-declarations by learners**

111. All self-declarations must confirm the learner's details and describe what the learner is confirming for requirements set out in this document.

112. If a learner self-declares prior attainment, you must check this in the [personal learning record \(PLR\)](#) and query any contradictory information with the learner. The PLR will not necessarily override the learner's self-declaration.

## Section 2 – ESFA funded AEB

### Provision and individuals we fund

#### Legal entitlements

ESFA funded AEB includes support for 4 legal entitlements to full funding for eligible adult learners.

Note: The legal entitlements for level 2 and level 3 follow the definition of fullness in paragraphs 133 to 134 and 135 to 138 respectively. A learner can only be fully funded for one vocational qualification from the entitlement qualifications list when exercising their legal entitlement. Appropriate information, advice and guidance should be given to a learner and the learner should be made aware of their entitlement rights and progression routes on completing an entitlement qualification.

These entitlements are set out in the [Apprenticeships, Skills and Children Learning Act 2009](#), and enable eligible learners to be fully funded for the following qualifications:

- English and maths, up to and including level 2, for individuals aged 19 and over, who have not previously attained a GCSE grade 4 (C), 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
- 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

113. If an individual meets the legal entitlement eligibility criteria, you must not charge them any course fees.

114. Eligible learners exercising their legal entitlement must be enrolled on qualifications that we have approved for funding through the relevant entitlement. For the funding year 2021 to 2022, providers can find the qualifications we have approved in the [ESFA list of qualifications approved for funding](#), for the following entitlement offers:

- 114.1. level 2 and level 3 and/or
- 114.2. English and maths and/or
- 114.3. essential digital skills qualifications

#### Level 3 adult offer and the level 3 legal entitlement

115. Eligible 19- to 23-year-old learners can access all qualifications from the level 3 adult offer. If a learner aged 19 to 23 completes a qualification that is:

- 115.1. included on both the legal entitlement list and the level 3 adult offer list they will have exercised their level 3 legal entitlement. For more information on the eligibility criteria refer to paragraphs 128 to 132

## Local flexibility

ESFA funded AEB also supports delivery of flexible tailored provision for adults, including qualifications and components of these **and/or** non-regulated learning, up to level 2 – we call this ‘local flexibility’.

Local flexibility provision either is fully or co-funded, depending on the learner’s age, prior attainment and circumstances. Please refer to the ‘[level of government contribution](#)’ table on pages [30](#) and [31](#) and paragraphs 120 to 175 for learner eligibility. Where appropriate for the learner, you can deliver local flexibility provision alongside a legal entitlement qualification.

116. Learners aged 19 to 23 progressing towards their first full level 2, must undertake learning at entry and/or level 1 only from [local flexibility](#).

## Local flexibility and legal entitlements

117. Learners aged 19 to 23 who progress to their first full level 2, must only enrol on a qualification we have approved for funding from the [Qualifications website](#)

118. Learners aged 19 to 23 and aged 24 and over, who have already achieved at level 2, or above can undertake learning up to and including level 2 qualifications from the local flexibility offer or qualifications for the level 2 legal entitlement available on the [Qualifications website](#) or [Find a learning aim](#).

119. Learners aged 24 and over who have not achieved a level 2 qualification can undertake learning up to and including level 2 qualifications from the local flexibility offer or qualifications in the level 2 legal entitlement list available on the [Qualifications website](#) or [Find a learning aim](#).

## Government contribution table 1: 19 to 23-year-olds (age exception on traineeships 19- to 24-year-olds)

The level of government contribution for ESFA funded AEB is as follows.

Provision	19 to 23-year-olds	Notes
English and maths, up to and including level 2 (paras 150 to 156)	Fully funded	Must be delivered as part of the legal entitlement qualifications
Essential Digital Skills Qualifications up to and including level 1 (paras 157 to 160)	Fully funded	Must be delivered as part of the Digital legal entitlement qualifications list
First full level 2 (excluding English & maths and Digital) (paras 133 to 134)	Fully funded	First full level 2 must be delivered as part of the legal entitlement qualifications. Level 2 provision from the local flexibility offer will not be funded for 19-23 year olds who do not have a first full Level 2 refer to paragraph 117
Learning aims to progress to a full level 2 – up to and including level 1 (para 116)	Fully funded	Must be delivered as entry or level one provision from local flexibility
Level 3 legal entitlement (learners first full L3 (paras 135 to 138)	Fully funded	First full level 3 must be delivered as part of the legal entitlement qualifications
Level 3 adult offer (paras 128 to 132)	Fully funded	Learners without a full level 3 or above can access a qualification on the level 3 adult offer qualification list
Level 3 Advanced Learner Loan	Loan funded	A learner has already achieved a full level 3 ( <a href="#">Advanced learner loans funding rules</a> )
Traineeship (16- to 24-year-olds) (section 3)	Fully funded	<ul style="list-style-type: none"> <li>- 16- to 18-year-old learners must be eligible under the <a href="#">ESFA's young people's residency requirements</a>.</li> <li>- Excludes flexible element where funding depends on age and level.</li> <li>- Note this offer goes up to 24 years olds</li> </ul>
English for speakers of other languages (ESOL) learning up to and including level 2 (paras 165 to 168)	Fully funded	For those eligible through unemployed (paras 120 to 121) or on a low wage (paras 122 to 124)
	Co-funded	For those who do not meet the definition of unemployed (paras 120 to 121) or do not meet the eligibility criteria for low wage (paras 122 to 124)
Learning aims up to and including level 2, where the learner has already achieved a first full level 2, or above (para 118)	Fully funded	For those eligible through unemployed (paras 120 to 121) or on a low wage (paras 122 to 124)
	Co-funded	For those who do not meet the definition of unemployed (paras 120 to 121) or do not meet the eligibility criteria for low wage (paras 122 to 124)

## Government contribution table 2: 24+

The level of government contribution for ESFA funded AEB is as follows.

Provision	24+	Notes
English and maths, up to and including level 2 (paras 150 to 156)	Fully funded	Must be delivered as part of the legal entitlement qualifications list
Essential Digital Skills Qualifications up to and including level 1 (paras 157 to 160)	Fully funded	Must be delivered as part of the legal entitlement qualifications list
Level 2 (excluding English and maths) (paras 133 to 134)	Fully funded	For those eligible through unemployed (paras 120 to 121) or on a low wage (paras 122 to 124)
	Co-funded	For those who do not meet the definition of unemployed (paras 120 to 121) or do not meet the eligibility criteria for low wage (paras 122 to 124)
Learning to progress to level 2 (para 119)	Fully funded	For those eligible for their first full level 2 through unemployed (paras 120 to 121) or low wage (paras 122 to 124)
	Co-funded	For those who do not meet the definition of unemployed (paras 120 to 121) or do not meet the eligibility criteria for low wage (paras 122 to 124)
Level 3 adult offer (paras 128 to 132)	Fully funded	Learners without a full level 3 or above accessing a qualification on the level 3 adult offer qualifications list
Level 3 (paras 135 135 to 138138)	Loan funded	All 24+ learners who are not eligible for the level 3 adult offer must refer to Advanced Learner Loans ( <a href="#">Advanced learner loans funding rules</a> )
English for speakers of other languages (ESOL) learning up to and including level 2 (paras 165 to 168)	Fully funded	For those eligible through unemployed (paras 120 to 121) or on a low wage (paras 122 to 124)
	Co-funded	For those who do not meet the definition of unemployed (paras 120 to 121) or do not meet the eligibility criteria for low wage (paras 122 to 124)
Learning aims up to and including level 2, where the learner has already achieved a first full level 2, or above (para 118)	Fully funded	For those eligible through unemployed (paras 120 to 121) or on a low wage (paras 122 to 124)
	Co-funded	For those who do not meet the definition of unemployed (paras 120 to 121) or do not meet the eligibility criteria for low wage (paras 122 to 124)
Learning aims up to and including level 2, where the learner has not achieved a first full level 2, or above (para 119)	Fully funded	For those eligible through unemployed (paras 120 to 121) or on a low wage (paras 122 to 124)
	Co-funded	For those who do not meet the definition of unemployed (paras 120 to 121) or do not meet the eligibility criteria for low wage (paras 122 to 124)

## Definitions used in the AEB

### Unemployed

The universal credit thresholds will be updated to align to any revisions made by the Department for Work and Pensions (DWP).

120. For funding purposes, we define a learner as unemployed if one or more of the following apply, they:

- 120.1. receive Jobseeker's Allowance (JSA), including those receiving National Insurance credits only
- 120.2. receive Employment and Support Allowance (ESA)
- 120.3. receive Universal Credit, and their take-home pay as recorded on their Universal Credit statement (disregarding Universal Credit payments and other benefits) is less than £345 a month (learner is sole adult in their benefit claim) or £552 a month (learner has a joint benefit claim with their partner)
- 120.4. are released on temporary licence, studying outside a prison environment, and not funded by the Ministry of Justice

121. Providers may also use their discretion to fully fund other learners if both of the following apply. The learner:

- 121.1. receives other state benefits (not listed in paragraph 120) and their take-home pay (disregarding Universal Credit payments and other benefits) is less than £345 a month (learner is sole adult in their benefit claim) or £552 a month (learner has a joint benefit claim with their partner), and
- 121.2. wants to be employed, or progress into more sustainable employment, and their take-home pay (disregarding Universal Credit payments and other benefits) is less than £345 a month (learner is sole adult in their benefit claim) or £552 a month (learner has a joint benefit claim with their partner), and you are satisfied identified learning is directly relevant to their employment prospects and the local labour market needs

### Learners in receipt of low wage

122. You may fully fund learners who are employed, or self-employed, and would normally be co-funded for provision, up to and including level 2. You must be satisfied the learner is both:

- 122.1. eligible for co-funding, and
- 122.2. earns less than £17,374.50 annual gross salary ([please refer to the glossary](#))



123. You must have seen evidence of the learner's gross annual wages in these circumstances. This could be a wage slip or a Universal Credit statement within 3 months of the learner's learning start date, or a current employment contract which states gross monthly/annual wages. Please note this is not an exhaustive list, but you must evidence your decision to award full funding to an individual who would normally be eligible for co-funding.

124. You must use LDM code 363 and FFI code 1 to claim full funding for learners who meet the requirements set out in paragraph 122 and 123.

## **Sector-based Work Academy Programme (SWAP)**

The [Sector-based Work Academy Programme \(SWAP\)](#) is designed to help Jobcentre Plus claimants build confidence to improve their job prospects and enhance their CV, whilst helping employers in sectors with current local vacancies to fill them. SWAP can last up to 6 weeks and has 3 main components:

- pre-employment training
- work experience placement
- a guaranteed job interview.

The scheme runs in England (and Scotland). Participants remain on benefits throughout their placement.

Only the pre-employment training element in England can be funded through AEB local flexibility, and normally lasts 2 to 3 weeks. Jobcentre Plus fund the other components and will pay any travel and childcare costs whilst claimants are on the work experience placement.

FE providers are part of the SWAP local design process and are informed when to expect referrals and how many.

125. You must keep a copy of the claimant's SWAP referral notification issued by Jobcentre Plus in the evidence pack setting out start date and times for their ESFA AEB funded pre-employment training.

126. To claim full funding for claimants referred to SWAP pre-employment training you must use LDM code 375 and complete the [Benefit Status Indicator \(BSI\)](#) to identify the claimant is in receipt of Jobseeker's Allowance (BSI 1), Universal Credit (BSI 4), or Employment and Support Allowance (all categories) (BSI 5).

## High value courses for school and college leavers: a one-year skills offer for 18 and 19-year-olds 2020 to 2021

The High Value Courses for 18- and 19-year-olds was a programme offered for one year, with new starts enrolled during the funding year 2020 to 2021.

**The offer is no longer live and the ESFA will only fund those continuing learners who started before 1 August 2021 and complete before the 31 March 2022.**

### Job outcome payments

127. For eligible 19-year-old learners, we will pay the full 20% achievement element if they leave their training early to start a job. This is subject to meeting requirements in paragraphs 217.1 and 217.2.

### National Skills Fund - level 3 adult offer

As part of the Lifetime Skills Guarantee, a targeted level 3 adult offer has been developed to support adults without an existing full level 3 qualification.

The offer includes:

- level 3 qualifications which will support the development of new skills for adult learners and improve the prospects of eligible adults in the labour market. In particular, eligible adults aged 24+ can now access fully-funded level 3 provision from the list of National Skills Fund Level 3 qualifications available via the [ESFA list of qualifications approved for funding](#)
- additional level 3 qualifications for 19 to 23 year olds that are not included in the legal entitlements
- support funding in line with paragraphs 192 to 216
- The ability for eligible learners to take one short qualification (identified by category code 49) without exhausting their eligibility. We expect this flexibility to be used where a learner could benefit from a more substantial qualification once they have completed a short qualification.

An uplift is payable at 2 different rates and follows the earnings methodology set out in the [Advanced learner loans funding rules 2021 to 2022](#). This uplift should be used to support delivery of the level 3 adult offer.

Only level 3 qualifications included in this offer will attract an uplift. There may be additions to the list, to ensure it meets the needs of the economy – we encourage providers to check availability regularly.

When qualifications are added to the list of qualifications included in this offer, they will become eligible for funding from that publication date, and not be backdated to the start of the level 3 adult offer (1 April 2021) or the funding year.

Please note this policy is subject to potential further amendments and clarifications.

128. We will fully fund individuals as part of this offer where they:
- 128.1. are aged 19 or above on 31 August within the 2021 to 2022 funding year
  - 128.2. have not achieved a full level 3 qualification, or above, which meet the requirements set out in paragraph 135 to 138
  - 128.3. have not achieved a qualification available through the level 3 adult offer, unless that qualification is a short qualification, in accordance with the rules outlined in paragraphs 129 and 130
  - 128.4. enrol on the level 3 adult offer qualifications approved for funding with effect from 1 April 2021

129. We will fund eligible learners to take one short qualification, followed by one further qualification in the level 3 adult offer without exhausting their eligibility. Short qualifications are identified by category code 49 which can be found in “National Skills Funding Level 3 Offer – short qualification” within [Find a learning aim](#).

130. A learner will not be eligible for this additional “short” qualification offer if they have already achieved one of the short qualifications prior to 1 April 2021.

131. You must not claim for ESFA AEB funding where learners are already being funded through an Advanced Learner Loan (ALL) for qualifications that are in the level 3 adult offer. The criteria for ALL can be found in the [Advanced learner loans funding rules 2021 to 2022](#).

132. You must:
- 132.1. use LDM code 378 and FFI code 1 to claim for funding for learners who meet the requirements set out in paragraph 128
  - 132.2. use category code 49 to identify a short course qualification in [Find a learning aim \(fasst.org.uk\)](#)

## Full level 2

The inclusion of these qualifications in the level 2 entitlement list is under review.

133. Level 2 is the level of attainment which, is demonstrated by:
- 133.1. a General Certificate of Secondary Education (GCSE) in 5 subjects, each at grade 4 (C) or above, or
  - 133.2. a Technical Certificate at level 2 which meets the requirements for the 16 to 19 performance tables

134. If a learner, aged 19 to 23, has achieved a level 2 qualification that was, at the time they started, or still is, classed as a full level 2, any subsequent level 2 qualifications will be fully funded if they meet the definition of unemployed (paragraphs 120 to 121) or meet the eligibility criteria for low wage (paragraphs 122 to 124). Please email [qualifications.esfa@education.gov.uk](mailto:qualifications.esfa@education.gov.uk) if you need advice on a previous qualification's designation.

### Full level 3

The inclusion of these qualifications in the level 3 entitlement list is under review.

135. Level 3 is the level of attainment which is demonstrated by a:

135.1. General Certificate of Education at the advanced level in 2 subjects

135.2. General Certificate of Education at the AS level in 4 subjects

135.3. QAA Access to Higher Education (HE) Diploma at level 3

135.4. Technical level, or applied general qualification at level 3, which meets the requirements for the 16 to 19 performance tables

136. If a learner has achieved a level 3 qualification that was not classed as a full level 3 at the time they started it, but has since been classed as a full level 3, and wants to enrol on any subsequent level 3 qualification, of any size, they may apply for an advanced learner loan (provided the qualification is designated for funding, and subject to learner eligibility conditions), or pay for their own learning.

137. Please email [qualifications.esfa@education.gov.uk](mailto:qualifications.esfa@education.gov.uk) if you need advice on a previous qualification's designation.

138. For new linear AS and A levels, where a learner enrolls on an AS qualification and continues with further study to take the A level qualification in the same subject, you must record both the AS and A level in the ILR. The AS learning aim will be funded separately to the A level learning aim.

### Approved qualifications

139. Where you deliver regulated qualifications and/or their components, you must ensure they are [approved for ESFA funded AEB](#) and available on [Find a learning aim](#).

