



Education & Skills  
Funding Agency

**This document has  
been withdrawn as  
it is out of date.**

# **ESFA funded adult education budget (AEB): funding and performance management rules 2020 to 2021**

For the 2020 to 2021 funding year (1 August 2020 to 31 July 2021)

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 6 - April 2021**

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## What's new?

Please see changes since the publication of version 5 in January below.

### Section 1:

- national living wage has been increased to £17,374.50 as outlined in the Chancellor's spending review speech published November 2020 – page 37

### Section 2:

- clarification of funding eligibility date for new qualifications for high value courses for school and college leavers – page 39 and 40
- clarification of funding eligibility date for new qualifications for the national skills fund level 3 adult offer – page 40 and 41
- learning support section strengthened for the use of the ILR and the EAS – page 51

### Section 4:

- information box has been updated to show the lowering of the reconciliation threshold for ESFA grant funded AEB adult skills – page 61
- updated information for grant funded providers about reconciliation thresholds – page 65
- updated information for grant funded providers of 19 to 24 traineeships about reconciliation thresholds – page 69

### Annex E:

- grant agreement table has been updated to reflect the new under-delivery arrangements – page 89

Please also note the '[summary of main changes since funding rules 2019 to 2020](#)', which includes the main changes since the 2019 to 2020 version.

## 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 2020. 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)

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'.

Ministers have agreed that for a period of 2 years (2019 to 2020 and 2020 to 2021) providers that meet the following criteria will be funded nationally:

- qualify for a financial residential uplift for their learning provision, and
- receive more than two thirds of their income from AEB funding, and
- predominantly target the most disadvantaged learners

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 adult education budget (AEB) funding, for AEB delivery to residents in their areas.

North of Tyne combined authority will have responsibility for adult education and associated AEB for their residents from 1 August 2020.

In the 2020 to 2021 funding year this excludes the 19 to 24 traineeship programme, funding to support learners resident in North of Tyne who are continuing their learning from 2019 to 2020 and learners who attend a provider that is funded nationally because they meet the criteria above.

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' resident in devolved authority area, that started their learning before the 31 July 2019 and have not completed by 31 July 2020
- continuing AEB funded individuals' resident in North of Tyne devolved authority, who started their learning and had not completed before the 31 July 2020
- learners resident in England attending providers who meet the specified criteria above and will be funded nationally in 2019 to 2020 and 2020 to 2021
- 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 rules for the 2020 to 2021 funding year (1 August 2020 to 31 July 2021). 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, 27.3, 27.4 or 27.5
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 2019 to 2020.

## 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 adult education budget' 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, 27.4 and 27.5) starting new ESFA funded AEB learning aims on or after 1 August 2020, and those learners who meet the criteria in sub-paragraph 27.2 and 27.3.
24. You must not transfer funding between the following budgets:
- 24.1. adult education budget
  - 24.2. 19 to 24 traineeship programmes
  - 24.3. high value courses for school and college leavers
  - 24.4. level 3 adult offer
  - 24.5. apprenticeships
  - 24.6. advanced learner loans bursary fund
  - 24.7. 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 and subcontracting 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. 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. continuing learners in North of Tyne devolved authority area, who have not completed their learning by 31 July 2020
  - 27.3. continuing learners in devolved authority areas, who have not completed their learning by 31 July 2020, but started before 31 July 2019
  - 27.4. learners resident in England attending a provider who meets specified criteria and will be funded nationally in 2019 to 2020 and 2020 to 2021 – please refer to the following link [devolution of adult education functions](#) section

- 27.5. 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 2020 to 2021 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:
- 35.1. are a citizen of a country within the European Economic Area (EEA) or other countries determined within the EEA, including those with bilateral agreements such as Switzerland, or have settled status or the Right of Abode in the UK, and
  - 35.2. have been ordinarily resident in the EEA or other countries determined within the EEA, including those with bilateral agreements such as Switzerland, for at least the previous 3 years on the first day of learning

36. The EEA includes all the countries and territories listed in Annex A: eligibility for funding.

37. The eligibility of individuals who do not meet the requirements in paragraph 35 is [stated below](#).

38. Any learner or relevant 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 decides 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.

39. Therefore, a learner or relevant 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.

40. You can find further information on eligibility from the [UK Council for International Student Affairs](#).

41. 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.

