



Education & Skills
Funding Agency

Financial Assurance: Monitoring the funding rules for apprenticeships and adult skills for 2018 to 2019

Version 2

This document sets out the details of the monitoring work for providing financial assurance for the 2018 to 2019 funding system.

December 2018

Of interest to colleges, training organisations and employers.

Introduction and purpose of the document

1. We, the Education Skills Funding Agency (ESFA), monitor the data reported to us as part of our assurance work. We monitor data from the individualised learner record (ILR) and other sources, such as the earnings adjustment statement (EAS), the Student Loans Company (SLC), the Apprenticeship Service (AS) and the Learning Records Service (LRS). This desktop review of how the funding system and funding rules are operating allows us to identify possible errors in the funding claimed for apprenticeships and adult skills that require further investigation. As part of this process, we also aim to improve the overall quality of the data reported.
2. This document lists the areas that we are monitoring during the 2018 to 2019 funding year. It assures us that the provision we buy meets our published funding rules. This work also informs the standard business processes for assurance, audit, end-of-year payment and reconciliation.
3. We have included a summary of all the relevant rules references and ILR guidance in this document. We assume that you (colleges, employers and other organisations delivering training) are familiar with these documents and the relevant terminology. For learners who started before 1 August 2018, please refer to the documents that applied on the learner's first day in learning.
4. The suite of [funding monitoring reports](#) that will be available on [the Hub](#) from R04 supports this plan. We will publish these reports every month from R04 following the quality assurance dates published in the [ILR freeze schedule 2018 to 2019](#). We will publish the guidance on using the reports and the action you need to take before R04 on [gov.uk](#).
5. As this work supports our overall assurance approach, some of our reports also appear in the [Provider data self-assessment toolkit](#) (PDSAT). PDSAT reports only reflect the data contained in the ILR files you submitted and help you cleanse your data before you submit your ILR return each month. It also enables auditors to follow up potential issues with you on-site. Some of our reports then compare your data with other provider's data and data from previous years.

6. You must read this guidance along with any other documents referred to and take the necessary action to ensure data returns and funding claims are correct. These documents include:

- [Monitoring the funding rules 2018 to 2019: reports user guide](#)
- [Adult education budget funding and performance management rules 2018 to 2019](#)
- [Advanced learner loans funding and performance management rules 2018 to 2019](#)
- [Apprenticeship funding rules 2018 to 2019](#)
- [Apprenticeship technical funding guide for starts from May 2017](#)
- [Adult education budget: funding rates and formula 2018 to 2019](#)
- [ILR specification, validation rules and appendices 2018 to 2019](#)
- [ILR Guides and Templates for 2018 to 2019](#)
- [Learner Registration Bodies \(schools, academies, FE providers, Local Authorities, HE providers\) user guide](#)
- [Business rules for Qualification Achievement Rates \(QAR\) 2018 to 2019](#)
- [Employer Data Service \(EDS\) user guide](#)

How we will use data

7. Under the terms of various funding agreements with us, we treat a failure to submit accurate ILR data as a serious breach. We are entitled to serve written notice providing details of the breach and require you to remedy the breach within a specified period. You must respond within this period, either by correcting data as requested or by providing evidence that supports your funding claim.
8. If you fail to respond appropriately to any request or subsequent request, we may take action in line with the terms of your funding agreement with us.

9. If you have data errors following the closure of the R14 ILR return at the end of the funding year, we may:

- recover funding where we are confident the claim has been made in error
- conduct assurance visits for specific issues before the end-of-year reconciliation statements are issued. This may result in a recovery of funds.

10. If you have been subject to repeated action or a funding recovery, this will raise your risk profile with us and will increase the likelihood of your organisation's selection for audit.

Changes from version 1 of this document

11. We will not publish the following reports until further notice. However, we will continue to monitor internally to inform future policy:

- Overlapping funding streams (report 3)
- Apprentices studying level 1 English or maths (report 14)

12. We have revised the scope of report 13 to include English or maths at level 1 or below where learners have already achieved level 1.

13. We have revised the scope of report 18 to consider only learners aged 19 – 23 on the day that they started the learning aims identified.