140. Where you deliver approved qualifications and/or their components you must ensure that learners are registered for the qualifications and/or component in line with the awarding policies and procedures. You must not 'pre-register' students a significant period in advance of the learner starting the qualification.

141. We will fund qualifications that are linked to occupational regulation/licence to practise. You can find more information about these qualifications at the [Qualifications website](#).

142. Before delivering a component, you must check with the awarding organisation they provide a learner registration facility and the learner can achieve it alone or as part of accumulating achievement towards a qualification.

143. If the [UK ENIC](#) has confirmed the authenticity of a qualification gained overseas and confirmed it is comparable/compatible with a regulated qualification in England, currently part of the level 2 and level 3 [legal entitlement](#), the individual will be deemed to have achieved their first level 2 and/or level 3 qualification.

144. You must provide accurate unique learner number (ULN) information to awarding organisations and ensure all information you use to register learners for qualifications is correct. You can find more information in the [Learner Records Service](#) guidance.

## Non-regulated learning

145. Where you deliver non-regulated learning, you must ensure it is eligible for funding. Such learning could include:

- 145.1. independent living skills or engagement learning supporting adults to operate confidently and effectively in life and work
- 145.2. locally commissioned and/or locally developed basic knowledge and skills needed to access technical qualifications
- 145.3. employability and labour market re-entry
- 145.4. locally commissioned and/or locally devised technical education short courses (also known as taster sessions)
- 145.5. community learning courses
- 145.6. basic digital skills courses, including where learners are unable to undertake digital skills qualification specified in the digital entitlement (paragraphs 157 to 160)

146. The eligibility principles we apply to non-regulated learning are as follows:

- 146.1. it must not be provision linked to UK visa requirements
- 146.2. it must not be provision linked to occupational regulation unless there is an agreed concession in place
- 146.3. it must not be restricted to being delivered to employees of only one employer
- 146.4. it must not be learning, for example, 'induction to college', that should be part of a learner's experience
- 146.5. it must not be a non-regulated version of a regulated qualification
- 146.6. it must not be above notional level 2 (that is, at notional levels 3 or 4)
- 146.7. at notional level 2 it must focus on technical provision

147. Where you are delivering non-regulated learning, you must ensure you have appropriate and robust quality assurance processes in place. For instance, 'The Recognising and Recording Progress and Achievement (RARPA) Cycle'. Further [information on RARPA](#) is available from the Learning and Work Institute.

## Learning in the workplace

This section is under review and further information will be released imminently.

148. We will fund learning in the workplace where a learner has a legal entitlement to full funding for:

- 148.1. English and/or maths up to and including level 2 (paragraph 150), and/or
- 148.2. a first full level 2 (paragraph 161.1.1), or
- 148.3. a first full level 3 qualification (paragraph 161.1.2)
- 148.4. essential digital skills qualification, up to and including level 1 (paragraph 157)

149. We will not fund any qualification or learning aim delivered at an employee's workplace, and is either relevant to their job or their employer's business, unless:

- 149.1. it is a legal entitlement qualification stated in paragraph 148, or
- 149.2. DfE and/or ESFA have confirmed a national level concession that responds to a significant negative economic impact for a specific industry, or work placement or work experience, unless it is delivered as part of a traineeship programme, or the Prince's Trust Team programme

## English and maths for those aged 19 or older

150. We will fully fund individuals, including individuals who are employed, aged 19 or older, who have not previously attained a GCSE grade 4 (C), or higher, in English and maths, as part of their legal entitlement on the day they start the following qualifications:

- 150.1. GCSE English language or maths
- 150.2. Functional Skills English or maths from Entry to level 2
- 150.3. Stepping-stone qualifications (including components, where applicable) in English or maths approved by the Department for Education and ESFA

151. If a learner wants to 'retake' their GCSE English and maths qualification because they did not achieve a grade 4 (C), or higher, we will not fund the learner to only resit the exam.

152. You must not enrol individuals on qualifications which are not necessary for progressing towards a GCSE or Functional Skill level 2.

153. You must not fund an apprentice for English or maths from ESFA funded AEB.

154. We will fully fund non-regulated English and maths learning for learners, including those assessed at pre-entry level with significant learning difficulties and/or disabilities as part of a personalised learning programme, where assessment has identified the learner cannot undertake provision identified in paragraph 150.

155. You must:

155.1. carry out a thorough initial assessment to determine an individual's current level using current assessment tools based on the national literacy and numeracy standards and core curriculums or DfE published English and Maths Functional Skills subject content

155.2. carry out an appropriate diagnostic assessment to inform and structure a learner's evidence pack to use as a basis for a programme of study

155.3. enrol the learner on a level above that at which they were assessed and be able to provide evidence of this

155.4. deliver ongoing assessment to support learning

155.5. record the evidence of all assessment outcomes in the evidence pack

156. The assessments must place a learner's current skills levels within the level descriptors used for the RQF.

## **Digital entitlement for those aged 19 or older**

157. We will fully fund individuals aged 19 or older and assessed at below level 1, including individuals who are employed, as part of their legal entitlement on the day they start the following qualification: Essential Digital Skills qualification (EDSQ up to and including level 1).

158. We will fully fund non-regulated learning for learners, including those assessed at pre-entry level with significant learning difficulties and/or disabilities as part of a personalised learning programme, where assessment has identified the learner cannot undertake provision identified in paragraph 157. This provision must be aligned with the [national standards for essential digital skills](#) and must not be a non-regulated version of a regulated qualification (see rules for non-regulated learning, paragraphs 145 to 147).

159. You must:

159.1. carry out an initial assessment using current assessment tools based on the national standards for essential digital skills

159.2. carry out an appropriate diagnostic assessment to inform and structure a learner's learner file to use as a basis for a programme of study

159.3. enrol the learner on a level above that at which they were assessed and be able to provide evidence of this

159.4. deliver ongoing assessment to support learning

159.5. record the evidence of all assessment outcomes in the evidence pack

160. The assessments must place a learner's current skills levels within the level descriptors used for the RQF.



## **Individuals aged 19 to 23 (excluding English, maths, digital and ESOL)**

161. We will fully fund 19- to 23-year-olds (refer to paragraph 30), including individuals who are employed, on the day they start the following learning:

161.1. qualifications defined within the legal entitlement that are a learner's:

161.1.1 first full level 2, and/or

161.1.2 first full level 3 as part of the legal entitlement and/or access to additional qualifications from the level 3 adult offer

161.2. local flexibility provision:

161.2.1 up to and including level 1 to support progression

161.2.2 to a first full level 2, and/or

161.2.3 level 2 for those who already have a full level 2, or above, if they are unemployed

162. We will co-fund provision up to, and including, a level 2 for learners who have already achieved a full level 2, or above, who are employed. The low wage flexibility may apply, refer to paragraph 122 to 124.

## **Individuals aged 24 or older (excluding English, maths, digital and ESOL)**

163. We will fully fund individuals aged 24 or older on the day they start the following learning:

163.1. provision up to, and including, a level 2, if they are unemployed, as set out in paragraphs 120 to 121

163.2. qualifications from the level 3 adult offer, or above, if learners do not have a full level 3 qualification and they meet the eligibility criteria set out in paragraphs 128 to 132

164. We will co-fund all other learners aged 24 years and older for provision up to, and including, a level 2. Where learners are employed, the low wage flexibility may apply, please refer to paragraphs 122 to 124.

## **English for speakers of other languages (ESOL)**

165. We will fully fund individuals aged 19 and over on the day they start their ESOL learning aim where they are unemployed, as set out in paragraphs 120 and 121.

166. We will co-fund all other individuals aged 19 and over on the day they start their ESOL learning aim. Where learners are employed, the low wage flexibility may apply, please refer to paragraphs 122 to 124.

167. We will fund ESOL learning up to and including level 2.



168. Providers offering ESOL qualifications may need to deliver additional learning to individual learners that incurs additional cost above the qualification rate. You can access information on how to do this in the [adult education budget: funding rates and formula 2021 to 2022](#) guidance.

## **Learners with learning difficulties and/or disabilities**

169. We will fund learners with learning difficulties and/or disabilities as set out in the [Apprenticeships, Skills, and Children and Learning Act 2009](#).

170. ESFA has the responsibility for securing the provision of reasonable facilities for education and training suitable to the requirements of persons who are 19 and over, set out in paragraph 27. This includes learners with an identified learning difficulty and/or disability who have previously had an education, health and care (EHC) plan and have reached the age of 25.

171. The [young people's funding methodology](#) will apply to learners aged 19 to 24, who have an EHC plan and require provision and support costs.

## **Learners with an education, health and care (EHC) plan**

172. To access provision and support costs you must inform us before the start of the 2020 to 2021 funding year where a learner:

172.1. has reached the age of 25 and has not completed their programme of learning as set out in their EHC plan by the end of the previous funding year, or

172.2. will reach the age of 25 in the funding year, where their EHC plan is not extended by their local authority to allow them to complete their programme of learning

173. The learner must:

173.1. have an EHC plan that confirms their needs could only be met by the training organisation they are, or were, attending

173.2. continue to make progress on the programme of learning as set out in their EHC plan

174. If a learner has an EHC plan, you must report this in the 'Learner funding and monitoring' fields in the ILR.

175. We will not fund learners whose EHC plan is extended by the local authority beyond their 25th birthday. The local authority must continue to provide top-up funding and contract directly with the institution.

## Community Learning

**This section only applies to providers with a non-formula community learning allocation included in appendix 1 of their contract.**

The purpose of Community Learning is to develop the skills, confidence, motivation and resilience of adults of different ages and backgrounds in order to:

- progress towards formal learning or employment and/or
- improve their health and well-being, including mental health and/or
- develop stronger communities

Community learning courses are delivered and reported on the ILR under the following 4 delivery strands:

- **Personal and Community Development Learning** - learning for personal and community development, cultural enrichment, intellectual or creative stimulation and for enjoyment (in most cases not leading to a formal qualification)
- **Family English, Maths and Language** - learning to improve the English, language and maths skills of parents, carers or guardians and their ability to help their children
- **Wider Family Learning** - learning to help different generations of family members to learn together how to support their children's learning
- **Neighbourhood Learning in Deprived Communities** - supports local Voluntary and other third sector organisations to develop their capacity to deliver learning opportunities for the residents of disadvantaged neighbourhoods

Please note, non-formula Community Learning funding follows [funding model 10](#).

### Non-formula community learning funding

176. Where applicable, your ESFA funded AEB allocation will include an amount of non-formula community learning funding. We state this value in Appendix 1 of your contract. You must deliver non-formula funded community learning provision in line with the existing community learning objectives set out in Annex B: Community learning objectives, up to this maximum amount.

177. Non-formula community learning funding is paid on a monthly profile. You must 'attribute costs' for eligible learners, up to the value of your non-formula community learning allocation. This should include the cost of delivering learning and any support costs, in line with learner and learning support paragraphs 192 to 216. You must record these costs in the learner's evidence pack.

178. If we fund you through a grant or financial memorandum, you have the flexibility to use all, or some, of your non-formula community learning funding in line with the AEB formula-funded methodology ([funding model 35](#)), to meet local demand.

179. You can use this amount of non-formula community learning funding (stated in your Appendix 1) to deliver non-regulated provision that may be similar to community learning, and/or regulated qualifications to meet local demand. If you do, you must:

179.1. follow the ESFA funded AEB formula-funded methodology and submit ILR data under [funding model 35](#)

179.2. enrol learners following ESFA funded AEB eligibility requirements set out on pages [30](#) and [31](#) and paragraphs 113 to 175, you must not use your non-formula community learning local fee remission policy

179.3. If we fund your organisation through a contract for services, you do not have this flexibility, and we will reclaim unspent non-formula community learning funding at year-end

180. You can support learners aged under 19 if they meet both of the following, they are:

180.1. a parent, carer or guardian attending a wider family learning or family, English, maths or language course

180.2. funded through non-formula community learning using funding model 10 in the funding model field (refer to ILR guidance for more information)

181. You must not use non-formula community learning funding for learning that is eligible for funding through an advanced learner loan.

## **Pound Plus and local fee remission policy**

182. Pound Plus - the 'Pound' represents the public pound, the 'Plus' is everything else that you can generate in addition to your non-formula community learning funding allocation, such as fee income, funding from other sources, resources in kind and other sources of revenue/sponsorship/volunteering.

183. You must have in place a 'Pound Plus' policy. You must invest Pound Plus fee income/savings for the people who most need, and can least afford, community learning provision.

184. Local fee remission policy - you must have in place and operate a fair and transparent community learning local fee remission policy that requires individuals to pay a course/tuition/joining fee, but also sets out clear eligibility criteria for those individuals who, due to their circumstances, qualify for either partial or total fee remission.

185. Your Pound Plus and Local Fee remission policies must be available on your website and/or in the venues you deliver community learning to eligible learners.

## Partnership working

186. Partnership working underpins the community learning objectives and is critical to developing and delivering an effective community learning offer in a given locality.

187. You must engage and work closely with a wide range of relevant partners and stakeholders in your local area to help shape your community learning offer to engage specific groups. These could include specialist partners, such as health, Jobcentre Plus and schools, and voluntary and community sector (VCS) organisations.

188. We expect you to work with other providers in your local area, who may be in receipt of non-formula community funding. We expect you to develop a strategic, efficient community learning offer to reduce duplication of courses in a locality, and signpost learners to other partners as and when appropriate.

## Prince's Trust Team Programme

The Prince's Trust Team Programme is a 12-week course designed to improve confidence, motivation and skills for eligible 16- to 25-year-olds. Each 'team' recruits a mix of 16- to 25-year-olds of different abilities and backgrounds, including employees sponsored by their employer. We fund the team programme. Providers in partnership with the Prince's Trust run and manage it on a local basis.

189. In order to deliver the team programme, you must get approval from the [Prince's Trust](#).

190. For eligible learners aged 19 to 25, we fund the team programme through the ESFA's [AEB funding methodology](#). Please also refer to the Princes Trust section in the AEB: [funding rates and formula 2021 to 2022](#) guidance.

191. For eligible learners aged 16 to 19, the team programme is funded through the ESFA's 16 to 19 [funding methodology](#).

## Support funding

The ESFA funded AEB's over-arching aim is to support as many eligible adult learners as possible to access learning. Some learners will need additional support to start or stay in learning.

Where you identify that a learner has a learning difficulty and/or disability, or a financial barrier, your ESFA funded AEB allocation enables you to claim learning support and/or learner support funding to meet the additional needs of learners.

## Learning support

192. Learning support is available to meet the cost of putting in place a reasonable adjustment, as set out in the [Equality Act 2010](#), for learners who have an identified learning difficulty and/or disability, to achieve their learning goal.

193. Learning support must not be used to deal with everyday difficulties that are not directly associated with a learner's learning on their programme.

194. You must:

194.1. carry out a thorough assessment to identify the support the learner needs

194.2. agree and record the outcome of your assessment in the evidence pack

194.3. record all outcomes on the evidence pack and keep all evidence of the assessment of the needs, planned and actual delivery

194.4. report in the ILR that a learner has a learning support need associated with an identified learning aim, by entering code LSF1 in the 'Learning Delivery Funding and Monitoring' field and entering the corresponding dates in the 'Date applies from' and 'Date applies to' fields. This does not apply to 16 to 18 traineeships without a 16 to 18 study programme (see paragraph 455)

195. All learning support claims must be reported in the ILR. To claim any costs that exceed the fixed monthly rate you must also use the [earning adjustment statement](#) (EAS).

196. You must keep evidence of these additional costs in the evidence pack. You must only record the excess amount on the EAS, not the whole learning support cost.

197. There are 2 exceptions when you may claim the entire cost through the EAS. These are:

197.1. where the learning aim is delivered in less than one calendar month

197.2. 16 to 18 traineeships without a 16 to 19 study programme

## Exceptional learning support claims above £19,000

If a learner needs significant levels of support to start or continue learning and has support costs of more than £19,000 in a funding year, you can claim exceptional learning support (ELS).

Learners aged 19 to 24 who require significant levels of support should have an EHC plan provided by their local authority and, therefore, would access funding from their local authority.

198. You must submit ELS claims at the beginning of the learner's programme, or when you identify the learner requires support costs more than £19,000 in a funding year, by completing and sending the [ELS claims document](#).

199. To claim exceptional learning support for a learner aged 19 to 24 you must confirm why the individual does not have an EHC plan. This should be a letter or email from the learner's local authority stating the reason(s) why the individual does not need an EHC plan.

200. When you claim exceptional learning support you must explain why you have claimed the amount you have, which would be linked to the learner's assessment and planned learning support claim. You must only claim amounts for your costs of providing the support to the learner and not include any indirect costs or overheads.