## **Non-EEA citizens**

42. A non-EEA citizen is eligible for funding if they have permission granted by the UK government to live in the UK, which is not for educational purposes, and have been ordinarily resident in the UK for at least the previous 3 years before the start of learning.

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

43. Any individual with any of the statuses listed below is eligible to receive funding and are exempt from the 3-year residency requirement rule. You must have seen the learner's immigration permission which would include the biometric residence permit (BRP) and, in some cases, an accompanying letter from the Home Office in these circumstances:

- 43.1. refugee status
- 43.2. discretionary leave to enter or remain
- 43.3. exceptional leave to enter or remain
- 43.4. indefinite leave to enter or remain
- 43.5. humanitarian protection
- 43.6. leave outside the rules

- 43.7. the husband, wife, civil partner or child of any of the above in paragraphs 43.1 to 43.6<sup>1</sup>
- 43.8. section 67 of the Immigration Act 2016 leave
- 43.9. Calais leave to remain

## Asylum seekers

- 44. Asylum seekers are eligible to receive funding if they:
  - 44.1. 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
  - 44.2. are receiving local authority support under [section 23C](#) or [section 23CA of the Children Act 1989](#) or the Care Act 2014
- 45. An individual who has been refused asylum will be eligible if:
  - 45.1. 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
  - 45.2. they are granted support for themselves under [section 4 of the Immigration and Asylum Act 1999](#), or
  - 45.3. are receiving local authority support for themselves under [section 23C](#) or [section 23CA of the Children Act 1989](#)

## Family members of EU and EEA nationals

- 46. In the explanations below, the 'principal' is the European Union (EU) or EEA national. The 'family' or 'family member' is the learner, and must be the husband, wife, civil partner, child, grandchild, dependent parent or grandparent of the 'principal'.
- 47. If the learner, who is a family member of an EEA national, has been ordinarily resident in the EEA for the 3 years prior to the start of their course, they are eligible for funding.
- 48. This table shows the eligibility for family members if:
  - 48.1. the family member is now ordinarily resident in England, but has not been ordinarily resident in the EEA for at least the previous 3 years before the start of learning, and
  - 48.2. a principal has been resident within the EEA for the last 3 years

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<sup>1</sup> A child of a person who has received leave under section 67 of the Immigration Act 2016 or Calais leave to remain will come within paragraph 43.8 or 43.9 where they have been granted "leave in line" by virtue of being a dependent child of such a person.

		Principal ordinarily resident in the EEA for 3 years		
		EU (including the UK) citizen	Non-EU EEA citizen	Non- EEA citizen
Family member not ordinarily resident in the EEA for 3 years	EU (including the UK) citizen	Eligible	Eligible	Not eligible
	Non-EU EEA citizen	Eligible	Not eligible	Not eligible
	Non-EEA citizen	Eligible	Not eligible	Not eligible

## Children of Turkish workers

49. A child of a Turkish worker is eligible if both the following apply:
- 49.1. the Turkish worker is currently ordinarily resident in the UK and is, or has been, lawfully employed in the UK
  - 49.2. the child has been ordinarily resident in the EEA and/or Turkey for the full 3-year period before the start of their programme

## 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 above. 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 Tier 4 (general) student visa unless they are eligible through meeting any other of the categories described above
- 54.3. non-EEA citizens who are in the UK on holiday, with or without a visa
- 54.4. non-EEA citizens who are a family member of a person granted a Tier 4 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. individuals who are ordinarily resident in the Channel Islands or the Isle of Man, unless they are also ordinarily resident within England
- 54.6. those whose biometric residence permit or residence permit imposes a study prohibition or restriction on the individual

## Learners in the armed forces

55. We will fund armed forces personnel, Ministry of Defence (MoD) personnel or civil and crown servants resident in England, who meet the criteria in paragraph 27, and where learning takes place in England. We will class members of the British armed forces on postings outside of the EU, including their family members, as ordinarily resident in the UK.

56. 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 3 years. We will not fund family members that remain outside of England.

## Learners temporarily outside of England

57. 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

58. 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.

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

60. 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.

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

62. 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.

63. 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

64. 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.

65. 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

66. 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 2020 to 2021 guidance](#).
67. This does not apply where the learner achieves the learning aim.