14. We will publish the following reports after the R05 data return:

- 19-23 Learners undertaking level 2 aims which are not part of the legal entitlement offer (report 18)

Changes from the 2017 to 2018 funding rules monitoring plan

15. We have reduced the total number of reports and the amount of data returned to streamline the overall process and reduce some of the burden on providers. The reports now account for learners achieving multiple qualifications or instances of the same qualification that affect the eligibility of any current reported learning, learners undertaking multiple episodes of learning with the same provider before achieving their qualification or programme, or learners being employed by several employers during the lifetime of their programme. For more information, please refer to [Monitoring the funding rules 2018 to 2019: reports user guide](#).
16. We will not publish the reports covering the areas below. However, we will monitor these internally for any residual issues and to inform future policy:
- a. 'Other funding adjustment factor' field
 - b. Changes to the 'Learning start date' between years
 - c. Learners who withdraw from learning on the day they start
 - d. Learners who fail to achieve when planned duration is one day
 - e. Apprentices withdrawing within 14 days of an additional payment being earned
 - f. Apprentices withdrawing from frameworks or standards that started before 1 May 2017 and restarting in funding model 36
17. We have updated the following reports in response to policy changes or provider feedback. The details of the specific changes are included in the relevant report in the next section:
- a. Changes to the 'Actual end date' between years (report 4)
 - b. Changes in the 'Learning planned end date' between funding years (report 5)
 - c. Learners who have achieved a full level 2 qualification (report 16)
 - d. Traineeships where the learner has already achieved a full Level 3, apprenticeship or traineeship (report 19)
 - e. 19 to 23 loans learners and prior attainment (report 24)

18. We have added the following reports in response to rule changes and clarifications, or issues identified during the previous funding year:

- a. Breaks in learning from the previous year where the learning is not re-planned when the learner returns (report 7)
- b. Transferred learners with no new learning recorded in the ILR (report 9)
- c. Apprenticeship standards with no end point assessment organisation (report 15)
- d. 19 – 23 Learners undertaking level 2 aims which are not part of the legal entitlement offer (report 18)
- e. Loans learning not being reported by the SLC (report 21)

Monitoring all policy areas (areas relevant to multiple funding streams)

No.	Area (all policy areas)	Policy rules and guidance	Changes from 2017 to 2018
1	Learners repeating a learning aim they have already achieved	<p>Adult education budget We will not fund a learner to repeat the same regulated qualification where they have previously achieved it. The exceptions are for any GCSE where the learner has not achieved grade C, or 4, or higher.</p> <p>Advanced learner loans You must not require a learner to take out a loan if:</p> <ul style="list-style-type: none"> • their prior learning meets the full requirements of the awarding organisation to achieve the qualification, or • a learner only resits a qualification assessment or examination, and no extra learning takes place. <p>Apprenticeships You must not use funds to pay for training for skills, knowledge and behaviours already attained by the apprentice. We may take action to recover apprenticeship funding where this happens.</p> <p>You must account for prior learning when negotiating a price with the employer. You must reduce the content, duration and price, where the individual has prior learning necessary to achieve occupational competence.</p>	<p>Report excludes English and maths aims delivered through the adult education budget.</p> <p>Report only highlights aims with a UKPRN match</p>
2	Duplicate learning aims being delivered at 2 or more providers	<p>Adult education budget You or your subcontractors must not claim funding for any part of any learner's learning aim or programme that duplicates provision they have received from any other source.</p> <p>Apprenticeships You must not claim funding for any part of any apprentice's programme that duplicates training or assessment they have received from any other source.</p>	<p>Report only highlights aims with a UKPRN match</p>