## Learner support

201. Learner support is available to provide financial support for individuals with a specific financial hardship preventing them from taking part/continuing in learning. Before you award support to a learner, you must identify their needs within the following 'categories'.

201.1. Hardship funding – general financial support for financially disadvantaged learners to support participation learning

201.2. 20+ childcare funding – for learners aged 20 or older on the first day of learning who are at risk of not starting or continuing learning because of childcare costs

201.3. Residential Access funding – to support ESFA funded AEB learners (set out in paragraph 27) where they need to live away from home in order to access provision

201.4. COVID-19 response – support disadvantaged learners who cannot undertake online delivery in the event of local or national measures in response to COVID-19

202. You must not claim more than 5% of your total Learner Support (including 19 to 24 traineeships) as administration expenditure. You must document your process for managing your administration costs over the current funding year and record, report and retain evidence on spending for each of the categories. You must follow these rules and claim learner support using the appropriate method in paragraph 203.4.

203. You must:

203.1. have criteria for how you will administer and distribute your funds; these must reflect the principles of equality and diversity and be available to learners and to us on request

203.2. assess and record the learner's needs, demonstrating the need for support – you must record this information and retain in the evidence pack

203.3. report the appropriate Learner Support Reason codes in the 'Learner Funding and Monitoring' fields in the ILR

203.4. complete 3 funding claims throughout the year in line with funding claims guidance if you have a grant contract, else record delivery through the earning adjustment statement each month if on a contract for services

- 203.5. consider the availability of other support for learners, for example from Jobcentre Plus
- 203.6. make it clear to learners it is their responsibility to tell the Department for Work and Pensions about any learner support they are receiving from you, as learner support payments may affect their eligibility to state benefits
- 203.7. use either AEB or loans bursary to support specific provision funded by either AEB or ALL where a learner is on 2 courses at the same time
- 204. You must not use learner support funds for any of the following:
  - 204.1. essential equipment or facilities if the learner is eligible to full funding with the exception of the items covered in the Hardship section in paragraph 205.1 and the new flexibilities responding to COVID–19 in paragraph 212
  - 204.2. a learner in custody or released on temporary licence
  - 204.3. a learner carrying out a higher education course or learning aims fully funded from other sources
  - 204.4. to pay attendance allowances or achievement and attendance bonuses

## Hardship

- 205. You can use hardship funds for the following:
  - 205.1. course-related costs, including course trips, books and equipment (where costs are not included in the funding rate)
  - 205.2. support with domestic emergencies and emergency accommodation provided by others, or by providing items or services or cash direct to the learner, this can be in the form of a grant or repayable loan provided by you
  - 205.3. transport costs (but not make a block contribution to post-16 transport partnerships or routinely fund transport costs covered in the local authority's legal duty for learners of sixth-form age)
  - 205.4. examination fees
  - 205.5. accreditation fees, professional membership fees and any fees or charges due to external bodies
  - 205.6. your registration fees
  - 205.7. to support learners on a traineeship including the work placement element
- 206. In exceptional circumstances, you can use hardship funds to assist with course fees for learners who need financial support to start or stay in learning.
- 207. If an asylum seeker is eligible for provision, you may provide learner support in the form of course-related books, equipment, cash payments or a travel pass.

## 20+ childcare

- 208. You can only use childcare funding to pay for childcare with a childminder, provider or childminder agency, registered with Ofsted.



209. You must not use childcare funding to:
- 209.1. fund informal childcare, such as that provided by a relative
  - 209.2. set up childcare places or to make a financial contribution to the costs of a crèche
  - 209.3. fund childcare for learners aged under 20 on the first day of learning; instead you must direct them to the [‘Care to Learn’ programme](#)
210. You must not use childcare for those aged 20 years or older to top up childcare payments for those receiving ‘Care to Learn’ payments.

## **Residential access funding**

211. You can use residential access funding to support ESFA funded AEB learners who meet eligibility criteria in paragraph 27, where they need to live away from home, for example to access specialist provision which involves a residential element, or to support learners who cannot access provision locally. You must:

- 211.1. set out the criteria and procedures for considering and agreeing applications for support from your residential access funds
- 211.2. only pay for travel costs for learners who are awarded residential access funding in exceptional circumstances
- 211.3. only claim residential access funding for the period the learner is resident, this could be in accommodation you own or manage or other accommodation which you have agreed to fund in line with your criteria
- 211.4. ensure costs claimed represent value for money for the local area
- 211.5. where you have your own residential facilities you must publish your rates

## **Response to coronavirus (COVID-19)**

212. You can support disadvantaged learners who are undertaking classroom or blended learning to continue to participate via online learning where the learner is:

- 212.1. self-isolating, or caring for others affected by coronavirus (COVID-19) or is otherwise affected by local/national measures if they:
  - 212.1.1. do not have internet access at home, and/or
  - 212.1.2. do not have a suitable device, i.e. laptop or tablet, to complete the necessary online course work

213. You must secure value for money when purchasing IT devices and/or internet access including:

- 213.1. deploying any unused devices before you purchase new ones
- 213.2. exploring options to access low cost second hand or recycled devices
- 213.3. avoiding entering long term contract arrangements
- 213.4. holding a record of actual costs for any IT devices and/or internet access bought for this purpose and make this available to us, if asked



214. IT devices you purchase must only be loaned out to learners and returned at the end of their learning aim to allow them to be re-used by other learners. Learners must sign a declaration, confirming:

214.1. they will return the device when their online learning aim(s) complete, or if they leave before completing their learning

214.2. they will return the device in the same condition in which they received it

215. You must maintain an up-to-date record of the loan and return of devices to learners.

216. You must record the following evidence in the learner's evidence pack:

216.1. the outcome of the assessment undertaken to identify the learners individual need

216.2. the learner declaration referred to in paragraph 214

## **Job outcome payments**

217. For fully funded learners who are unemployed (including traineeships), we will pay 50% of the achievement payment if they start a job before achieving the learning aim. If the learner then achieves the learning aim, we will pay the remaining achievement payment. The following conditions apply:

217.1. the learner must provide you with evidence through a declaration, that they have a job for at least 16 hours or more a week for 4 consecutive weeks

217.2. where the learner was claiming benefits relating to unemployment, they must also declare that they have stopped claiming these

## Section 3 – traineeships

Traineeships are a national programme which provides 16 to 24-year-olds resident in England with the skills and work experience needed to progress into apprenticeships, employment and further learning.

The traineeship core offer includes the following mandatory elements:

- work-preparation training
- substantial work-placement element, and
- English, maths, ESOL or digital skills as necessary

Providers can also offer a flexible element as set out in paragraphs 236 to 240.

On 8 July 2020, the government provided funding to expand the number of traineeship places available through 'A Plan for Jobs 2020'. The expansion and new flexibilities will continue throughout the 2021 to 2022 academic year through to July 2022. Traineeships will be available to young people with an existing level 3 qualification and will include digital skills where necessary. The minimum period for the work placement element remains at 70 hours. There is a new incentive payment of £1000 per learner, for up to 10 learners per employer in each of the nine English regions, for employers who make new work placement opportunities available.

Employers can now claim incentives using the new online [registration form](#), which includes confirming agreement with the terms and conditions of the [ESFA Agreement for Employers providing a Work Placement as part of a Traineeship](#). Guidance for providers and employers can be found in the [Traineeships Framework for Delivery](#).

ESFA will continue to fund eligible individuals for the traineeship programme across England, including individuals resident in a devolved authority area in England, set out in the '[Devolution of adult education functions](#)' section.

We fund:

- traineeships for 16 to 18-year-olds (and 19 to 25-year-olds with an EHC Plan) through the ESFA's [16 to 19 funding methodology](#), and
- traineeships for 19 to 24-year-olds through the ESFA's [AEB funding methodology](#)

The rules that apply to each age group are set out in the following section and 16 to 18 specifics are made clear.

218. We will fully fund individuals aged 16 to 24 whose highest existing attainment is a full level 3 qualification or lower, for the core elements of their traineeship programme where:

- 218.1. they are unemployed, as set out in paragraph 120, or
- 218.2. they have little or no work experience and are focused on employment, an apprenticeship or the prospect of this, and

218.3. they have been assessed as having the potential to be ready for employment or an apprenticeship within 12 months

## Core Offer

### Work preparation training

219. You must plan to deliver both the work preparation training and work placement to claim traineeship learning aim funding.

220. If work preparation training leads to a qualification, you must offer the qualification from an Ofqual-regulated awarding organisation.

221. Work preparation training must address the employability needs of the learner and could include writing CVs, preparing for interviews, searching for jobs and developing interpersonal and communication skills.

222. Non-regulated learning must be a learning aim categorised as 'Work Preparation-SFA traineeships' on [Find a learning aim](#). These aims will not attract additional funding as they are included in the single traineeship rate for work placement and work preparation training.

223. For 16 to 18-year-olds, qualifications must be approved on [Find a learning aim](#) for 16 to 18 funding in the 2021 to 2022 funding year.

### Work placement

224. A learner's work-placement must take place with an employer and allow the learner to develop new workplace knowledge, skills and behaviours. In total, the work placement element must last at least 70 hours and must not be simulated learning in an artificial environment.

225. You must report the employer's details in the ILR within 60 days of the traineeship start date. The work placement does not need to start within 60 days and can be recorded as a future start date on the ILR.

226. An individual can have separate work placements in different organisations. These must last at least 2 weeks with each employer, and at least 70 hours in total with each placement supporting progression linked to their learning plan.

227. For learners on Jobseeker's Allowance or Universal Credit, work-placements can be between 70 -240 hours (or extended up to 320 hours if an offer of an apprenticeship place is offered and accepted).

228. The employer must offer at the end of each work-placement (which you must evidence) either:

228.1. a formal interview for a job or apprenticeship vacancy, plus feedback

228.2. an exit interview, written feedback and evidence of the learner's time and activities during the work-placement

229. For 16 to 18-year-olds, the work placement must be the most substantial element of the programme which must be reported in the ILR as the core aim in a learner's traineeship. Where the core aim does not occupy the majority of the hours, for example where a vocational qualification is included in the flexible element of a traineeship, the learning plan must confirm how the whole traineeship is associated with becoming work ready and progressing to a planned Apprenticeship or other employment.

## **English and maths, ESOL or digital skills**

230. You must assess all 16 to 18 and 19 to 24 learners for English and maths in order to claim traineeship funding, in line with paragraph 155.

231. You must support learners who have not previously achieved an English and/or maths GCSE grade 4 (C), or higher, or level 2 Functional Skills qualification to improve their skills and progress towards them. You may use English and maths stepping-stone qualifications (including components, where applicable), as set out in paragraph 150.

232. For 16 to 18-year-olds, you must follow both of the following:

232.1. condition of funding set out in [16 to 19 study programmes](#)

232.2. English and maths condition of funding set out in [16 to 19 funding: maths and English condition of funding](#)

233. You can continue to fund a learner to complete their English and maths qualifications beyond completion of their work-preparation training and work-placement.

234. You must support learners to achieve ESOL qualifications where necessary.

235. You must support trainees aged 19+ to improve digital skills where they are assessed as below level 1 through the Digital Entitlement, as set out in paragraph 157 to 160. You should also support the development of any digital skills that are part of an occupational standard published by [The Institute for Apprenticeships & Technical Education](#) being linked to in the vocational learning element.

## **Flexible element**

236. We fund the flexible element in line with the general funding and ESFA funded AEB eligibility rules set out in this document.

237. You can offer activities, including appropriate technical qualifications and skills required by the local labour market that will help the learner move into work or remove a barrier to them entering work. This must exclude work preparation training and ESOL learning aims.

238. To support progression to apprenticeships, the traineeship should provide vocational learning elements that are occupationally focussed and that prepare the learner for the relevant occupational standard published by [The Institute for Apprenticeships & Technical Education](#). These occupational standards are used in combination with end-point assessment plans as apprenticeship standards.

239. All elements of the programme (including work placement) are subject to a maximum of 35 hours activity each week to meet the requirements of state benefit rules.

240. For 16 to 18-year-olds, qualifications must be approved on [Find a learning aim](#) for 16 to 18 funding in the 2020 to 2021 funding year.

## Traineeship programme duration

241. The work placement, work preparation and flexible elements must be completed between a minimum of 6 weeks and a maximum of 12 months.

## Evidence

242. The evidence pack for a traineeship must contain evidence of:

- 242.1. a formal interview and feedback to the learner, where there is a vacancy
- 242.2. an exit interview, written feedback, and evidence of the time spent on, and activities performed during, work placements, when there is no vacancy
- 242.3. progression to a defined positive outcome within 6 months
- 242.4. information on employer incentive payments will be published separately in the [traineeships collection](#) on GOV.UK. This will include any additional requirements for the evidence pack

## Outcomes

243. The following are recognised outcomes, if they are achieved and evidenced within 6 months of completing the traineeship:

- 243.1. an apprenticeship start that meets the minimum qualifying days evidenced by ILR records or a self-declaration by the learner
- 243.2. a job, including being self-employed, for at least 16 hours a week and for 8 consecutive weeks within 6 months of leaving a traineeship, evidenced by a declaration from the learner or their employer
- 243.3. progression to another English or maths qualification, which is a level higher than that, achieved in the traineeship
- 243.4. further learning recognised in the 16 to 19 performance tables (for 19- to 24-year-olds, this includes qualifications as part of the legal entitlement), that:
  - 243.4.1. meets minimum qualifying days (set out in paragraph 67), or
  - 243.4.2. a learner self-declares they are studying a level 2 or level 3 qualification with at least 150 guided learning hours

244. The achievement payment for the combined work-placement and work-preparation (single) rate is based on reporting a successful outcome, on the ILR in the programme aim. You must not claim job outcome payments described in paragraph 217 for this combined rate.

## Support funding

245. Learning support for traineeships is available as set out in paragraphs 192 to 200.

246. For 16 to 18-year-olds, disadvantage funding, high-needs student funding, vulnerable student bursaries and discretionary bursaries are available through the ESFA's young people's funding methodology. More information is available in the [16 to 19 financial support for students](#) guidance.

247. Learner support for traineeships is included in your 19 to 24 traineeship allocation and is available as set out in paragraphs 201 to 211.

248. Information on employer incentive payments will be published separately in the [traineeships collection](#) on GOV.UK.

## Advertising traineeship opportunities

249. You must advertise new traineeship opportunities on the [find a traineeship service](#), except where you have already matched an individual to an employer, or you are not currently eligible to access the find a traineeship service.

## Section 4 – payments and performance management

To ensure all providers are treated fairly, we operate a performance-management process so everyone has the same opportunities to access any additional funding.

We have changed the way the performance management rules are structured for ease of use. The rules are now split by the funding agreement you have with the ESFA. It is essential that you read the rules that apply to you. You may have more than one contract and will need to read the parts that relates to that funding agreement.

- Education and Skills Funding agreement (grant), pages 57 to 68
- ESFA funded AEB contract for services, pages 69 to 75
- 19 to 24 traineeships contract for services (2020 procurement), pages 76 to 79
- Somerset Community learning contract for services, page 80
- 16 to 18 traineeships without a 16 to 19 study programme, pages 81 to 84

### All funding agreements

250. This section sets out the principles by which we will manage your performance in the 2021 to 2022 funding year.

251. We use the term ‘funding agreement’ as a generic term for the separate contract arrangement.

252. For the purposes of this section, we use the term ‘contract value’ to mean your funding allocation or contract value as set out in Appendix 1 of your funding agreement.

253. For the purposes of this section, we use the term ‘allocation line’ as the separate values or ‘of which’ within your funding agreement that we will use to manage your contract value.

254. We will continue to apply different performance-management processes according to the type of funding agreement we have with you. Within these processes, we will apply our principles of performance-management consistently to all providers.

255. Manage your Education and Skills Funding is an online service that gives you access to information about contracting and payments. We use this service to share your contract documents, allocation statements, remittance reports (payments), subcontracting declarations and reconciliation statements.

256. All increases and funding above your contract value are subject to affordability.

257. We will use our approach to funding to make sure learning provision is of a high quality. We will use your track record to assess your ability to deliver education and training to the required standard. We will not increase your allocation through our performance-management process and may reduce or remove your allocation if one or more of the following is true:

- 257.1. your Ofsted grade is inadequate
- 257.2. you are in formal intervention for minimum standards or inspection
- 257.3. you have been issued with a notice for financial management and control
- 257.4. you have been issued with a notice to improve, additional conditions of funding or additional contractual obligations in relation to minimum quality standards for 19+ education and training
- 257.5. you have significantly under delivered against your contract value in previous years
- 257.6. you are subject to an investigation for breach of contract and/or failed audit

258. As part of our funding assurance work, we will continue to monitor compliance with these funding rules. We will contact you where we find you have submitted data that does not meet our funding rules, or our ILR and EAS requirements. We will require you to correct inaccurate ILR and EAS data or to adjust your final funding claim. Details are set out in our [funding rules monitoring](#) guidance.