## Recognition of prior learning

68. A learner could have prior learning that has been previously accredited by an awarding organisation or could be formally recognised and count towards a qualification. If this is the case, you must:
- 68.1. reduce the funding amount claimed for the learning aim by the percentage of learning and assessment the learner does not need
  - 68.2. follow the policies and procedures set by the awarding organisation for delivery and assessment of the qualification
69. You must assess whether any prior learning negates the need for a learner to undertake the whole learning aim.
70. You must not use prior learning to reduce funding for English and maths qualifications up to and including level 2.
71. 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

72. 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.
73. We will not fund a learner during a break in learning.
74. 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 2020 to 2021](#).
75. 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.

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

## Response to coronavirus (COVID-19)

77. In line with paragraphs 72 to 76, you and the learner can agree to suspend learning to enable the learner to take a break in learning where:

- 77.1. 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
- 77.2. you are unable to deliver learning because of the impact of coronavirus (COVID-19) on your business and there is no reasonable way to achieve appropriate delivery by distance learning and/or online learning

78. To record breaks in learning for coronavirus (COVID-19) reasons, you must:

- 78.1. include these learners in your ILR submissions
- 78.2. record the reason, and retain and submit evidence as set out in paragraphs 74 to 75
- 78.3. 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 coronavirus (COVID-19)
- 78.4. not change the current planned end date of the learning aim record
- 78.5. 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

79. We will not fund:

- 79.1. qualifications, units or learning aims that are not listed on [the Hub](#) or on the [ESFA list of qualifications approved for funding](#) manual – please see paragraphs 151 to 157
- 79.2. 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 159.4
- 79.3. end-point assessment outside of apprenticeship standards, which is subject to Ofqual external quality assurance and regulated as a qualification
- 79.4. any part of any learner's learning aim or programme that duplicates provision they have received from any other source
- 79.5. training through ESFA funded AEB, where a learner is undertaking or planning to undertake an apprenticeship and where that training will:

- 79.5.1 replicate vocational and other learning aims covered by the apprenticeship standard or framework, including English and maths
  - 79.5.2 offer career-related training that conflicts with the apprenticeship aims
  - 79.5.3 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
- 79.6. 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
- 79.7. 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

This section is subject to potential further amendments and clarifications

80. [The Register of Training Organisations](#) (the Register) is the ESFA's current market entry point for organisations that intend to deliver non-apprenticeship education and training services or operate in our supply chain as a subcontractor with an aggregated contract value of £100,000 or more.

81. If you and any subcontractors want to continue to be listed on the Register, you must successfully complete the Register, refresh, and update your information when we ask you to. If you fail to update when asked, you must apply at the next opening. During this period, you and any subcontractors will not:

- 81.1. be listed on the Register
- 81.2. be invited to tender
- 81.3. be able to increase contract value through growth cases

82. If your organisation does not apply at the next opening of the Register, or you fail the application process, we will review your funding arrangements.

## Subcontracting

Earlier this year ESFA ran a consultation seeking views from providers who have an interest in subcontracted delivery to inform our thinking about reforms to subcontracting arrangements. In June we published our [response to the consultation exercise](#).

Over the next 3 years we will be implementing a series of reforms that will strengthen ESFA's oversight of the approach to subcontracting in the sector.

We have been clear from the outset that we wish to see a significant reduction in the overall volume of subcontracted delivery in the sector, and that is why we have asked that all providers review their existing subcontracting activity and take steps to reduce that activity across the next 3 years to 2022 to 2023.

All providers must carry out this review, with one exception. Local authority provision where local authorities commission subcontractors to deliver a community-based model, in recognition of their commissioning role. This is because the delivery model will limit the ability to make reductions.

We will apply a cap on the volume of subcontracting and will take forward work this academic year to establish the right threshold for that cap and timescales for a staged reduction.

As we have set out in our response to the consultation exercise, the other reforms will be introduced over the next 2 to 3 years. We will publish further details about how those changes will be implemented later this year.

We expect providers to maximise the amount of funding that reaches front line delivery of high-quality learning. We've published additional information describing our expectations of lead providers when they subcontract. These rules have been reordered for clarity.

### Your policy for delivery subcontracting

83. You must take your own legal advice about whether, in subcontracting part of your service delivery, you are a contracting authority awarding a public contract as defined by the [Public Contracts Regulations 2015](#). If you are, then you should comply with the provisions of the 2015 Regulations. You must provide a synopsis of the legal advice for inspection by us on request.