No.	Area (all policy areas)	Policy rules and guidance	Changes from 2017 to 2018
3	Overlapping funding streams	<p>Adult education budget You must not enrol individuals on learning aims or programmes eligible for AEB funding at the same time as any new apprenticeship they start, funded from an employer's apprenticeship service account or government-employer co-investment.</p> <p>Apprenticeships The evidence pack must include confirmation from the apprentice that they are not enrolled on another apprenticeship or DfE funded HE / FE programme at the same time.</p>	We will not publish a report in this area until further notice
4	Changes to the 'Actual end date' between years	<p>Guidance from the provider support manual states: If an aim that was recorded as complete in the previous year's R14 ILR file and continues to be returned in the current year, then the 'Learning actual end date' must not be changed.</p> <p>If a learner undertakes a learning aim, finishes learning, takes the final assessment and fails, then you should close this aim and record it as 'not achieved' (Outcome code 3). Where you later identify this learner as needing further support or additional learning to pass the assessment, then a new learning aim should be recorded as a restart with a 'Funding adjustment for prior learning' to account for the new learning required to pass the resit. You must not amend the original, closed learning aim.</p>	Report now reviews all completion statuses
5	Changes in the 'Learning planned end date' between funding years	<p>Guidance from the provider support manual states: You must not amend the 'Learning planned end date' after the hard close for the previous year.</p> <p>This data should only be changed when it is identified as incorrect due to administrative errors. The Learning planned end date must not be changed to take into account a revised planned end date due to a change in circumstances such as illness, slow progress or unemployment.</p>	Report now reviews all completion statuses

No.	Area (all policy areas)	Policy rules and guidance	Changes from 2017 to 2018
6	Continuing learners from 2017 to 2018 who do not appear in the 2018 to 2019 ILR	<p>This report does not identify any issues with funding; although you will not be claiming funding in the current funding year if the learner is still learning and has not passed their planned end date.</p> <p>Guidance from the QAR business rules state: We treat learning aims as withdrawals for the overall QAR methodology where they have a completion status of 1 ('Learner continuing or intending to continue the learning activities leading to the learning aim') in the final R14 ILR return for a funding year and do not have a corresponding record in the following funding year.</p> <p>Guidance from the provider support manual states: The ILR must include aims which were recorded in the 2017 to 2018 ILR as continuing in the 2018 to 2019 ILR; these have a Completion status = 1 and the Learning actual end date is null in the 2017 to 2018 ILR.</p>	No change
7	Breaks in learning where the learning is not re-planned when the learner returns	<p>Guidance from the provider support manual states: When a learner returns from a break in learning, you record a new planned end date along with a 'Funding adjustment for prior learning' that reflects the proportion of the learning aim still to be delivered.</p> <p>Apprenticeships The main provider must re-plan the delivery and agree a revised price, if required, with the employer when the apprentice resumes learning. This must be entered on the ILR.</p> <p>Guidance from the provider support manual states: You must not record a break in learning unless you and the learner have agreed this and the learner intends to return to learning at a later point, and there is supporting evidence in the learner file.</p>	New report

No.	Area (all policy areas)	Policy rules and guidance	Changes from 2017 to 2018
8	Breaks in learning which exceed 12 months/365 days	<p>Guidance from the QAR business rules states: We treat learning aims as withdrawals for the overall QAR methodology where they have a completion status of 6 and where either:</p> <p style="padding-left: 40px;">a) They do not have a corresponding restart record in the same funding year or in the following two funding years or; b) The planned break recorded in the R14 ILR return for 2017 to 2018 has no corresponding restart record in the R04 ILR return of 2019 to 2020.</p> <p>Guidance from the provider support manual states: You must not record a break in learning unless you and the learner have agreed this and the learner intends to return to learning at a later point, and there is supporting evidence in the learner file.</p> <p>Adult education budget 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.</p> <p>Apprenticeships The apprentice may take a break in learning where they plan to return to the same apprenticeship programme and you have agreed this with the employer.</p>	No change
9	Transferred learners with no new learning recorded in the ILR	<p>Guidance from the QAR business rules states: The following exclusions apply to all QAR, pass and retention rates:</p> <ul style="list-style-type: none"> • Where a learner transferred to a different programme or learning aim within the same provider. • Where a learner transferred to a new provider following our intervention or from the Department for Education. <p>If a learner transfers to another programme or learning aim after the funding qualifying period, then the original learning aim record(s) will need to be closed and new learning aim(s) added.</p>	New report