259. Your funding agreement will span 2 financial years:

259.1. August 2021 to March 2022: periods 1 to 8 of the 2021 to 2022 funding year

259.2. April 2022 to July 2022: periods 9 to 12 of the 2021 to 2022 funding year

260. You must not transfer funds between funding budgets for details go to paragraph 24.

261. You must not transfer funds between the following funding agreements:

261.1. Education and Skills Funding agreement (grant)

261.2. ESFA funded AEB contract for services

261.3. 19 to 24 traineeships contract for services (2020 procurement)

261.4. Somerset Community learning contract for services

261.5. 16 to 18 traineeships without a 16 to 19 study programme

262. We may increase, decrease or change the review points we operate, in line with delivery against the funding available or policy changes. We will distribute funds only through a formulaic calculation based on provider performance (not through a provider bidding/business case approach) and you must meet the criteria for growth.



## Education and Skills Funding agreement (grant)

The AEB continues to be devolved for the 2021 to 2022 funding year to the specified combined authorities and the Mayor of London. More information can be found in our [devolution guide](#) or in Devolution of adult education functions.

If you bid and were successful in the procurement, these are separate contracts and will be managed separately, please refer to the appropriate section.

This section excludes performance management arrangements for ESFA funded AEB contract for services, pages 69 to 75 and 19 to 24 traineeships contract for services (2020 procurement), pages 76 to 79

263. These rules apply in relation to providers who have an Education and Skills Funding contract (grant agreement) for eligible learners set out in paragraphs 27 to 34.

264. Your 2021 to 2022 AEB allocation statement and Appendix 1 of your funding agreement will show allocation lines as separate values. We will manage these as individual allocation lines and you cannot transfer funds or request virements. Your Education and Skills Funding agreement has separate performance arrangements, and are made up of following allocation lines:

264.1. ESFA funded AEB (paragraphs 269 to 304)

264.2. 19 to 24 traineeships (paragraphs 305 to 332)

264.3. ESFA funded National Skills Fund (paragraphs 333 to 361)

265. We will make payments on the standard national profile as set out in of Table 1 Annex D: Standard national profiles.

266. The funding agreement for Education and Skills Funding remains separate from procured contract for services with different payment and performance management arrangements. Please see appropriate section of these rules on the arrangements for contract for services (where applicable to you).

267. You must provide 3 funding claims setting out your actual delivery to date and, where appropriate, provide a forecast for the remainder of the funding year. We will review the actual spend you submit in your final funding claim against the ILR and EAS data you provide. The funding claims you must provide are set out below but please refer to the [funding claims guidance](#) which we will publish in autumn 2021 for details of the:

267.1. mid-year forecast funding claim

267.2. year-end forecast funding claim

267.3. final funding claim

268. You must ensure you meet the cost of continuing learners from within your Education and Skills Funding agreement (grant), as you have always done.

## ESFA funded AEB

269. Your ESFA funded AEB grant allocation can be used to fund new starts and/or continuing learners outside of devolved areas for:

269.1. Legal entitlements and local flexibility (adult skills)

269.2. non-formula funded community learning (where applicable)

269.3. The pre-employment training element of sector-based work academy programmes

269.4. high value courses: one-year skills offer for 19-year-old learners (continuing learners from 2020 to 2021 only, funded until the end of March 2022)

269.5. ESFA funded National Skills Fund level 3 offer for 19 to 23-year-old learners

270. Funding for learner support and learning support is included in your contract value. We will monitor the amount of funding you spend on support costs and may request additional evidence.

271. You can use your ESFA funded AEB for learners that are resident in devolved combined authorities that did not complete their programme prior to devolution (continuing learners). For more information on continuing learners in devolved areas see paragraphs 27 and 283 to 293.

272. Your funding agreement will state the amount of ESFA funded AEB provision you can deliver between 1 August 2021 and 31 July 2022. It will also state the maximum value of non-formula funded community learning we will fund (where applicable).

273. It cannot be used for 19 to 24 traineeships (see paragraphs 305 to 332), new learners resident in devolved areas or the National Skills Fund Level 3 Adult offer for 24-year-old learners and above (see paragraphs 333 to 361).

### **Sector-based work academy programme (SWAP)**

274. Although the sector-based work academy programme is no longer shown as a separate line on your funding agreement it will continue to be funded, as it always has been, as part of your ESFA funded AEB. You can use your ESFA funded AEB contract value to fund new starts and continuing learners for SWAP.

275. You must use LDM code 375 to record delivery for SWAP when you submit ILR data. Please refer to the ILR specification for more information about using LDM codes.

### **High value courses for school and college leavers**

276. High value courses for school and colleges leavers were a one-year only allocation for the 2020 to 2021 academic year and is not present in your 2021 to 2022 funding agreement. You can use your ESFA funded AEB contract value to fund continuing learners up until the end of March 2022. You cannot use this funding for new starts. No additional funding will be made available for these courses past this date.

277. You must use LDM code 376 to record delivery when you submit ILR data for high value courses for school and college leavers where learners do not complete their programme by 31 July 2021. Please refer to the ILR specification for more information about using LDM codes.

### **National Skills Fund level 3 offer for 19 to 23-year-old learners**

278. You can deliver level 3 qualifications on the [Qualifications in the National Skills Fund](#) to eligible 19 to 23-year-old learners within your ESFA funded AEB allocation. Your ESFA funded AEB contract value includes the uplift for qualifications on the National Skills Fund level 3 adult offer.

279. You must use LDM code 378 to record delivery for National Skills Fund level 3 offer when you submit ILR data. This only applies if the qualification is not available on the approved list for legal entitlements (see paragraph 114). Please refer to the ILR specification for more information about using LDM codes.

280. If additional funding is allocated to you and you do not want to offer this funding or have the capacity to deliver, you can decline the additional funding or reduce the amount. We will assume you can deliver the additional funding unless you let your territorial team lead know otherwise.

281. For more details on payments and performance management arrangements refer to ESFA funded AEB (paragraphs 269 to 304).

282. This is separate from National Skills Fund Level 3 offer for 24-year-old learners and above. For this, please refer to paragraphs 333 to 361.

### **Continuing learners resident within devolved authorities with responsibilities for AEB prior to 1 August 2020**

283. We will continue to be responsible for AEB learners that are resident in a devolved/delegated area who were in learning **prior to 1 August 2019** but did not complete by 31 July 2020 (continuing learners). You must ensure you meet the cost of continuing learners from within your ESFA funded AEB allocation, as you have always done.

284. We will continue to be responsible for AEB learners that are resident in North of Tyne devolved authority who were in learning **prior to 1 August 2020** but did not complete by 31 July 2020 (continuing learners). You must ensure you meet the cost of continuing learners from within your ESFA funded AEB allocation, as you have always done.

285. Learners that started since the date of devolution are the relevant devolved authority's responsibility.

## **Continuing learners resident within devolved authorities with responsibilities for AEB from 1 August 2021**

286. We will continue to be responsible for AEB learners that are resident in the Sheffield City Region and West Yorkshire combined authorities who were in learning **prior to 1 August 2021** but did not complete their programme by 31 July 2021.

287. In 2021 to 2022, we will allocate funding for AEB learners that are resident in the Sheffield City Region and West Yorkshire combined authorities and need to continue learning beyond 31 July 2021.

288. Your 2021 to 2022 AEB allocation statement includes an illustrative value for your continuing learners. This value is shown as a separate figure on your allocation statement, but it forms part of your overall ESFA funded AEB allocation, and we will not manage it separately.

289. We will calculate an actual value for your continuing learners based on your R14 (October 2021) data submission. Please note this value may differ from the illustrative value on your March allocation statement. Your contract will be updated following the R14 data submission to include your continuing learner value.

290. From 2022 to 2023, you must ensure you meet the cost of continuing learners who were in learning prior to 1 August 2021 from within your ESFA funded AEB allocation.

291. Learners that start after the 1 August 2021 will be devolved authority's responsibility.

## **Continuing learners outside a devolved authority**

292. Funding for learners that reside outside a devolved authority will form part of your funding agreement. You must ensure you meet the cost of continuing learners from within your ESFA funded AEB allocation, as you have always done.

293. If more combined authority areas receive devolved AEB beyond 2021 to 2022 then we will operate a similar approach for continuing learners for those areas.

## **Reconciling your ESFA funded AEB**

294. At the end of the 2021 to 2022 funding year we will apply a 3% reconciliation tolerance. Where your delivery of ESFA funded AEB is at least 97% of your ESFA funded AEB allocation line, we will not make an end-of-year adjustment and you will not have to pay back any unspent funds.

295. 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 (where applicable).

296. If you do not deliver 97% or above, we will confirm the value of funding you must pay back in your reconciliation statement.

297. We will fund up to 3% of delivery above your contract value at the end of the 2021 to 2022 funding year. This means we will fund delivery up to 103% of your ESFA funded AEB allocation line, subject to you meeting our track-record checks (see paragraph 257). Any delivery you undertake above this level is at your own risk.

298. When calculating the 103%, we will include non-formula funded community learning delivery only up to the value specified in your funding agreement, but we will not include delivery over this amount. We will not pay for non-formula funded community learning delivery over the value of your non-formula funded community learning allocation set out in your funding agreement.

299. Reconciliation is based on the data you provide in ILR, EAS and claims. The value we compare to will exclude audit and monitoring. More information is available [funding claims guidance](#).

### **Reductions to your ESFA funded AEB**

300. The ESFA funded AEB allocation line is not in scope for reductions at the review points.

301. If you do not require your full ESFA funded AEB contract value you can voluntarily request to reduce (or remove) at the review points set out in Annex C: Performance management review. We will not accept requests after this date.

### **Increases to your ESFA funded AEB**

302. The ESFA funded AEB allocation line is not in scope for increases at the review point.

303. If additional funding becomes available that would make a material difference to individual provider contracts, we will offer increases using a nationally consistent formulaic calculation based on performance and affordability (not through a provider bidding/business case approach).

304. Future allocations will take into account actual delivery against your funding agreement. Increases to your funding agreement will not automatically be consolidated into future years' allocations.

## 19 to 24 traineeships

19 to 24 traineeships remain a national programme with funding provided by ESFA irrespective of where learners reside in England. It is separate from your ESFA funded AEB and we will manage it as a distinct allocation line.

This section covers the payment and performance management arrangements for your 19 to 24 traineeships allocation. If you were successful in the 19 to 24 traineeships 2020 procurement, there are separate arrangements for these contracts which are set out in the 19 to 24 traineeships 2020 procurement section of these rules.

305. Your 19 to 24 traineeships can be used to deliver eligible new starts and/or continuing learners on this funding agreement set out in Section 3 – traineeships only. It is separate from your ESFA funded AEB grant allocation.

306. Funding for learner support and learning support is included in your contract value. We will monitor the amount of funding you spend on support costs and may request additional evidence.

307. Your funding agreement will state the amount of 19 to 24 traineeships provision you can deliver between 1 August 2021 and 31 July 2022.

308. It cannot be used for ESFA funded AEB (see paragraphs 269 to 304) or new ESFA funded National Skills Fund Level 3 Adult offer for 24-year-old learners and above (see paragraphs 333 to 361).

309. Employer incentive payments are not included in this funding agreement. Employers will need to register their details and submit a claim through an [online portal on GOV.UK](#) to claim an incentive payment.

### Reconciling your 19 to 24 traineeships

310. At the end of the 2021 to 2022 funding year we will apply a 3% reconciliation tolerance. Where your delivery of 19 to 24 traineeships is at least 97% of your 19 to 24 traineeships contract value, we will not make a year-end adjustment and you will not have to pay back any unspent funds.

311. If you do not deliver 97% or above, we will confirm the value of funding you must pay back in your reconciliation statement.

312. We will fund up to 10% of delivery above your contract value at the end of the 2021 to 2022 funding year. This means we will fund delivery up to 110% of your 19 to 24 traineeships contract value, subject to you meeting our track-record checks (see paragraph 257257). Any delivery you undertake above this level is at your own risk.

313. Reconciliation is based on the data you provide in ILR, EAS and claims. The value we compare to will exclude audit and monitoring. More information is available [funding claims guidance](#).

## Reductions to your 19 to 24 traineeships

314. 19 to 24 traineeships is not in scope for reductions at the review points.

315. If you do not require your full 19 to 24 traineeships contract value you can voluntarily request to reduce (or remove) at the review points set out in Annex C: Performance management review. We will not accept requests after this date.

## Increases to your 19 to 24 traineeships

316. We will fund delivery up to 110% at the end of the 2021 to 2022 funding year (see paragraph 312).

317. At the second review point, set out in Annex C: Performance management review, we will use the information you provide in your ILR and EAS data to measure your performance against a standard national profile, see Annex D: Standard national profiles.

318. If there is enough funding available to make a material difference to individual provider contracts at the review point set out in Annex C: Performance management review, we will offer additional 19 to 24 traineeships funding to providers who meet all of the following criteria:

318.1. you have delivered at least 90% of the standard national profile at the review point

318.2. you have a good track record (see paragraph 257) including the accuracy of forecasts you have provided in the past (where applicable)

318.3. you are not in formal intervention with the ESFA and not under additional conditions of funding or additional contractual obligations

319. We may agree an exceptional case if you do not meet the criteria in paragraph 318. Exceptional requests are to review whether you are in scope for an increase where you do not meet the above criteria, if accepted you will be subject to the formulaic calculation. Requests must be submitted using our AEB performance management requests form and by the deadlines shown in Annex C: Performance management review. We will not accept any requests received after the deadline or submitted to a different email address.

320. We will calculate additional increases for providers who meet the criteria set out in paragraph 318 using a nationally consistent formulaic calculation based on performance, maximum growth limits and affordability (not through a provider bidding/business case approach).

321. The maximum growth we will award at the review point is set out below:

2021 to 2022 contract value	Maximum growth
Up to £90,000	£45,000
More than £90,000	50% of your contract value



322. Increases are subject to there being sufficient budget available at the review point. In the event of calculated growth exceeding the available budget, we may not be able to award the maximum value of growth available. The value of your increase is not guaranteed.

323. It is important that you make timely and accurate data returns at the review points, as this will help us to ensure your funding agreement is set at the correct level.

324. If we offer you growth and you do not have the capacity to deliver the additional funding, you can decline the additional funding or reduce the amount. We will assume you can deliver the additional funding and issue a contract variation unless you let your territorial team lead know otherwise.

325. If you deliver more than your contract value, then the increase we award may not cover the full cost of delivery to date.

326. We will apply increases based on the standard national profile to the remaining months of your contract, however we will prioritise existing over delivery in prior months to ensure that this is funded first.

327. Future allocations will take into account actual delivery against your funding agreement. Increases to your funding agreement will not automatically be consolidated into future years' allocations.

### **Requesting a 19 to 24 traineeship allocation for the first time or a contract value top-up to £45,000**

328. At the review points you can request a 19 to 24 traineeship allocation for the first time, or an increase to your existing traineeship allocation, if:

328.1. you have a 2021 to 2022 AEB grant and have not been issued with a 2021 to 2022 traineeships allocation because you have not delivered traineeships historically, or

328.2. your 2021 to 2022 traineeships contract value is below £45,000.

329. Requests must be submitted using our [AEB performance management requests form 2021 to 2022](#) by the deadline shown in Annex C: Performance management review. We will not accept any requests received after the deadline or sent to a different email address.

330. The maximum allocation you can apply for is £45,000 (including existing contract value). This is not guaranteed, and the value we award may be lower. We will assess your request in line with the timetable set out in Annex C: Performance management review.

331. We will use your track record to assess your ability to deliver education and training to the required standard. Please see paragraph 257 for more information.

332. If do not utilise this allocation by our next review point (Annex C: Performance management review) we reserve the right to remove the first-time request or allocation top up from your funding agreement.



## ESFA funded National Skills Fund

National Skills Fund is part of the Lifetime Skills Guarantee, a targeted level 3 adult offer has been developed to support adults without an existing full level 3 qualification. It is separate from your ESFA funded AEB and we will manage it as a distinct allocation line.

This section covers the payment and performance management arrangements for your National Skills Fund for 24-year-olds and above only. For 19- to 23-year-old learners read ESFA funded AEB, paragraphs 269 to 304.

333. Your ESFA National Skills Fund allocation line can be used to fund new starts and/or continuing learners outside of devolved areas to eligible 24-year-old learners and above for level 3 qualifications on the [Qualifications in the National Skills Fund](#).

334. Funding for learner support and learning support is included in your contract value. We will monitor the amount of funding you spend on support costs and may request additional evidence.

335. You must use LDM code 378 to record delivery when you submit ILR data. Please refer to the ILR specification for more information about using LDM codes.