84. Your governing body or board of directors and your accounting officer (senior responsible person) must agree your policy for delivery subcontracting. You must publish your policy for delivery subcontracting on your website.

85. As a minimum, your policy must include the following in respect of your delivery subcontracting:

85.1. Your rationale for subcontracting, which must enhance the quality of your student offer. You must be clear about the educational rationale for your subcontracting position. We expect the rationale to meet one or more of the following aims:

85.1.1 enhance the opportunities available to learners

85.1.2 fill gaps in niche or expert provision, or provide better access to training facilities

85.1.3 support better geographical access for learners

85.1.4 to offer an entry point for disadvantaged groups

85.1.5 consideration of the impact on individuals who share protected characteristics

85.2. For each subcontractor, how you will determine a detailed list of your specific costs for managing them, specific costs for quality monitoring activities and specific costs for any other support activities offered by you to the subcontractor.

85.3. For each subcontractor, how you will determine each cost is reasonable and proportionate to delivery of their teaching or learning and how each cost contributes to delivering high quality learning.

85.4. Timing for review of your policy for delivery subcontracting, which should be done annually.

86. We expect the policy, including the rationale to be published by 31 October 2020. It should be easy to navigate from the front page of your education and training web pages.

87. You must not subcontract for delivery to meet short-term funding objectives.

88. You must only use delivery subcontractors:

88.1. If you have staff with, the knowledge, skills and experience (i.e., with appropriate qualifications or experience, as evidenced by their CVs) within your organisation to:

88.1.1 successfully procure

88.1.2 contract with and manage those subcontractors and

88.2. if your governing body/board of directors and your accounting officer (senior responsible person) determine the subcontractors as being of high quality and bringing low risk to public funds

88.3. if you have robust procedures in place to ensure subcontracting does not lead to the inadvertent funding of extremist organisations

89. You are responsible for the actions of your delivery subcontractors connected to, or arising out of, the delivery of the services, which you subcontract.

## Selection and procurement of your delivery subcontractors

90. If you have not previously subcontracted provision we fund, you must get our written approval before awarding a contract to a delivery subcontractor and keep evidence of this written approval. See [subcontracting and seeking written approval](#) for more information.

91. When appointing delivery subcontractors, you must avoid conflicts of interest and you must:

- 91.1. write to us through your ESFA territorial manager about any circumstances (for example, where you and your proposed subcontractor have common directors or ownership) which might lead to an actual or perceived conflict of interest, and
- 91.2. not award the contract without our written permission, and
- 91.3. keep as evidence both your request and our reply

92. You must carry out your own thorough due diligence checks when appointing delivery subcontractors and have both the detailed process and the results available for inspection by us.

93. You must not use a delivery subcontractor's presence on the Register of Training Organisations, or any other public register or database, as an indicator that they are suitable to deliver to your specific requirements.

94. You must not appoint any delivery subcontractors with a subcontract value of £100,000 or greater for each funding year unless they are listed on the Register of Training Organisations:

- 94.1. the requirement for subcontractors to be on the Register of Training Organisations also applies if the subcontract from you would take the total value of subcontracts that the delivery subcontractor holds to deliver education and training funded by us through ESFA funded AEB to £100,000 or more
- 94.2. we will restrict your future use of ESFA funded AEB delivery subcontractors if you do appoint a subcontractor not on the Register of Training Organisations where the value of your subcontract or the total value of subcontracts for ESFA funded AEB held by the subcontractor exceeds £100,000

95. You must confirm the position in relation to the total value of ESFA funded subcontracts from each proposed delivery subcontractor and also refer to the latest published [list of declared subcontractors](#) and the Register of Training Organisations. If you use a delivery subcontractor which exceeds the £100,000 threshold and is not listed on the Register of Training Organisations, you must immediately end your subcontract with that organisation. This applies regardless of whether you were the provider whose contract took the delivery subcontractor over the threshold.

96. For delivery subcontractors with which you enter into a subcontract with a value of £100,000 or which has such a total value for all its subcontracts for the delivery of ESFA funded provision, you must ensure that any such delivery subcontractor continues to meet the requirements of the Register of Training Organisations and that you provide them with all the necessary support.