No.	Area (all policy areas)	Policy rules and guidance	Changes from 2017 to 2018
10	Provision delivered outside England	<p>Adult education budget 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.</p> <p>Apprenticeships For learning delivered at an employee's workplace, we will fund individuals whose main employment or normal place of work is in England.</p> <p>The evidence pack must include evidence that the apprentice will spend at least 50% of their working hours in England over the duration of the apprenticeship including time spent on off-the-job training.</p> <p>Advanced learner loans You must not deliver any loans funded provision outside England.</p>	No change

Monitoring apprenticeships starting from 1 May 2017

No.	Apprenticeships area	Policy rules	Changes from 2017 to 2018
11	Small Employer Waiver	<p>All references to an 'employer' are in relation to the whole organisation and not individual sites or locations, groups, and companies linked by directors.</p> <p>Before any apprenticeship starts, you must have evidence that the apprentice and employer are eligible for the waiving of the employer contribution. The employer must provide evidence that they employed an average of 49 or fewer employees in the 365 days before the employer recruited the apprentice and you must keep this in the evidence pack.</p>	No change

No.	Apprenticeships area	Policy rules	Changes from 2017 to 2018
12	Recording co-investment payments	Where apprenticeship training is not funded from the employer's apprenticeship service account (for non-levy paying employers and levy paying employers with insufficient funds), employers must co-invest 10% of the total negotiated price up to the maximum value of the funding band and 100% where this is above the funding band. Where an employer becomes a levy-payer during an apprenticeship, which started as a non-levy apprenticeship, they will continue to pay co-investment.	No change
13	Learners undertaking English and/or maths within an apprenticeship when they have already achieved level 1 or above in that subject	<p>We will only fund an apprentice to achieve up to an approved level 2 qualification in English and maths where they do not already hold a suitable equivalent qualification.</p> <p>Where the apprentice already holds approved level 1 qualifications, they must start, continue to study and take the assessments for a level 2 English and/or maths (functional skills level 2 or GCSE).</p>	Conditions clarified since version1 of this document
14	Apprentices studying level 1 English or maths	For level 2 apprenticeships, we will only fund apprentices to study towards and achieve level 1 qualifications if they do not already hold a level 1 or level 2 approved qualification and are diagnosed to be working below a level 1 standard by the main provider.	We will not publish a report in this area until further notice
15	Apprenticeship standards with no end point assessment organisation	<p>You must contract with the end-point assessment organisation selected by the employer and lead the relationship with them including where you subcontract the delivery of apprenticeship training.</p> <p>You must ensure that the price you agree with the employer for the apprenticeship includes the amount the employer has negotiated with the end-point assessment organisation.</p>	New report

Monitoring the adult education budget including traineeships

No.	Adult education budget area	Policy rules	Changes from 2017 to 2018
16	Learners who have achieved a full level 2 qualification (or higher) and are fully funded for a further level 2 entitlement aim	<p>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, then any subsequent Level 2 qualifications will be co-funded. Including where the learner has achieved any qualification higher than level 2.</p> <p>The only exception is where the learner is unemployed, as defined in the funding rules.</p>	<p>Excludes learners eligible under the new low wage rules</p> <p>Report only highlights aims with a UKPRN match</p>
17	Learners who have achieved a full level 3 qualification (or higher) and are subsequently funded (full or co-) for a further level 3 entitlement aim	<p>If a learner aged 19 to 23 has achieved a Level 3 qualification that was at the time they started, or still is, classed as a full Level 3, and wants to enrol on any subsequent Level 3 qualification, of any size, they will have to either apply for an advanced learner loan or pay for their own learning. Including where the learner has achieved any qualification higher than level 3.</p>	<p>Report only highlights aims with a UKPRN match</p>
18	19-23 Learners undertaking level 2 aims which are not part of the legal entitlement offer	<p>Full funding for 19-23 year olds only applies to first full level 2 qualifications delivered as part of the legal entitlement. Learners aged 19-23 must undertake learning at entry and/or level 1 only from local flexibility and must enrol on a qualification from the relevant legal entitlement list when they progress to their first full level 2. Funding for local flexibility aims at level 2 is only available for 19-23 learners who have already achieved a first full level 2 or above.</p>	<p>Conditions clarified since version1 – report will be published after R05</p>
19	Traineeships where the learner has already achieved a full Level 3, apprenticeship or traineeship	<p>Learners are ineligible for traineeships if they have previously achieved a full level 3 qualification.</p> <p>We will only fund traineeship programmes where the individual has little or no work experience and is focussing on employment, an apprenticeship or the prospect of this.</p>	<p>Combines previous reports</p> <p>Report only highlights aims with a UKPRN match</p>