336. Your funding agreement will state the amount of ESFA funded National Skills Fund provision you can deliver between 1 August 2021 and 31 July 2022.

337. It cannot be used for 19 to 24 traineeships (see paragraphs 305 to 332), new learners resident in devolved areas or ESFA funded AEB (see paragraphs 269 to 304).

### Reconciling your ESFA funded National Skills Fund

338. At the end of the 2021 to 2022 funding year we will apply a 3% reconciliation tolerance. Where your delivery of ESFA funded National Skills Fund is at least 97% of your allocation line, we will not make a year-end adjustment and you will not have to pay back any unspent funds.

339. If you do not deliver 97% or above, you must pay back all unspent funds. We will confirm the value of funding you must pay back in your reconciliation statement.

340. We will fund up to 10% of delivery above your allocation line contract value at the end of the 2021 to 2022 funding year. This means we will fund delivery up to 110% of your August 2021 to July 2022 contract value subject to you meeting our track-record checks (see paragraph 257). Any delivery you undertake above this level is at your own risk. See below for increases to ESFA funded National Skills Fund.

341. Reconciliation is based on the data you provide in ILR, EAS and claims. The value we compare to will exclude audit and monitoring. More information is available [funding claims guidance](#).

## **Reductions to your ESFA funded National Skills Fund contract values**

342. The National Skills Fund allocation line is not in scope for reductions at the review points.

343. If you do not require your full National Skills Fund contract value you should voluntarily request to reduce (or remove) at the review points set out in Annex C: Performance management review. We will not accept requests after this date.

## **Increases to ESFA funded National Skills Fund contract values**

344. Additional funding is available to allow for in-year growth.

345. We will fund delivery up to 110% at the end of the 2021 to 2022 funding year (see paragraph 340).

346. At the December review point, set out in Annex C: Performance management review, we will use the information you provide in your ILR and EAS data to measure your performance against a standard national profile, see Annex D: Standard national profiles.

347. Additional funding is available to support growth of this provision. At the review point set out in Annex C: Performance management review, we will offer additional National Skills Fund level 3 funding to providers who meet the following criteria (subject to affordability):

347.1. you have delivered at least 90% of the standard national profile at the review point

347.2. you have a good track record (see paragraph 257) including the accuracy of forecasts you have provided in the past (where applicable)

347.3. you are not in formal intervention with the ESFA and not under additional conditions of funding or additional contractual obligations

348. We may agree an exceptional case if you do not meet the criteria in paragraph 347. Exceptional requests are to review whether you are in scope for an increase, if accepted you will be subject to the formulaic calculation. Requests must be submitted using our AEB performance management requests form and by the deadlines shown in Annex C: Performance management review. We will not accept any requests received after the deadline or submitted to a different email address.

349. We will calculate additional increases for providers who meet the criteria set out in paragraph 347 using a nationally consistent formulaic calculation based on performance, maximum growth limits and affordability (not through a provider bidding/business case approach).

350. The maximum growth we will award at the review point is set out below:

<b>2021 to 2022 contract value</b>	<b>Maximum growth</b>
Up to £90,000	£45,000
More than £90,000	50% of your contract value

351. Increases are subject to reserved funding being sufficient to cover in-year demand. In the event of calculated growth exceeding the available budget, we may not be able to award the maximum value of growth available. The value of your increase is not guaranteed.

352. It is important that you make timely and accurate data returns at the review points, as this will help us to ensure your contract value is set at the correct level.

353. If we offer you growth and you do not intend to use or have the capacity to deliver the additional funding, you should decline the additional funding or reduce the amount. We will assume you can deliver the additional funding and issue a contract variation unless you let your territorial team lead know otherwise.

354. If you deliver more than your contract value, then the increase we award may not cover the full cost of delivery to date.

355. We will apply increases based on the standard national profile to the remaining months of your contract, however we will prioritise existing over delivery in prior months to ensure that this is funded first.

356. Future allocations will take into account actual delivery against your funding agreement. Increases to your funding agreement will not automatically be consolidated into future years allocations.

### **Requesting a ESFA funded National Skills Fund allocation for the first time or an contract value top-up to £45,000**

357. At the review points, you can request a National Skills Fund allocation for the first time, or an increase to your existing contract value, if:

357.1. you have a 2021 to 2022 AEB grant and have not been issued with a National Skills Fund level 3 allocation for 24-year-olds and above because you have not delivered these courses historically, or

357.2. your National Skills Fund contract value is below £45,000.

358. Requests must be submitted using our [AEB performance management requests form 2021 to 2022](#) by the deadline shown in Annex C: Performance management review. We will not accept any requests received after the deadline or sent to a different email address.

359. The maximum allocation you can apply for is £45,000 (including existing contract value). This is not guaranteed, and the value we award may be lower. We will assess

your request in line with the timetable set out in Annex C: Performance management review.

360. We will use your track record to assess your ability to deliver education and training to the required standard. Please see paragraph 257 for more information.

361. If do not utilise this allocation by our next review point (Annex C) we reserve the right to remove the first-time request or allocation top up from your funding agreement.

## ESFA funded AEB contract for services (procured from August 2021)

This section applies to you if you applied to and received an ESFA funded AEB contract for services award as part of the AEB procurement.

This section excludes performance management arrangements for Education and Skills Funding agreement (grant), pages 57 to 68 and 19 to 24 traineeships contract for services (2020 procurement), pages 76 to 79.

We have changed the way you need to report and record learner support delivery. You will no longer have to submit funding claims, however you must record learner support delivery through the earning adjustment statement each month.

362. These rules apply in relation to providers who have an ESFA funded AEB contract for services for eligible learners set out in paragraphs 27 to 34.

363. Appendix 1 of your funding agreement will show allocation lines as separate values. We will manage these as individual allocation lines and you cannot transfer funds or request virements. Your funding agreement has separate performance arrangements and are made up of following allocation lines:

363.1. ESFA funded AEB (paragraphs 370 to 388)

363.2. National Skills Fund: level 3 adult offer for 24-year-old learners and above (paragraphs 389 to 414)

364. You must use LDM code 379 (AEB procurement 2021) to record delivery under this contract when you submit ILR data. Please refer to the ILR specification for more information about using LDM codes.

365. Your funding agreement will show learner support as a separate value but it forms part of your overall ESFA funded AEB contract for service and we will not manage it separately. We will monitor the amount of funding you spend on support costs and may request additional evidence.

366. We will manage your contract in accordance with Public Contracts Regulations 2015.

367. The funding agreements for AEB Education and Skills Funding remain separate from procured contract for services with different payment and performance management arrangements. Please see the appropriate section of these rules for the arrangements (where applicable to you).

368. If you had an ESFA funded contract for services in the 2020 to 2021 funding year you will not be able to use your ESFA funded 2021 to 2022 funding agreement to fund continuing learners. Your ESFA funded AEB funding agreement for 2021 to 2022, awarded as part of the AEB procurement, is for new starts only. No funding will be made available for learners starting before 1 August 2021.

369. Your funding agreement states the expiry date of this contract and you must not recruit learners after this date. To allow learners to complete their programme we may extend the contract for up to 12 months. You must plan your delivery, including any subcontracted delivery accordingly. Funding beyond the extension will not be allocated. More details are available in Part 2 of your funding agreement.

## **ESFA funded AEB**

370. Your ESFA funded AEB allocation line can be used to fund new starts outside of devolved areas for:

370.1. Legal entitlements and local flexibility (adult skills)

370.2. The pre-employment training element of sector-based work academy programmes

370.3. National Skills Fund level 3 offer for 19 to 23-year-old learners

371. Funding for learner support and learning support is included in your contract value. We will monitor the amount of funding you spend on support costs and may request additional evidence.

372. Your funding agreement will state the amount of ESFA funded AEB provision you can deliver between 1 August 2021 and 31 July 2022.

373. It cannot be used for new learners resident in devolved areas or the National Skills Fund Level 3 Adult offer for 24-year-old learners and above (see paragraphs 389 to 414).

## **Sector-based Work Academy Programme (SWAP)**

374. You must use LDM code 375 to record delivery for SWAP when you submit ILR data. Please refer to the ILR specification for more information about using LDM codes.

## **National Skills Fund level 3 offer for 19 to 23-year-old learners**

375. You can deliver level 3 qualifications to eligible 19 to 23-year-old learners on the [Qualifications in the National Skills Fund](#) within your ESFA funded AEB allocation line.

376. You must use LDM code 378 to record delivery for National Skills Fund level 3 offer when you submit ILR data. This only applies if the qualification is not available on the approved list for legal entitlements (see paragraph 114). Please refer to the ILR specification for more information about using LDM codes.

377. This is separate from National Skills Fund Level 3 offer for 24-year-old learners and above. For this, please refer to the relevant details on payments and performance management (paragraphs see paragraphs 389 to 414).

## **Paying your ESFA funded AEB contract value**

378. We will pay for you on the basis of your actual delivery each month, including learner and learning support, up to your contract value for the financial year. We will calculate the value of your actual delivery using the latest validated ILR and EAS data you provide.

379. During the funding year, we will fund delivery up to 103% of each financial year within your contract for service (see paragraph 259). This is subject to meeting our track record checks (see paragraph 257) and we may recover funds over your contract value if you do not meet the required track record. This means we will fund delivery up to 3% above your ESFA funded AEB:

379.1. August 2021 to March 2022 contract value

379.2. April 2022 to July 2022 contract value.

380. At the end of the funding year (at R14), we will fund delivery up to 103% of your ESFA funded AEB and ESFA funded AEB learner support funding year contract value. This means we will fund delivery up to 3% above your August 2021 to July 2022 contract value (removing the financial years). We will take into account payments already made. This is subject to meeting our track record checks (see paragraph 257) and we may recover funds over your contract value if you do not meet the required track record. Any delivery you undertake above this level is at your own risk.

## **Reductions to your ESFA funded AEB contract value**

381. At the December review point, set out in Annex C: Performance management review, we will use the information you provide in your ILR and EAS data to measure your performance against the standard national profile, see Annex D: Standard national profiles.

382. We will reduce your contract value if your performance against the standard national profile is outside the tolerance. The tolerance level we will apply is set out in Annex C: Performance management review.

383. The reduction in your contract value will reflect some or all the under-delivery to date outside of the tolerance. We may extrapolate the reduction forwards. This means we will reduce your contract value for the remainder of the year by the same percentage we reduce your year-to-date value. We will not change this approach unless there are exceptional circumstances.

384. We will apply the reduction unless:

384.1. You believe that your delivery pattern is significantly different to the standard national profile

384.2. you demonstrate you were impacted by data issues outside of your control

384.3. the amount you are below profile is less than £25,000.



385. If you do not require your full ESFA funded AEB contract value you can voluntarily request to reduce (or remove) at the review points set out in Annex C: Performance management review. We will not accept requests after this date.

### **Increases to your ESFA funded AEB contract for services**

386. The ESFA funded AEB allocation line is not in scope for increases at the review point.

387. If additional funding becomes available that would make a material difference to individual provider contracts, we will offer increases using a nationally consistent formulaic calculation based on performance and affordability (not through a provider bidding/business case approach).

388. Future allocations will take into account actual delivery against your funding agreement. Increases to your funding agreement will not automatically be consolidated into future years' allocations.

### **ESFA funded National Skills Fund**

National Skills Fund is part of the Lifetime Skills Guarantee, a targeted level 3 adult offer to support adults without an existing full level 3 qualification. It is separate from your ESFA funded AEB and we will manage it as a distinct allocation line.

This section covers the payment and performance management arrangements for your National Skills Fund for 24-year-olds and above only. For 19- to 23-year-old learners read ESFA funded AEB, paragraphs 370 to 388.

389. Your ESFA funded National Skills Fund allocation line can be used to fund new starts outside of devolved areas to eligible 24-year-old learners and above for level 3 qualifications on the [Qualifications in the National Skills Fund](#).

390. Funding for learner support and learning support is included in your contract value. We will monitor the amount of funding you spend on support costs and may request additional evidence.

391. Your funding agreement will state the amount ESFA funded National Skills Fund provision you can deliver between 1 August 2021 and 31 July 2022.

392. You must use LDM code 378 (Adult Level 3 Offer) to record delivery when you submit ILR data. Please refer to the ILR specification for more information about using LDM codes.

393. It cannot be used for learners resident in devolved area or ESFA funded AEB.



## **Paying your ESFA funded National Skills contract values**

394. We will pay for you on the basis of your actual delivery each month, including learner and learning support, up to your contract value for the financial year. We will calculate the value of your actual delivery using the latest validated ILR and EAS data you provide.

395. During the funding year, we will fund delivery up to 110% of each financial year within your funding agreement (see paragraph 259). This is subject to meeting our track record checks (see paragraph 257) and we may recover funds over your contract value if you do not meet the required track record. This means we will fund delivery up to 110% of your ESFA funded National Skills Fund:

395.1. August 2021 to March 2022 contract value

395.2. April 2022 to July 2022 contract value.

396. At the end of the funding year (at R14), we will fund delivery up to 110% of your ESFA funded National Skills and ESFA funded National Skills learner support funding year contract value. This means we will fund delivery up to 110% of your August 2021 to July 2022 contract value (removing the financial years). We will take into account payments already made. This is subject to meeting our track record checks (see paragraph 257) and we may recover funds over your contract value if you do not meet the required track record. Any delivery you undertake above this level is at your own risk.

## **Reductions to your ESFA funded National Skills Fund contract value**

397. At the December review point, set out in Annex C: Performance management review, we will use the information you provide in your ILR and EAS data to measure your performance against the standard national profile, see Annex D: Standard national profiles.

398. We will reduce your contract value if your performance against the standard national profile is outside the tolerance. The tolerance level we will apply is set out in Annex C: Performance management review.

399. The reduction in your contract value will reflect some or all the under-delivery to date outside of the tolerance. We may extrapolate the reduction forwards. This means we will reduce your contract value for the remainder of the year by the same percentage we reduce your year-to-date value. We will not change this approach unless there are exceptional circumstances.

400. We will apply the reduction unless:

400.1. You believe that your delivery pattern is significantly different to the standard national profile

400.2. you demonstrate you were impacted by data issues outside of your control

400.3. the amount you are below profile is less than £25,000.

401. If you do not require your full ESFA funded National Skills Fund contract value you can voluntarily request to reduce (or remove) at the review points set out in Annex C: Performance management review. We will not accept requests after this date.

### **Increases to your ESFA funded National Skills Fund contract value**

402. Additional funding is available to allow for in-year growth.

403. We will fund delivery up to 110% at the end of the 2021 to 2022 funding year (see paragraph 396).

404. At the second review point, set out in Annex C: Performance management review, we will use the information you provide in your ILR and EAS data to measure your performance against a standard national profile, see Annex D: Standard national profiles.

405. Additional funding is available to support growth of this provision. At the review point set out in Annex C: Performance management review, we will offer additional National Skills Fund level 3 funding to providers who meet the following criteria (subject to affordability):

405.1. you have delivered at least 90% of the standard national profile at the review point

405.2. you have a good track record (see paragraph 257)

405.3. you are not in formal intervention with the ESFA and not under additional conditions of funding or additional contractual obligations

406. We may agree an exceptional case if you do not meet the criteria at paragraphs 405. Exceptional requests are to review whether you are in scope for an increase, if accepted you will be subject to the formulaic calculation. Requests must be submitted using our AEB performance management requests form and by the deadlines shown in Annex C: Performance management review. We will not accept any requests received after the deadline or submitted to a different email address.

407. We will calculate additional increases for providers who meet the criteria set out in paragraph 405 using a nationally consistent formulaic calculation based on performance, maximum growth limits and affordability (not through a provider bidding/business case approach).

408. The maximum growth we will award at the review point is set out below:

<b>2021 to 2022 contract value</b>	<b>Maximum growth</b>
Up to £90,000	£45,000
More than £90,000	50% of your contract value

409. Increases are subject to reserved funding being sufficient to cover in-year demand. In the event of calculated growth exceeding the available budget, we may not be able to award the maximum value of growth available. The value of your increase is not guaranteed.

410. It is important that you make timely and accurate data returns at the review points, as this will help us to ensure your contract value is set at the correct level.

411. If we offer you growth and you do not have the capacity to deliver the additional funding, you can decline the additional funding or reduce the amount. We will assume you can deliver the additional funding and issue a contract variation unless you let your territorial team lead know otherwise.

412. If you deliver more than your contract value, then the increase we award may not cover the full cost of delivery to date.

413. We will apply increases based on the standard national profile to the remaining months of your contract, however we will prioritise existing over delivery in prior months to ensure that this is funded first.

414. Future allocations will take into account actual delivery against your funding agreement. Increases to your funding agreement will not automatically be consolidated into future years' allocations.