97. You must not enter new subcontracting arrangements or increase the value of your existing arrangements if any of the following circumstances apply:

- 97.1. Ofsted has rated your leadership and management as inadequate
- 97.2. you do not meet our [minimum standards](#)
- 97.3. the outcome of your annual financial health assessment we carry out is inadequate, unless we have provided written permission in advance

98. The prohibition on new subcontracting arrangements will continue until we are satisfied that the concerns have been addressed and the circumstances no longer apply.

## Entering into a delivery subcontract

99. You must not enter into any agreement for Brokerage.

100. You must only award contracts for delivering ESFA funded AEB provision to legal entities. If the legal entity is a registered company, it must be recorded as 'active' on the [Companies House](#) database.

101. You must not award, or renew a subcontract to any organisation if:

- 101.1. it has an above-average risk warning from a credit agency
- 101.2. it has passed a resolution (or the court has made an order) to wind up or liquidate the company, or administrators have been appointed
- 101.3. its statutory accounts are overdue

102. You must make sure that learners supported through subcontracting arrangements know about you and your delivery subcontractor's roles and responsibilities in providing the learning.

103. You must have a legally binding contract with each delivery subcontractor. Such contract must include all the terms set out in paragraphs 108 to 109.

104. You must have a contingency plan in place for learners if a subcontract expires or is terminated for whatever reason. You must ensure that there is continuity of services for existing learners.

105. You must make sure that the terms of your subcontracts allow you to:

- 105.1. monitor the delivery of the individual subcontractor's activity, and
- 105.2. have control over your delivery subcontractors

106. You must obtain an annual report from an external auditor if the ESFA funded AEB contracts with your delivery subcontractors will exceed £100,000 in any one funding year. The report must:

- 106.1. provide assurance on the arrangements to manage and control your delivery subcontractors, and
- 106.2. comply with any guidance issued by us

107. You must also supply us with a certificate signed by the external auditor and an authorised signatory to confirm you have received a report that provides assurance. You must send a copy of the external auditor's final report including the action plan of agreed recommendations. We will review this as part of our overall assurance arrangements.

### **Terms that you must include in your contracts with delivery subcontractors**

108. You must make sure your delivery subcontractors:

- 108.1. meet the requirements set out in these funding rules
- 108.2. provide you with ILR data so your data returns to us accurately reflect your subcontractor's delivery information
- 108.3. give us, and any other person nominated by us, access to their premises and all documents relating to ESFA funded AEB provision
- 108.4. give you sufficient evidence to allow you to:
  - 108.4.1 assess their performance against [Ofsted's Education Inspection Framework](#)
  - 108.4.2 incorporate the evidence they provide into your self-assessment report
  - 108.4.3 guide the judgements and grades within your self-assessment report
- 108.5. always have suitably qualified staff available to provide the education and training we fund through ESFA funded AEB
- 108.6. co-operate with you to make sure there is continuity of learning if the subcontract ends for any reason
- 108.7. tell you if evidence of any irregular financial or delivery activity arises; irregular activity could include, but is not limited to:
  - 108.7.1 non-delivery of training when funds have been paid
  - 108.7.2 sanctions imposed on the delivery subcontractor by an awarding organisation
  - 108.7.3 the subcontractor receiving an inadequate Ofsted grade
  - 108.7.4 complaints or allegations by learners, people working for the delivery subcontractor or other relevant parties, and
  - 108.7.5 allegations of fraud

- 108.8. are bound by ESF clauses from your funding agreement being included in the subcontract, even if the provision being subcontracted is not funded by the ESF
- 108.9. do not use our funding to make bids for, or claims from, any European funding on their own behalf or on our behalf
- 108.10. do not use payments made as match funding for ESF co-financing projects
- 109. You must include in your contract with each delivery subcontractor:
  - 109.1. reference to your delivery subcontracting policy and where it can be found on your website
  - 109.2. your rationale for subcontracting with them
  - 109.3. a list of all services you will provide to them and the associated costs for doing so. This must include:
    - 109.3.1 a list of individually itemised, specific costs for managing the subcontractor
    - 109.3.2 specific costs for quality monitoring activities and specific costs for any other support activities offered by you to the subcontractor
  - 109.4. a description of how:
    - 109.4.1 each specific cost is reasonable and proportionate to delivery of the subcontracted teaching or learning and
    - 109.4.2 each cost contributes to delivering high quality learning

## **Monitoring of your delivery subcontractors and subcontracted provision**

110. You must manage and monitor all your delivery subcontractors to ensure that high-quality delivery is taking place that meets the requirements of the agreement you have entered into with the ESFA for the provision of ESFA funded AEB (which includes compliance with these funding rules).