Monitoring advanced learner loans

No.	Advanced learner loans area	Policy rules	Changes from 2017 to 2018
20	Loans learning not being recorded in ILR	You must accurately complete all ILR fields for loans-funded learners and make ILR returns as required in the ILR specification.	No change
21	Loans learning not being reported by SLC	<p>You must ensure that data recorded on the ILR matches the information that you have reported to the SLC on the learning provider portal.</p> <p>You must hold evidence to assure us that you have delivered education and training that learners have chosen to fund through loans, in line with our loan facility conditions and bursary fund agreement and these funding rules.</p>	New report
22	Loans where the ILR planned duration is longer than the planned duration of the loan	You must ensure that data recorded on the ILR matches the information that you have reported to the SLC on the learning provider portal.	No change
23	Learners reported as withdrawn or on a break in learning where the loan is still reported by SLC as being active	If a learner's details or circumstances change, you must tell the SLC as soon as you are aware as this will reduce the risk of a learner becoming legally responsible for a loan for a qualification they are no longer studying. You must ensure that learners are aware that they have a responsibility to keep the SLC informed of any changes to their circumstances.	No change
24	19 to 23 loans learners and prior attainment	<p>If the learner has not exercised their legal entitlement to full funding for a first full level 3, you must make them aware of this entitlement. If a learner chooses to apply for a loan rather than exercising their legal entitlement, you must make them aware that this may mean that they give up their right to exercise their legal entitlement in future.</p> <p>If you have an AEB funding agreement you must not offer a loans funded place to a learner who is able to access their legal entitlement for a first full level 3 qualification.</p>	Report now only looks at learning aims which can be funded through the legal entitlement offer

Other areas

We will not produce a Hub report for these areas. We will monitor these areas using external data sources such as Companies House and Apprenticeship Service data to verify information. We will contact you and employers if we identify any behaviour that indicates a potential funding risk.

Policy area	Policy rules	Specific concern
Apprenticeships (employer accounts)	We will monitor to ensure that the apprentice's employer is the legal entity for the commitment, or a company that is connected to the legal entity, for the purposes of declaring and spending levy funds.	Potential gaming or pooling of levy funds.
Advanced Learner loans	We will monitor career learning pilots where the combined subsidy and loan amount is more than the maximum loan amount available for that aim.	Funding over claim, learner exposure to debt.
Advanced Learner loans	We will monitor career learning pilots where the learner has a loan, but the learning is subsidised at 100% of the maximum loan amount.	Eligibility, learner exposure to debt.
Advanced Learner loans	Loans recorded with a subcontractor UKPRN.	Incorrect recording of data, eligibility.
Earnings Adjustment Statement	We will monitor all claims being recorded in the 'authorised claims' and 'audit adjustment' categories. We will contact you if we did not give you permission to claim this funding.	Incorrect recording of data, funding over claim.
Subcontractor UKPRNs with high volumes of errors	We will monitor for trends and potential compliance risks.	Incorrect recording of data, funding over claim.
Lead providers with issues who also have subcontracted issues	We will monitor for trends and potential compliance risks.	Incorrect recording of data, funding over claim.
Undeclared subcontractor UKPRNs	You must declare any sub - contractors who will be delivering provision. They must be on the register of training providers.	Potential breach of funding agreement

© Crown copyright 2018

You may re-use this information (excluding logos) free of charge in any format or medium, under the terms of the Open Government Licence.

To view this licence, visit

<http://www.nationalarchives.gov.uk/doc/open-government-licence/>

or e-mail: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This document is also available from our website gov.uk/esfa.

If you have any enquiries regarding this publication or require an alternative format, please contact us sde.servicedesk@education.gov.uk.