## 19 to 24 traineeships contract for services (2020 procurement)

Following the publication of the government's Plan for Jobs, the ESFA ran a procurement process to enable providers to access AEB funding to deliver traineeships for those aged 19 to 24.

This section applies to you if you were successful in the 19 to 24 traineeships 2020 procurement, were awarded a new contract for services to deliver traineeships from February 2021 and have been allocated a 19 to 24 traineeship contract value for 2021 to 2022.

We have changed the way you need to report and record learner support delivery. You will no longer have to submit funding claims, however you must record learner support delivery through the earning adjustment statement each month.

415. These rules apply in relation to providers who have a 19 to 24 traineeships contract for services for eligible learners set out in paragraphs 27.3 and 29.1.

416. Your 19 to 24 traineeships contract for services can be used to fund eligible new starts and/or continuing learners from 1 February 2021 on this funding agreement set out in Section 3 – traineeships.

417. Funding for learner support and learning support is included in your contract value.

418. Learner support will show as a separate value but it forms part of your overall 19 to 24 traineeships contract for service and we will not manage it separately. We will monitor the amount of funding you spend on support costs and may request additional evidence.

419. Appendix 1 of your funding of your funding agreement will state the amount of 19 to 24 traineeships contract for services allocated to you between 1 August 2021 and 31 July 2022.

420. You must use LDM code 377 (19 to 24 traineeships (2020 procurement)) to record delivery under this contract when you submit ILR data. Please refer to the ILR specification for more information about using LDM codes.

421. This funding agreement remains separate from Education and Skills Funding contract (grant agreement) and AEB contract for services with different payment and performance-management arrangements. Please see appropriate section of these rules on the arrangements for separate funding agreements (where applicable to you).

422. We will manage your contract in accordance with Public Contracts Regulations 2015.

You must not use your 19 to 24 traineeships contract for services for learners aged below 19 (see paragraph 30). To fund 16 to 18 traineeships you must have funding for 16 to 19 study programme or 16 to 18 traineeships without a 16 to 19 study programme. For more information see <https://www.gov.uk/government/collections/traineeships--2#training-providers>.

423. If you had an ESFA funded contract for services in the 2020 to 2021 funding year you will not be able to use your 19 to 24 traineeships (2020 procured) 2021 to 2022 funding agreement to fund continuing learners. Your 19 to 24 traineeships (2020 procured) was awarded as part of a separate procurement. No funding will be made available for learners starting before 1 February 2021 or under different funding agreement.

424. Your funding agreement states the expiry date of this contract and you must not recruit learners after this date. To allow learners to complete their programme we may extend the contract for up to 12 months. You must plan your delivery, including any subcontracted delivery accordingly. Funding beyond the extension will not be allocated. More details are available in part 2 of your funding agreement.

425. Employer incentive payments are not included in this funding agreement. Employers will need to register their details and submit a claim through an [online portal on GOV.UK](#) to claim an incentive payment.

### **Paying your 19 to 24 traineeship 2020 procurement contract value**

426. We will pay for you on the basis of your actual delivery each month, including learner and learning support, up to your contract value for the financial year. We will calculate the value of your actual delivery using the latest validated ILR and EAS data you provide.

427. During the funding year, we will fund delivery up to 110% of each financial year within your contract for service (see paragraph 259). This is subject to meeting our track record checks (see paragraph 257) and we may recover funds over your contract value if you do not meet the required track record. This means we will fund delivery up to 110% of your 19 to 24 traineeships:

427.1. August 2021 to March 2022 contract value

427.2. April 2022 to July 2022 contract value.

428. At the end of the funding year (at R14), we will fund delivery up to 110% of your 19 to 24 traineeships and learner support funding year contract value. This means we will fund delivery up to 110% of your August 2021 to July 2022 contract value (removing the financial years). We will take into account payments already made. This is subject to meeting our track record checks (see paragraph 257) and we may recover funds over your contract value if you do not meet the required track record. Any delivery you undertake above this level is at your own risk.

### **Reductions to your 19 to 24 traineeship 2020 procurement contract value**

429. At the December review point, set out in Annex C: Performance management review, we will use the information you provide in your ILR and EAS data to measure your performance against a standard national profile, see of Annex D: Standard national profiles.

430. We will reduce your contract value if your performance against the standard national profile is outside the tolerance. The tolerance level we will apply is set out in Annex C: Performance management review.

431. The reduction in your contract value will reflect some or all of the value of the under-delivery to date outside of the tolerance. We may extrapolate the reduction forwards. This means we will reduce your contract value for the remainder of the year by the same percentage we reduce your year-to-date contract value by. We will not change this approach unless there are exceptional circumstances.

432. We will apply the reduction unless:

432.1. You believe that your delivery pattern is significantly different to the standard national profile

432.2. you demonstrate you were impacted by data issues outside of your control

432.3. the amount you are below profile is less than £25,000

433. If you do not require your full ESFA funded AEB contract value you can voluntarily request to reduce (or remove) at the review points set out in Annex C: Performance management review. We will not accept requests after this date.

### **Increases to 19 to 24 traineeship 2020 procurement contract values**

434. We will fund delivery up to 110% at the end of the 2021 to 2022 funding year (see paragraph 428).

435. At the December review point, set out in Annex C: Performance management review, we will use the information you provide in your ILR and EAS data to measure your performance against a standard national profile, see Annex D: Standard national profiles.

436. If there is enough funding available to make a material difference to individual provider contracts at the review point set out in Annex C: Performance management review, we will offer additional 19 to 24 traineeships funding to providers who meet the following criteria:

436.1. you have delivered at least 90% of the standard national profile at the review point

436.2. you have a good track record (see paragraph 257)

436.3. you are not in formal intervention with the ESFA and not under additional conditions of funding or additional contractual obligations

437. We may agree you have an exceptional case if you do not meet the criteria at paragraphs 436. Exceptional requests are to review whether you are in scope for an increase where you do not meet the above criteria, if accepted you will be subject to the formulaic calculation. Requests must be submitted using our AEB performance management requests form and by the deadlines shown in Annex C: Performance

management review. We will not accept any requests received after the deadline or submitted to a different email address.

438. We will calculate additional increases for providers who meet the criteria set out in paragraph 436 using a nationally consistent formulaic calculation based on performance, maximum growth limits and affordability (not through a provider bidding/business case approach).

439. The maximum growth we will award at the review point is set out below:

<b>2021 to 2022 contract value</b>	<b>Maximum growth</b>
Up to £90,000	£45,000
More than £90,000	50% of your contract value

440. Increases are subject to there being sufficient budget available at the review point. In the event of calculated growth exceeding the available budget, we may not be able to award the maximum value of growth available. The value of your increase is not guaranteed.

441. It is important that you make timely and accurate data returns at the review points, as this will help us to ensure your contract value is set at the correct level.

442. If we offer you growth and you do not have the capacity to deliver the additional funding, you can decline the additional funding or reduce the amount. We will assume you can deliver the additional funding and issue a contract variation unless you let your territorial team lead know otherwise.

443. If you deliver more than your contract value, then the increase we award may not cover the full cost of delivery to date.

444. We will apply increases based on the standard national profile to the remaining months of your contract, however we will prioritise existing over delivery in prior months to ensure that this is funded first.

445. Future allocations will take into account actual delivery against your funding agreement. Increases to your funding agreement will not automatically be consolidated into future years allocations.



## Somerset Community learning contract for services

This section applies to you if you were awarded a contract for services to deliver community learning in Somerset for the 2021 to 2022 funding year.

446. The funding agreements for AEB grant, AEB contract for services, traineeship grant and traineeships contract for services remain separate with different payment and performance management arrangements. You cannot transfer funds between these funding agreements.

447. We will manage your contract in accordance with Public Contracts Regulations 2015.

448. Your funding agreement will state the maximum amount of Community Learning you can deliver for the 2021 to 2022 funding year.

### Paying your Somerset Community learning contract value

449. We will make payments on the standard national profile as set out in of Table 1 Annex D: Standard national profiles.

450. You must provide 3 funding claims setting out your actual delivery to date and, where appropriate, provide a forecast for the remainder of the funding year. We will review the actual spend you submit in your final funding claim against the ILR data you provide. The funding claims you must provide are set out below but please refer to the [funding claims guidance](#) which we will publish in autumn 2021 for details of the:

450.1. mid-year forecast funding claim

450.2. year-end forecast funding claim

450.3. final funding claim

### Reconciling your Somerset Community learning contract value

451. At the end of the 2021 to 2022 funding year we will apply a 3% reconciliation tolerance. Where your delivery of community learning is at least 97% of your contract value, we will not make an end-of-year adjustment to your contract value and you will not have to pay back any unspent funds.

452. If you do not deliver 97% or above, we will confirm the value of funding you must pay back in your reconciliation statement.

453. We will not fund delivery above your contract value at the end of the 2021 to 2022 funding year set out in your funding agreement.

### Increases to your Somerset Community learning contract value

454. This contract for services is not in scope for increases at the review point.



## 16 to 18 traineeships without a 16 to 19 study programme

16 to 18 traineeships without a 16 to 19 study programme are funded through a standalone contract. These are providers that do not have access to ESFA's young people's study programmes.

16 to 18 traineeships are included as part of the ESFA funded AEB rules as they follow similar payment and performance arrangements as AEB.

455. 16 to 18 traineeships are subject to the funding rules and audit requirements set out in the [16 to 19 funding guidance for 2021 to 2022](#). The performance management rules for 16 to 18 traineeships in this document only apply to providers that do not have 16 to 19 study programme funding.

456. You must not use your 16 to 18 traineeships funding to deliver 16 to 19 study programmes if you do not have a 16 to 19 funding agreement. Please refer to the [16 to 19 education market entry guidance](#) for more information on accessing 16 to 19 funding.

457. Appendix 1 of your 2021 to 2022 funding agreement will state amount of 16 to 18 traineeships you can deliver, including any discretionary bursary funding between 1 August 2021 and 31 July 2022.

458. Employer incentive payments are not included in this funding agreement. Employers will need to register their details and submit a claim through an [online portal on GOV.UK](#) to claim an incentive payment.

### Paying your 16 to 18 traineeship contract value

459. We will pay for you on the basis of your actual delivery each month, including learner and learning support, up to your contract value for the financial year. We will calculate the value of your actual delivery using the latest validated ILR and EAS data you provide.

460. During the funding year, we will fund delivery up to 110% of each financial year within your funding agreement (see paragraph 259). This is subject to meeting our track record checks (see paragraph 257) and we may recover funds over your contract value if you do not meet the required track record. This means we will fund delivery up to 110% of your 16 to 18 traineeship:

460.1. August 2021 to March 2022 contract value

460.2. April 2022 to July 2022 contract value

461. At the end of the funding year (R14), we will fund delivery up to 110% of your 16 to 18 traineeship funding year contract value. This means we will fund delivery up to 110% of your August 2021 to July 2022 contract value (removing the financial year splits). We will take into account payments already made. This is subject to meeting our track record checks (see paragraph 257) and we may recover funds over your contract value if you do not meet the required track record. Any delivery you undertake above this level is at your own risk.

## **Reductions to your 16 to 18 traineeship contract value**

462. At the review points, set out in Annex C: Performance management review, we will use the information you provide in your ILR and EAS data to measure your performance against a standard national profile, see of Annex D: Standard national profiles.

463. We will reduce your contract value if your performance against the standard national profile is outside the tolerance. The tolerance level we will apply is set out in Annex C: Performance management review.

464. The reduction in your contract value will reflect some or all the value of the under-delivery to date outside of the tolerance. We may extrapolate the reduction forwards. This means we will reduce your contract value for the remainder of the year by the same percentage we reduce your year-to-date contract value by. We will not change this approach unless there are exceptional circumstances.

465. We will apply the reduction unless:

465.1. Your historic delivery pattern is significantly different to the standard national profile

465.2. you demonstrate you were impacted by data issues outside of your control

465.3. the amount you are below profile is less than £25,000

466. If you do not require your full contract value you can voluntarily request to reduce (or remove) at the review points set out in Annex C: Performance management review. We will not accept requests after this date.

## **Increases to your 16 to 18 traineeships contract value**

467. At the second review point, set out in Annex C: Performance management review, we will use the information you provide in your ILR and EAS data to measure your performance against a standard national profile, see Annex D: Standard national profiles.

468. If there is enough funding available to make a material difference to individual provider contracts at the review points set out in Annex C: Performance management review, we will offer additional 16 to 18 traineeships funding and access to additional discretionary bursary funding to providers who meet the following criteria:

468.1. you have delivered at least 90% of the standard national profile at the review point

468.2. you have a good track record (see paragraph 257) including the accuracy of forecasts you have provided in the past (where applicable)

468.3. you are not in formal intervention with the ESFA and not under additional conditions of funding or additional contractual obligations

469. We may agree you have an exceptional case if you do not meet the criteria at paragraphs 468. Exceptional requests are to review whether you are in scope for an increase, if accepted you will be subject to the formulaic calculation. Requests must be

submitted using our AEB performance management requests form and by the deadlines shown in Annex C: Performance management review. We will not accept any requests received after the deadline or submitted to a different email address.

470. We will calculate additional increases for providers who meet the criteria set out in paragraph 468 using a nationally consistent formulaic calculation based on performance, maximum growth limits and affordability (not through a provider bidding/business case approach).

471. The maximum growth we will award at the review point is set out below:

<b>2021 to 2022 contract value</b>	<b>Maximum growth</b>
Up to £90,000	£45,000
More than £90,000	50% of your contract value

472. Increases are subject to there being sufficient budget available at the review point. In the event of calculated growth exceeding the available budget, we may not be able to award the maximum value of growth available. The value of your increase is not guaranteed.

473. It is important that you make timely and accurate data returns at the review points, as this will help us to ensure your contract value is set at the correct level.

474. If we offer you growth and you do not have the capacity to deliver the additional funding, you can decline the additional funding or reduce the amount. We will assume you can deliver the additional funding and issue a contract variation unless you let your territorial team lead know otherwise.

475. If you deliver more than your contract value, then the increase we award may not cover the cost of delivery to date.

476. We will apply increases based on the standard national profile to the remaining months of your contract, however we will prioritise over delivery in prior months to ensure that this is funded first.

477. Future allocations will take into account actual delivery against your funding agreement. Increases to your funding agreement will not automatically be consolidated into future years allocations.

### **Requesting a 16 to 18 traineeship top-up to £45,000**

478. At the review points you can request an increase to your existing 16 to 18 traineeship allocation if your 2021 to 2022 traineeships contract value is below £45,000.

479. Requests must be submitted using our [AEB performance management requests form 2021 to 2022](#) by the deadline shown in Annex C: Performance management review. We will not accept any requests received after the deadline or sent to a different email address.

480. The maximum allocation you can apply for is £45,000 (including existing contract value). This is not guaranteed, and the value we award may be lower. We will assess your request in line with the timetable set out in Annex C: Performance management review.

481. We will use your track record to assess your ability to deliver education and training to the required standard. Please see paragraph 257 for more information.

482. If do not utilise this allocation by the next review point (Annex C: Performance management review) we reserve the right to remove from your funding agreement.

## Annex A: eligibility for funding

This Annex sets out the countries falling within the below categories as referenced in paragraph 35 to 53.

### British Overseas Territories

- Anguilla
- Bermuda
- British Antarctic Territory
- British Indian Ocean Territory
- British Virgin Islands
- Cayman Islands
- Falkland Islands
- Gibraltar
- Montserrat
- Pitcairn, Henderson Island, Ducie and Oeno Islands
- South Georgia and the South Sandwich Isles
- St Helena and its dependencies (Ascension and Tristan da Cunha)
- Turks and Caicos Islands

### EEA

The EEA comprises of the following countries:

- All Member States of the European Union  
You can access a list of member states on the [EU website](#).
- With respect to EEA nationality, note that any Cypriot national living on any part of the island qualifies for EU residency and is considered an EU national.
- Iceland
- Lichtenstein
- Norway
- Switzerland  
Although Switzerland is not part of the formally recognised EEA, its nationals are eligible under various international treaties signed by the UK and Swiss governments.

[Table 3](#) lists territories that are categorised as being within the EU and or territories that are categorised as being part of the listed countries such that they satisfy our residency requirements for the purposes of the AEB funding rules.