111. You must carry out a regular and substantial programme of quality-assurance checks on the education and training provided by delivery subcontractors, including visits at short notice and face-to-face interviews with staff and learners. The programme must:

- 111.1. include whether the learners exist and are eligible, and
- 111.2. involve direct observation of initial guidance, assessment and delivery of learning programmes

112. The findings of your assurance checks must be consistent with your expectations and the delivery subcontractor's records.

## Second-level delivery subcontracting

113. You must not agree the use of any delivery subcontractor where this would require you to effectively subcontract ESFA funded AEB provision to a second level. All your delivery subcontractors must be contracted directly by you. You may have more than one subcontractor. The restriction on the level of subcontracting is in place to ensure that:

- 113.1. lead providers retain clear and transparent accountability for the quality of training provision
- 113.2. proper and appropriate controls are in place to manage the learner experience, and
- 113.3. value for money is achieved by mitigating funding being utilised for multiple tiers of subcontractor management

## Reporting your subcontracting arrangements

114. You must provide a fully completed delivery subcontractor declaration by the dates we will give you. This will be at least twice during the 2020 to 2021 funding year. If you do not make the declaration on time, we will suspend your payments. If you do not subcontract, you must still provide a nil return to confirm this.

115. You must also update your subcontractor declaration if, and when any of your subcontracting arrangements change during the year.

116. You must report to us the actual level of funding paid and retained for each of your delivery subcontractors in 2020 to 2021. You must email this information to your ESFA territorial manager using a template which we will supply to you. We will let you know the date by when you must do this. We will publish the information on GOV.UK.

117. You must include the following on the template for ESFA funded AEB delivery:

- 117.1. the name of each delivery subcontractor
- 117.2. the [UK Provider Reference Number](#) (UKPRN) of each delivery subcontractor
- 117.3. the contract start and end date for each delivery subcontractor
- 117.4. funding we have paid to you for ESFA funded AEB delivery by each delivery subcontractor in that funding year
- 117.5. funding you have paid to each delivery subcontractor for ESFA funded AEB delivery in that funding year
- 117.6. details of the funding you have retained in relation to each delivery subcontractor's ESFA funded AEB delivery for that funding year, and
- 117.7. if appropriate, funding each delivery subcontractor has paid to you for services or support you have provided in connection with the subcontracted delivery

## Match funding requirements relevant to the adult education budget

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.

118. 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.

119. 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'.

120. You and your subcontractors must follow the retention of documents, 'publicity' and horizontal themes rules and provide evidence as detailed in the [ESF 2014 to 2020 funding rules](#).

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

122. 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

123. 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.

124. You must make sure applications 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.

125. 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

126. The evidence pack must contain evidence to support the funding claimed and must be available to us if we need it.
127. Evidence in the evidence pack must assure us that the learner exists.
128. The learner must confirm information they provide is correct when it is collected.
129. If the time spent in learning is short, the level of evidence in the evidence pack would reflect this.
130. Where you hold information centrally, you only need to refer to the source.
131. If applicable, the evidence pack must confirm the following:
  - 131.1. 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
  - 131.2. 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
  - 131.3. copies of all assessments and diagnostics undertaken to determine a learner's requirements
  - 131.4. information on prior learning that affects the learning or the funding of any of the learning aims or programme
  - 131.5. 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
  - 131.6. a description of how you will deliver the learning and skills and how the learner will achieve
  - 131.7. the supporting evidence about why you have claimed funding and the level of funding for a learner
  - 131.8. details of any learner or employer contribution
  - 131.9. support needs to be identified, including how you will meet these needs and the evidence of that
  - 131.10. 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
  - 131.11. if applicable, a learner's self-declaration as to what state benefit they claim
  - 131.12. a learner's self-declaration on their status relating to gaining a job; and
  - 131.13. 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

132. 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.

133. 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**

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

135. 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.

136. 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:

136.1. 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

136.2. 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

137. 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.

138. 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**

139. 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.

140. 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.

141. 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.

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

143. 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

144. 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)

145. You must accurately complete all ILR fields as required in the [2020 to 2021 ILR specification](#), even if they are not required for funding purposes.

146. 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.