**Table 3:**

Denmark	The following is part of Denmark: <ul style="list-style-type: none"><li>• Greenland</li><li>• Faroe Islands</li></ul>
Finland	The following is part of Finland and the EU: <ul style="list-style-type: none"><li>• Aland islands</li></ul>
France	The following is part of France and the EU: <ul style="list-style-type: none"><li>• the French Overseas Department (DOMS) (Guadeloupe, Martinique, French Guiana (Guyana), Reunion and Saint-Pierre et Miquelon)</li></ul> The following is part of France: <ul style="list-style-type: none"><li>• New Caledonia and its dependencies</li><li>• French Polynesia</li><li>• Saint Barthélemy</li></ul>
Germany	The following is part of Germany and the EU: <ul style="list-style-type: none"><li>• Tax-free port of Heligoland</li></ul>
Netherlands	The following is part of the Netherlands: <ul style="list-style-type: none"><li>• Antilles (Bonaire, Curacao, Saba, St Eustatius and St Maarten)</li><li>• Aruba</li></ul>
Portugal	The following is part of Portugal and the EU: <ul style="list-style-type: none"><li>• Madeira</li><li>• The Azores</li></ul>
Spain	The following is part of Spain and the EU: <ul style="list-style-type: none"><li>• the Balearic Islands,</li><li>• the Canary Islands,</li><li>• Ceuta</li><li>• Melilla</li></ul>

To note: Andorra, Macau, Monaco, San Marino and the Vatican are not part of the EU or the EEA.

## Annex B: Community learning objectives

- Focus public funding on people who are disadvantaged and least likely to participate, including in rural areas and people on low incomes with low skills
- Collect fee income from people who can afford to pay and use where possible to extend provision to those who cannot
- Widen participation and transform people's destinies by supporting progression relevant to personal circumstances, including:
  - improved confidence and willingness to engage in learning
  - acquisition of skills preparing people for training, employment or self-employment
  - improved digital, financial literacy and/or communication skills
  - parents/carers better equipped to support and encourage their children's learning
  - improved/maintained health and/or social well-being
- Develop stronger communities, with more self-sufficient, connected and pro-active citizens, leading to:
  - increased volunteering, civic engagement and social integration
  - reduced costs on welfare, health and anti-social behaviour
  - increased online learning and self-organised learning
  - the lives of our most troubled families being turned around
- Commission, deliver and support learning in ways that contribute directly to these objectives, including:
  - bringing together people from backgrounds, cultures and income groups, including people who can/cannot afford to pay
  - using effective local partnerships to bring together key providers and relevant local agencies and services
  - devolving planning and accountability to neighbourhood/parish level, with local people involved in decisions about the learning offer
  - involving volunteers and voluntary and community sector groups, shifting long term, 'blocked' classes into learning clubs, growing self-organised learning groups, and encouraging employers to support informal learning in the workplace
  - supporting the wide use of online information and learning resources
  - minimising overheads, bureaucracy and administration

## Annex C: Performance management reviews

AEB, 19 to 24 traineeships and 16 to 18 traineeships review point, tolerances and minimum thresholds

	<b>August review point (new requests and top ups only)</b>	<b>December review point (increases, reductions and new requests)</b>
Funding in scope for growth (increases calculated by ESFA, no growth form)	<ul style="list-style-type: none"> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• National Skills Fund: level 3 adult offer for 24-year old's and over</li> <li>• 19 to 24 traineeships</li> <li>• 16 to 18 traineeships</li> </ul>
Funding in scope for new requests	<ul style="list-style-type: none"> <li>• National Skills Fund: level 3 adult offer for 24-year old's and over</li> <li>• 19 to 24 traineeships</li> <li>• 16 to 18 traineeships</li> </ul>	<ul style="list-style-type: none"> <li>• National Skills Fund: level 3 adult offer for 24-year old's and over</li> <li>• 19 to 24 traineeships</li> <li>• 16 to 18 traineeships</li> </ul>
Funding in scope for reductions	<ul style="list-style-type: none"> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• AEB contract for services</li> <li>• 19 to 24 traineeships</li> <li>• 16 to 18 traineeships</li> </ul>
Tolerance for under-delivery	Not applicable	Where your delivery is 80% or below the cumulative profile to November
Tolerance for over-delivery	Not applicable	Where your delivery is 90% or above the cumulative profile to November
Lower threshold for contract value adjustments	Not applicable	£25,000
Exception case and first-time request form published	20 July 2021	23 November 2021
Exception case and first-time request form to be sent to ESFA by	3 August 2021	7 December 2021
Delivery information using the latest validated ILR data you provide	n/a	6 December 2021 (R04 data return)
Providers told the outcome by	14 September 2021	14 January 2022



## Annex D: Standard national profiles

The following table represent the funding year periods where P1 is August and P12 is July. We will use these for performance management.

**Table 1: Education and Skills Funding agreement (grant)**

	<b>P1 Aug</b>	<b>P2 Sep</b>	<b>P3 Oct</b>	<b>P4 Nov</b>	<b>P5 Dec</b>	<b>P6 Jan</b>	<b>P7 Feb</b>	<b>P8 Mar</b>	<b>P9 Apr</b>	<b>P10 May</b>	<b>P11 Jun</b>	<b>P12 Jul</b>
Education and Skills Funding agreement	14.44%	8.58%	8.67%	7.08%	5.69%	7.44%	5.39%	5.36%	12.69%	10.21%	8.70%	5.75%
<i>Cumulative profile</i>	14.44%	23.02%	31.69%	38.77%	44.46%	51.90%	57.29%	62.65%	75.34%	85.55%	94.25%	100.00%

This includes ESFA funded AEB, 19 to 24 traineeships and ESFA funded National Skills Fund allocation lines

**Table 2: ESFA funded AEB contract for services**

	<b>P1 Aug</b>	<b>P2 Sep</b>	<b>P3 Oct</b>	<b>P4 Nov</b>	<b>P5 Dec</b>	<b>P6 Jan</b>	<b>P7 Feb</b>	<b>P8 Mar</b>	<b>P9 Apr</b>	<b>P10 May</b>	<b>P11 Jun</b>	<b>P12 Jul</b>
ESFA funded AEB contract for services	7.93%	9.14%	9.44%	8.54%	6.67%	8.47%	8.38%	8.48%	8.32%	7.47%	8.63%	8.53%
<i>Cumulative profile</i>	7.93%	17.07%	26.51%	35.05%	41.72%	50.19%	58.57%	67.05%	75.37%	82.84%	91.47%	100.00%

This includes ESFA funded AEB and National Skills Fund allocation lines

**Table 3: 19 to 24 traineeships 2020 procurement standard national profile**

	<b>P1 Aug</b>	<b>P2 Sep</b>	<b>P3 Oct</b>	<b>P4 Nov</b>	<b>P5 Dec</b>	<b>P6 Jan</b>	<b>P7 Feb</b>	<b>P8 Mar</b>	<b>P9 Apr</b>	<b>P10 May</b>	<b>P11 Jun</b>	<b>P12 Jul</b>
19 to 24 traineeships	7.93%	9.14%	9.44%	8.54%	6.67%	8.47%	8.38%	8.48%	8.32%	7.47%	8.63%	8.53%
<i>Cumulative profile</i>	7.93%	17.07%	26.51%	35.05%	41.72%	50.19%	58.57%	67.05%	75.37%	82.84%	91.47%	100.00%

**Table 4: 16 to 18 traineeship standard national profile**

	<b>P1 Aug</b>	<b>P2 Sep</b>	<b>P3 Oct</b>	<b>P4 Nov</b>	<b>P5 Dec</b>	<b>P6 Jan</b>	<b>P7 Feb</b>	<b>P8 Mar</b>	<b>P9 Apr</b>	<b>P10 May</b>	<b>P11 Jun</b>	<b>P12 Jul</b>
16 to 18 traineeships	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%	8.35%	8.40%	8.40%	8.40%	8.35%
<i>Cumulative profile</i>	8.30%	16.60%	24.90%	33.20%	41.50%	49.80%	58.10%	66.45%	74.85%	83.25%	91.65%	100.00%

## Annex E: Performance management overview

The following tables provide an overview of section 4: performance management by contract and allocation lines

### Education and Skills Funding agreement (grant)

Allocation lines	What is included?	How is it paid?	Can funds move lines?	Is growth available?	What are the under-delivery arrangements?	Will over-delivery be paid?
ESFA funded AEB (269 to 304)	<ul style="list-style-type: none"> <li>Adult Skills programme funding</li> <li>Sector-based Work Academy Programme</li> <li>National Skills Fund level 3 adult offer (19 to 23-year-olds)</li> <li>Learner and learning support</li> <li>Community Learning</li> </ul>	Monthly profile payments using the standard national profile	not required <sup>1</sup>	No	If you deliver less than 97% of your allocation at the end of the year (excluding community learning over delivery), you will need to repay all under delivery	At end of the year will pay up to 3% of delivery above your contract value (excluding community learning over delivery)
19 to 24 traineeships (305 to 332)	<ul style="list-style-type: none"> <li>19 to 24 traineeships programme funding (including learning support)</li> <li>19 to 24 traineeships learner support</li> </ul>	Monthly profile payments using the standard national profile	not required	Yes, at review points we will offer growth to providers, through a formulaic calculation, who meet the criteria	If you deliver less than 97% of your allocation at the end of the year, you will need to repay all under delivery	At end of the year will pay up to 10% of delivery above your contract value
National Skills Fund (333 to 361)	<ul style="list-style-type: none"> <li>National Skills Fund Level 3 adult offer for 24 years old and over (including learning support)</li> <li>National Skills Fund learner support</li> </ul>	Monthly profile payments using the standard national profile	not required	Yes, at review points we will offer growth to providers, through a formulaic calculation, who meet the criteria	If you deliver less than 97% of your allocation at the end of the year, you will need to repay all under delivery	At end of the year will pay up to 10% of delivery above your contract value

<sup>1</sup> You can use community learning to fund adult skills however we will not pay delivery for community learning over the value of community learning allocation

### Procured AEB contract for services (procured from August 2021)

Allocation lines	What is included?	How is it paid?	Can funds move lines?	Is growth available?	What are the under-delivery arrangements?	Will over-delivery be paid?
ESFA funded AEB (370 to 388387)	<ul style="list-style-type: none"> <li>Adult Skills programme funding (including learning support)</li> <li>Sector-based Work Academy Programme</li> <li>National Skills Fund level 3 adult offer (19 to 23-year-olds)</li> <li>Adult Skills learner support</li> </ul>	Monthly in arrears using actuals submitted via ILR and EAS	not required	No	We will reduce your contract value at the review points if performance against national profile is outside the tolerance	At end of the year will pay up to 3% of delivery above your contract value
National Skills Fund (389 to 414)	<ul style="list-style-type: none"> <li>National Skills Fund Level 3 adult offer for 24 years old and over</li> <li>National Skills Fund Level 3 adult offer for 24 years old and over learner support</li> </ul>	Monthly in arrears using actuals submitted via ILR and EAS	not required	Yes, at review points we will offer growth to providers, through a formulaic calculation, who meet the criteria	We will reduce your contract value at the review points if performance against national profile is outside the tolerance	At end of the year will pay up to 10% of delivery above your contract value

### 19 to 24 traineeships contract for services (2020 procurement)

Allocation lines	What is included?	How is it paid?	Can funds move lines?	Is growth available?	What are the under-delivery arrangements?	Will over-delivery be paid?
19 to 24 traineeships (415 to 445444)	19 to 24 traineeships programme funding (including learning support) 19 to 24 traineeships learner support	Monthly in arrears using actuals submitted via ILR and EAS	Not required	Yes, at review points we will offer growth to providers, through a formulaic calculation, who meet the criteria	We will reduce your contract value at the review points if performance against national profile is outside the tolerance.	At end of the year will pay up to 10% of delivery above your contract value (including 19 to 24 traineeships learner support)

## 16 to 18 traineeships

Allocation lines	What is included?	How is it paid?	Can funds move lines?	Is growth available?	What are the under-delivery arrangements?	Will over-delivery be paid?
16 to 18 traineeships (455 to 482)	<ul style="list-style-type: none"> <li>16 to 18 traineeships Programme Funding</li> <li>16 to 18 traineeships Bursary (EAS)</li> </ul>	Monthly in arrears using actuals submitted via ILR and EAS	Not required	Yes, at review points we will offer growth to providers, through a formulaic calculation, who meet the criteria	We will reduce your contract value at the review points if performance against national profile is outside the tolerance.	At end of the year will pay up to 10% of delivery above your contract value

## Glossary

Term	Description
20+ childcare	A category of learner support to assist learners aged over the age of 20 who are at risk of not starting learning or leaving learning due to issues in obtaining childcare.
AEB funding methodology	The funding methodology for individuals aged 19 and over, participating in AEB learning. You can access <a href="#">AEB funding methodology</a> on GOV.UK.
Advanced learner loan	<a href="#">Advanced learner loans</a> are available for individuals aged 19 or above to undertake approved qualifications at levels 3 to level 6, at an approved provider in England. Advanced learner loans give individuals access to financial support for tuition costs similar to that available in higher education and is administered by Student Loans Company.
Break in learning	When a learner is not continuing with their learning but has told you beforehand that they intend to resume their learning in the future.
Brokerage	By brokers we mean where a third-party matches, for a fee, a provider with an unused allocation with a provider that can secure enrolments of learners to utilise it.
Care to learn	A Department for Education scheme to assist young parents under the age of 20 with the childcare costs that may form a barrier to them continuing in education.
Community Learning	Helps people of different ages and backgrounds gain a new skill, reconnect with learning, pursue an interest, and learn how to support their children better, or prepare for progression to more formal courses/employment.
Components of regulated qualification	A subset of a qualification, which could be a unit.
Continuing learners	Learners who commenced learning in a previous funding year and remain in learning as of 1 August 2021.
Devolution of adult education functions	The devolution of adult education functions refers to the transfer of certain Secretary of State functions in the Apprenticeships, Skills, Children and Learning Act 2009 to specified Mayoral Combined Authorities by way of orders made under section 105A of the Local Democracy, Economic Development and Construction Act 2009, and the delegation of those functions to the Mayor of London under section 39A of the Greater London Authority Act 1999, in relation to their areas.
Digital Entitlement	The study of EDS qualifications for learners who have digital skills assessed at below level 1. Qualifications that are designated up to and including level 1 are: Essential Digital Skills Qualifications.

Term	Description
Direct costs of learning	Any costs for items without which it would be impossible for the learner to complete their learning aim. This can include the costs of registration, examination or any other activities or materials without which the learner cannot achieve their programme of study.
Earnings adjustment statement (EAS)	The form providers need to fill in to claim funding that cannot be claimed through the Individualised Learner Record (ILR).
Education health and care (EHC) plan	An EHC plan replaces statements of special educational needs and learning difficulty assessments for children and young people with special educational needs. The local authority has the legal duty to ‘secure’ the educational provision specified in the EHC plan, that is, to ensure that the provision is delivered.
European Economic Area (EEA)	The European Economic Area, abbreviated as EEA, consists of the Member States of the European Union (EU) and 3 countries of the European Free Trade Association (EFTA) (Iceland, Liechtenstein and Norway; excluding Switzerland). The Agreement on the EEA entered into force on 1 January 1994. Please refer to Appendix A for more information.
Employment status (formerly employed)	<p>The main types of employment status are:</p> <ul style="list-style-type: none"> <li>• worker</li> <li>• employee</li> <li>• self-employed and contractor</li> <li>• director</li> <li>• office holder</li> </ul> <p>More information on <a href="#">employment status</a> is available.</p>
English for speakers of other languages (ESOL)	The study of English by speakers of other languages.
ESFA funded AEB	Funding you can claim from the ESFA for delivery of AEB eligible provision, and/or or traineeship programme provision to individuals set out in paragraph 27.
European social fund (ESF)	The ESF is a structural fund from the European Union (EU). It improves the skills of the workforce and helps people who have difficulties finding work. We are a co-financing organisation for the ESF.
Evidence pack	A collection of documents and information brought together to form a single point of reference relating to learning that is taking place. This must provide evidence to prove the learner exists, is eligible for funding, the planned learning to be provided, and that learning has been delivered.

Term	Description
Exceptional learning support	Learning support funding to meet the costs of putting in place a reasonable adjustment for a learner who requires more than £19,000 in a funding year.
Find a learning aim	<a href="#">Find a learning aim</a> provides online services to find the latest information on available qualifications, apprenticeship standards, T Levels and units. Standards will show you information on funding, dates and common components. Qualifications and units show you funding streams for courses and the last date learners can start.
Flexible element	Within a traineeship, the elements that sit alongside the core elements to form the qualification.
Full level 2	The following qualifications are designated full at level 2: <ul style="list-style-type: none"> <li>• General Certificate of Secondary Education in 5 subjects, each at grade C or above, or grade 4 or above</li> <li>• a Technical Certificate at level 2 which meets the requirements for 2018 to 2019 16 to 19 performance table</li> </ul>
Full level 3	The following qualifications are designated full at level 3, a: <ul style="list-style-type: none"> <li>• General Certificate of Education at the advanced level in 2 subjects</li> <li>• General Certificate of Education at the AS level in 4 subjects</li> <li>• QAA Access to Higher Education (HE) Diploma at level 3</li> <li>• Tech level or applied general qualification at level 3 which meets the requirements for 2018 16 to 19 performance tables</li> </ul>
Full or co-funding Indicator	Indicates whether a learning aim is fully funded or co-funded in Adult Skills or Other Adult Funding.
Functional skills	Applied practical skills in English, maths and ICT that provide the learner with the essential knowledge, skills and understanding to enable them to operate effectively and independently in life and work.
Funding agreement	The agreement between the Secretary of State for Education acting through the Education and Skills Funding Agency (ESFA) and providers who receive funding for education and skills training.
Funding model (10 and 35)	Identifies the funding methodology we apply to submission of finalised ILR data. For AEB funding, Funding Model 10 (Community Learning) and 35 (Adult Skills) are used, noting model 10 is non-formula funded (i.e., ILR data does not generate a funding rate and is paid on monthly profile) and model 35 is formula funded. More information is available in the <a href="#">2021 to 2022 ILR Specification</a> .
Funding year	The ESFA's adult funding system operates on a funding year basis, which starts on 1 August and finishes on 31 July.