147. 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

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

149. 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 adult education budget (AEB)

### Provision and individuals we fund

#### Legal entitlements

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

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

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

151. 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 2020 to 2021, providers can find the qualifications we have approved in the [ESFA list of qualifications approved for funding](#), for the following entitlement offers:

- 151.1. level 2 and level 3 and/or
- 151.2. English and maths and/or
- 151.3. Essential digital skills qualifications

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

152. 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;

- 152.1. 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 170 to 171

## 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 page 36 and 159 to 215 for learner eligibility. Where appropriate for the learner, you can deliver local flexibility provision alongside a legal entitlement qualification.

153. 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

154. Learners aged 19 to 23 who progress to their first full level 2, must only enrol on a qualification from the [Qualification funding approval: funding year 2020 to 2021](#) manual set out in paragraph 151.

155. 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 [the Hub](#).

156. 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 [the Hub](#).

157. Eligible 19-year-old learners exercising their legal entitlement, can also access qualifications from the [qualifications in the one year skills offer for 18- and 19-year-olds](#), for more information on eligibility criteria refer to paragraph 166 to 169.

## Government contribution table

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

Provision	19 to 23-year-olds	24+ unemployed	24+ other
English and maths, up to and including level 2 (Must be delivered as part of the legal entitlement)	Fully funded*	Fully funded*	Fully funded*
Essential Digital Skills Qualifications up to and including level 1	Fully funded*	Fully funded*	Fully funded*
Level 2 (excluding English and maths) (First full level 2 must be delivered as part of the legal entitlement)	Fully funded*= (first and full)	Fully Funded	Co-funded+
Learning to progress to level 2	Fully funded^ (up to and including level 1)	Fully funded	Co-funded+
Level 3 legal entitlement (learners first full level 3)	Fully funded*=	N/A	N/A
Level 3 adult offer (learners without a full level 3 or above accessing a qualification on the Level 3 adult offer qualifications list)	Fully funded=	Fully funded	Fully funded
Level 3 (a learner has already achieved a full level 3)	Loan-funded**=	Loan-funded	Loan-funded
Traineeship#	Fully funded (including 16- to 24-year-olds##)	N/A	N/A
English for speakers of other languages (ESOL) learning up to and including level 2	Co-funded+	Fully funded	Co-funded+
	Fully funded – unemployed		
Learning aims up to and including level 2, where the learner has already achieved a first full level 2, or above	Co-funded+	Fully funded	Co-funded+
	Fully funded – unemployed		
Learning aims up to and including level 2, where the learner has not achieved a first full level 2, or above	N/A	Fully Funded	Co-funded+

\*Must be delivered as one of the English and maths, Digital entitlement and/or first full level 2 or first full level 3 qualifications required as part of the legal entitlements.

^Must be delivered as entry or level one provision from local flexibility.

# Excludes flexible element where funding depends on age and level.

## 16- to 18-year-old learners must be eligible under [ESFA funding regulations residency requirements](#) .

\*\* Availability of loans at level 3 does not replace the legal entitlement to full funding for learners aged 19 to 23 undertaking their first full level 3.

+ Low wage flexibility may apply, refer to paragraph 161.

= One-year high value courses for school and college leavers: skills offer for 19-year-olds, may apply refer to paragraphs 166 to 168

## Definitions used in the adult education budget (AEB)

### Unemployed

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

- 159.1. receive Jobseeker's Allowance (JSA), including those receiving National Insurance credits only
- 159.2. receive Employment and Support Allowance (ESA)
- 159.3. 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 £343 a month (learner is sole adult in their benefit claim) or £549 a month (learner has a joint benefit claim with their partner)
- 159.4. are released on temporary licence, studying outside a prison environment, and not funded by the Ministry of Justice

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

- 160.1. receives other state benefits (not listed in paragraph 159) and their take-home pay (disregarding Universal Credit payments and other benefits) is less than £343 a month (learner is sole adult in their benefit claim) or £549 a month (learner has a joint benefit claim with their partner), and
- 160.2. 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 £343 a month (learner is sole adult in their benefit claim) or £549 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

161. 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:

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

162. 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.

163. You must use LDM code 363 and FFI code 1 to claim full funding for learners who meet the requirements set out in paragraph 161 and 162.