Term	Description
General Data Protection Regulation	The General Data Protection Regulation (GDPR) is a Europe-wide law that replaced the Data Protection Act 1998 in the UK. It is part of the wider package of reform to the data protection landscape that includes the Data Protection Act 2018. The GDPR sets out requirements for how organisations have to handle personal data.
Guided learning	As defined by Ofqual: “The activity of the learner in being taught or instructed by – otherwise participating in education or training under the immediate guidance or supervision of – a lecturer, supervisor, tutor or other appropriate provider of education or training. For these purposes the activity of ‘participating in education and training’ shall be treated as including the activity of being assessed if the assessment takes place under the immediate guidance or supervision of a lecturer, supervisor, tutor or other appropriate provider of education or training”.
Hardship	Within learner support, a category of support to assist vulnerable and disadvantaged learners to remove barriers to education and training.
High value courses Skills offer	High value qualifications adapted from an already approved for funding regulated qualification list.
Individualised learner record (ILR)	The primary data collection requested from learning providers for further education and work-based learning in England. The government uses this data to monitor policy implementation and the performance of the sector. It is also used by organisations that allocate funding for further education.
ILR specification	The <a href="#">ILR Specification</a> is the technical documents, guidance and requirements to help providers collect, return and check ILR and other learner data.
Job outcome payments	Payments made for learners who are unemployed at the start of learning who cease learning to take up a job.
Learner residency	<p>We use the term ‘resident’ or ‘residence’ in this document for different purposes.</p> <p>Residence in the UK, EU and EEA has specific definitions in education law, and this is set out in the ‘residency eligibility’ section.</p> <p>Following the devolution of adult education functions, there is a new emphasis on residence in England, in determining and evidencing eligibility for ESFA funded AEB - see ‘who we fund’ and ‘evidence’ sections.</p> <p>This means the permanent residency of an individual in England (i.e. not a temporary address for duration of learning taking place), immediately prior to enrolment determines eligibility for ESFA funded AEB.</p>
Learner support	Funding to enable providers to support learners with a specific financial hardship that might prevent them from being able to start or complete their learning.

Term	Description
Learning aim	Statements that describe the overarching intentions of a course.
Learning aim reference	The unique eight-character code used to identify a specific learning aim.
Learning delivery	A code used as part of the Individualised Learner Record (ILR) to indicate participation in programmes or initiatives.
Learning planned end	The date entered onto the individualised learner record (ILR) when the learner is expected to complete their learning.
Learning support	Funding to enable providers to put in place a reasonable adjustment, set out in the <a href="#">Equality Act 2010</a> , for learners with an identified learning difficulty and/or disability to achieve their learning goal.
Legal entitlement	<p>The <a href="#">legal entitlement to education and training</a> allows learners to be fully funded who are aged:</p> <ul style="list-style-type: none"> <li>• 19 and over, who have not achieved a grade 4 (legacy grade C), or higher, and study for a qualification in English or maths up to and including level 2, and/or</li> <li>• 19 to 23, if they study for a first qualification at level 2 and/or level 3</li> <li>• 19 and over, who have digital skills assessed at below level 1</li> </ul>
Local flexibility	Regulated qualifications, and or their components, and non-regulated learning that the ESFA funds, that is not part of the English and maths, or level 2 or level 3 legal entitlement offer. All regulated and non-regulated learning that is available for funding through the flexible local offer is listed on <a href="#">Find a learning aim</a> .
Low wage threshold	The threshold of £17,374.50 as an annual gross salary, is based on the <a href="#">National Living Wage</a> (25 and over hourly rate) of £8.91, on the assumption of a 37.5 hour contract with paid statutory holiday entitlement (therefore, £8.91 multiplied by 37.5 hours per week, multiplied by 52 weeks per year). The 25 and over hourly rate of £8.91 came into force in April 2021 and is updated each year. Providers will need to check they are applying the correct rate following the annual change in April.
Nationally funded providers	<p>There were 4 providers that were nationally funded during 2019 to 2020 and 2020 to 2021. They are no longer funded nationally for 2021 to 2022. The 4 nationally funded providers were:</p> <ul style="list-style-type: none"> <li>• Fircroft College, Birmingham</li> <li>• Richmond and Hillcroft Adult and Community College, London</li> <li>• Northern College, Barnsley</li> <li>• Ruskin College Oxfordshire</li> </ul>

Term	Description
Non-formula community learning funding	Where applicable, providers receive a non-formula funded community learning allocation' as part of their AEB which is paid on a monthly profile. Submission of ILR data does not generate a funding value for the learning aim/s a learner participates on. Instead, providers attribute costs up to the value of their non-formula community learning allocation. Providers submit community learning data through funding model 10. More information is available in the <a href="#">2021 to 2022 ILR Specification</a> .
Non-regulated learning	Learning which is not subject to awarding organisation external accreditation in the form of a regulated qualification. It may be designed, delivered and certificated by a provider or another organisation. This could include: <ul style="list-style-type: none"> <li>• independent living skills and engagement learning</li> <li>• employability and work skills</li> <li>• labour market re-entry</li> <li>• technical education tasters</li> <li>• basic digital skills</li> <li>• community learning</li> </ul>
Not in employment, education and training (NEET)	A young person aged 16-24 who is no longer in the education system and who is not working or being trained for work.
Occupational Standard	The requirements for competence in the duties of an occupation which are approved and published by <a href="#">The Institute for Apprenticeships &amp; Technical Education</a> . They include knowledge, skills and behaviours.
Ofqual	The <a href="#">Office of Qualifications and Examinations Regulation</a> , which regulates qualifications, examinations and assessments in England.
Personal learning record (PLR)	A database that allows individual learners access to their past and current achievement records. These can be shared with schools, colleges, further education training providers, universities or employers.
Recognising and Recording Progress and Achievement (RARPA)	The Learning and Work Institute have published <a href="#">updated RARPA Guidance</a> . This comprises a clear framework designed to support learners through the learning process, identifying key outcomes. It provides a robust approach to quality control and improvement of non-regulated provision with a focus on self-assessment that supports standards acceptable to the Office of Standards in Education (Ofsted). You can access further information from <a href="#">The Learning and Work Institute</a> .

Term	Description
Recognition of prior learning (RPL)	<p>An assessment method that considers whether a learner can demonstrate that they can:</p> <ul style="list-style-type: none"> <li>• meet the outcomes for a qualification or a component of a qualification through knowledge, understanding, or</li> <li>• skills they already have and so do not need to undertake a course of learning for that component or qualification</li> </ul>
Register of training organisations (the Register)	<p>A register that provides assurance on organisations that deliver non-apprenticeship education and training services funded by the ESFA, or subcontractors with an aggregated contract value of £100,000 or more in our non-apprenticeship supply chain. Organisations apply to enter the register by completing our market-entry pre-qualification process, which includes due diligence questions and testing of capacity and capability.</p>
Regulated Qualifications Framework (RQF)	<p>The RQF provides a way of understanding and describing the relative level and size of qualifications. The RQF, operated by Ofqual, is a single regulatory framework containing a range of general, technical and professional qualifications.</p>
Residential Support	<p>Support provided under learner support to learners receiving specialist provision, which involves a residential element, or to support learners who cannot receive provision locally.</p>
Sector-based Work Academy Programme (SWAP)	<p>Sector-based Work Academy Programme is a DWP scheme that offers pre-employment training, work experience placements and a guaranteed job interview for recipients of Jobseeker's Allowance (JSA), Universal Credit (all work-related requirements group) or Employment and Support Allowance.</p>
Self-declaration	<p>A process where the learner can confirm something through his or her own signature.</p>
Senior responsible	<p>For example, chief executive, managing director, principal or their equivalent.</p>
Skills advisory panel (SAP)	<p>SAPs aim to bring together local employers and skills providers to pool knowledge on skills and labour market needs, and to work together to understand and address key local challenges. This includes both immediate needs and challenges and looking at what is required to help local areas adapt to future labour market changes and to grasp future opportunities. This will help colleges, universities and other providers deliver the skills required by employers, now and in the future.</p>
Start of learning	<p>The date on which learning begins. We do not consider enrolment, induction, diagnostic assessment, or prior assessment to be part of learning.</p>

Term	Description
State benefits	State benefits are contributions, both financial and non- financial, made by central and local government to individuals in certain circumstances to meet their day-to-day living needs.
Study programme	Study programmes are for learners aged 16 to 19 and cover all levels up to level 3. Funding is for each learner, rather than for each qualification and can only have one core aim at a time.
Subcontractor	A separate legal entity that has an agreement with you to deliver any element of the education and training we fund. A separate legal entity includes companies in your group, other associated companies and sole traders. It also includes individuals who are self-employed or supplied by an employment agency, unless those individuals are working under your direction and control, in the same way as your own employees.
Take home pay	An unemployed learner may also receive an income alongside their benefit claim. In order to be fully funded under the unemployed definition their “take home pay” (stated on the Universal Credit statement) is less than £343 a month (sole adult in their benefit claim) or less than £549 a month (joint benefit claim with partner).
traineeship programme	A programme to help unemployed young people to develop the necessary skills and experience to progress to an apprenticeship or long-term work.
UK provider reference	A unique identifying number given to all providers by the UK register of learning providers.
Unique learner number	A 10-digit number used to match a learner's achievement to their personal learning record (PLR).
Work placement	A placement with an employer in a workplace setting as part of a traineeship.
Young people's funding methodology	The funding methodology for individuals aged 16 to 19 (and those aged 19 to 24 with an EHC plan). You can access <a href="#">16 to 19 funding methodology</a> on GOV.UK.
Virement	The process of moving money from one financial account or part of a budget to a different one.

## Summary of main changes since funding rules 2020 to 2021

We have highlighted the main changes made in this document compared to the final version we published for 2020 to 2021 in the table below.

Please note this is not an exhaustive list of all changes. You must refer to the main document for the definitive rules, which apply to all providers of education and training who receive funding from the Secretary of State for Education acting through the ESFA.

If you have a specific query on the funding rules, please use the enquiry form or speak to your provider management manager/advisor.

Section	Paragraph	Change
Devolution of adult education functions	Page 7	Section updated to reflect new Orders in relation to Barnsley, Doncaster, Rotherham, Sheffield Combined Authority and West Yorkshire Combined Authority. Paragraphs related to nationally funded Special Designated Institutions have been removed as support has now ended (except for continuing learners who have not completed their learning by 31 July 2021 but started before that date.
Who we fund	27	Paragraph restructured for clarity regarding grant only providers.
Residency eligibility	Page 14	Updated to reflect current policy.
Recognition of Prior learning	69 and 70	Paragraphs updated to reflect current position on prior learning.
Contracting	Paragraphs 80 to 117 of 2020 to 2021 AEB rules	The section has been removed. The Register of Training Organisations is being formally decommissioned on 31 July 2021 subcontracting rules will be published separately in the spring term at: <a href="#">Post-16 education subcontracting: using funding to offer education and training</a> .
Legal Entitlements	Page 28	Paragraph added to information box to clarify that the legal entitlements for level 2 and level 3 follow the definition of fullness; a learner can only be fully funded for one vocational qualification from the entitlement list and appropriate IAG should be given to a learner.

Section	Paragraph	Change
Local Flexibility and legal entitlements	Para 157 of 2020 to 2021 AEB rules	The para that referred to eligible 19-year olds being able to access qualifications from the 'One year skills offer for 18-19-year olds' list has been deleted. Providers cannot enrol new learners on this offer from 1 August 2021.
Government contribution table	Page 30 and 31	The Government contribution table has been simplified and information is now presented by the different age groups (19 to 23 and 24+).
Government contribution table 1:19 to 23-year olds	Page 30	First full Level 2 (excluding English & maths and Digital) updated to clarify that Level 2 provision from the local flexibility offer will not be funded for 19-23 year olds who do not have a first full Level 2.
Government contribution table 2: 24+	Page 31	Level 3 updated to clarify that all 24+ learners who are not eligible for the level 3 adult offer must refer to Advanced Learner Loans.
Unemployed	120 and 121	This section now reflects updates to the thresholds.
Learners in receipt of low wage	122.2	Updated to reflect the <a href="https://www.gov.uk/national-minimum-wage-rates">National Minimum Wage and National Living Wage rates - GOV.UK (www.gov.uk)</a> .
Sector-based Work Academy Programme (SWAP)	125	Paragraph updated to ensure copy of claimant's SWAP referral notification is kept in the evidence pack.
High Value Courses – One Year Skills Offer	Paragraphs 166 - 168 of the 2020 to 2021 rules.	Amended information box to confirm the status of the one-year skills offer. As the offer will not be available for learners from 1 August 2021 we have removed the details from the 21 to 22 rules.
National Skills Fund – Level 3 adult offer	Pages 34-35	Addresses eligibility for short course qualifications.
Full Level 2	133	Paragraph updated to clarify funding for those who meet the definition of unemployed or meet the eligibility criteria for low wage.



<b>Section</b>	<b>Paragraph</b>	<b>Change</b>
Non-regulated learning	145.6	Paragraph has been updated for clarity.
Digital entitlement for those aged 19 or older	158	Non-regulated provision must be aligned with national standards for essential digital skills.
Hardship	207	Para amended to confirm cash payments can be made to asylum seekers.
Traineeships	Page 50	Information box amendments now reflect the fact that the: <ul style="list-style-type: none"> <li>- new claims process has now been launched</li> <li>- expansion of new flexibilities will continue throughout the 2021 to 2022 academic year to July 2022.</li> </ul>
Traineeships - Work placement	229	Information added for clarity where the core aim does not occupy the majority of hours.
English and maths, ESOL or digital skills	235	Updated for clarity.
Section 4 – payments and performance management	Pages 55 to 84	We have changed the way the performance management rules are structured for ease of use. The rules are now split by the funding agreement you have with the ESFA. Each funding agreement will have headings for the allocation line and subheadings on payments, increases and reductions
Continuing learners	Pages 59 to 60	Amended continuing learners for Sheffield and WY
Education and skills funding agreement (grant) reconciliation tolerance	Page 60	The threshold for under delivery for Education and skills agreement restored to 97% following the 2020 to 2021 lower tolerance in recognition of the difficulties and uncertainties many



Section	Paragraph	Change
		providers faced as a result of the impact of coronavirus (COVID-19).
COVID-19 skills offer	n/a	Removed COVID-19 skills offer from Section 4 as the one -year offer will not be available for learners from 1 August 2021.
National Skills Fund, 19 to 24 traineeships, and 16 to 18 traineeships.	Pages 62, 65, 73, 78, or 82	Maximum growth available at review increased for traineeships and National Skills Fund
National Skills Fund	Pages 65 to 68 or 72 to 75	Section 4 includes a new ESFA funded National Skills Fund allocation line that can be used to fund new starts outside of devolved areas to eligible 24-year-old learners and above for which we will manage separately.
Contract for services	Pages 69 to 75	ESFA funded AEB contract for services (procured from August 2021) has replaced the previous procured contract for services.
Contract for services learner support	Page 69	Learner support will no longer be claimed through funding claims for contract for services and will now be claimed through EAS.
Somerset Community learning contract for services	Page 79	New section added
Annex A – Eligibility of funding	Page 85	Updated
Annex C	Page 88	The arrangements for performance management and thresholds for under delivery have been made more transparent.
Annex D: Standard national profiles	Page 88	Consolidated standard national profiles into single profile for each funding agreement.
Glossary	Page 93	<p>Definitions added for:</p> <ul style="list-style-type: none"> <li>- European Economic Area (EEA) added.</li> <li>- Find a learning aim</li> </ul> <p>Definition for ‘The Hub’ has been deleted as thus has been replaced with ‘Find a learning aim’.</p>

Section	Paragraph	Change
		Definition of 'Low age threshold' has been updated to reflect the new National Living Wage rates.



Education & Skills  
Funding Agency

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