## COVID-19 skills recovery package

On 8 July, the Chancellor announced exceptional funding as part of the wider COVID-19 skills recovery response. The response package includes:

- Sector-based Work Academy Programme, refer to paragraphs 164 to 165
- high value courses for school and college leavers: a one year skills offer for 18 and 19-year-olds, refer to paragraphs 166 to 169

Traineeship flexibilities, more information on this package will be published in early August, refer to paragraph 260

## 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 2-3 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.

164. You must record in the evidence pack that you have seen the claimant's SWAP referral notification issued by Jobcentre Plus setting out start date and times for their ESFA AEB funded pre-employment training.

165. 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

As part of the government response a one-year high value courses skills offer has been developed to support school and college leavers who are at higher risk of becoming not in education, employment or training (NEET) because of Coronavirus (COVID-19).

The one-year offer includes:

- level 2 and level 3 qualifications to support the needs of industrial strategy linked to higher wage returns
- support funding in line with paragraphs 233 to 258
- an uplift payable whilst the learner is in learning, following the earnings methodology set out in the [Adult Education Budget funding rates and formula 2020 to 2021](#)
- an increased job-outcome payment payable if learners leave early to enter employment

Please note only level 2 and level 3 qualifications on the [Qualifications in the one-year skills offer for 18- and 19-year-olds](#) will attract the uplift and increased job-outcome payment. This includes those 19-year-olds undertaking a qualification from this list which is also included on the 19 to 23-year-old legal entitlement list, refer to paragraph 151.

When qualifications are added to the funding eligibility list, they will become eligible for funding from that publication date, and not be backdated to the start of the academic year.

We fund the one year skills offer for 18-year-olds (and 19 to 24-year-olds with an EHC Plan) through the ESFA's [16 to 19 funding methodology](#). We fund the one-year skills offer for 19-year-olds through the ESFA's [AEB funding methodology](#). The rules that apply to 19-year-olds are set out in the following section.

166. We will fully fund individuals as part of this offer where they:

- 166.1. are aged 19 on 31 August within the 2020 to 2021 funding year
- 166.2. enrol on one level 2 or level 3 qualification on the [one-year skills offer for 18- and 19-year-olds](#)
- 166.3. already hold a level 2 or level 3 qualification or this is their first level 2 or level 3 qualification

167. 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 18- and 19-year-olds offer. The criteria for ALL can be found in the [ALL funding rules 2020 to 2021](#).

168. You must:

- 168.1. use LDM code 376 and FFI code 1 to claim full funding for learners who meet the requirements set out in paragraph 166
- 168.2. record in the evidence pack:
- 168.3. a self-declaration from the learner that they have been unable to secure employment prior to enrolment
- 168.4. a declaration that you are unable to offer alternative work-based learning opportunities at the point of enrolment

## Job outcome payments

169. 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 259.1 and 259.2.

## 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, adults aged 24+ will now be able to access fully-funded Level 3 provision from the list of [qualifications available through this offer](#)
- Support funding in line with paragraphs 233 to 258

An uplift is payable at two different rates and follows the earnings methodology set out in the [Adult Education Budget: funding rates and formula 2020 to 2021](#). This uplift should be used to support delivery of the level 3 adult offer.

Only level 3 qualifications on the [Qualifications in the National Skills Fund](#) – level 3 adult 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 funding eligibility list, 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).

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

170. We will fully fund individuals as part of this offer where they:
- 170.1. are aged 19 or above on 31 August within the 2020 to 2021 funding year
  - 170.2. have not achieved a full level 3 qualification, or above, which meet the requirements set out in paragraph 175 to 178
  - 170.3. enrol on the level 3 adult offer qualifications approved for funding with effect from 1 April 2021.

171. You must not claim for ESFA AEB funding where learners are already being funded through an ALL for qualifications that are in the level 3 adult offer. The criteria for ALL can be found in the ALL funding rules 2020 to 2021.

172. You must:

- 172.1. use LDM code 378 and FFI code 1 to claim for funding for learners who meet the requirements set out in paragraph 170

## Full level 2

173. Level 2 is the level of attainment which, is demonstrated by:

- 173.1. a General Certificate of Secondary Education (GCSE) in five subjects, each at grade 4 (C) or above, or
- 173.2. a Technical Certificate at level 2 which meets the requirements for the 2018, 2019, 2020, 2021 and 2022 16 to 19 performance tables
- 173.3. certain Technical Certificates in the 2017 16 to 19 performance tables

174. 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 co-funded. 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

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

- 175.1. General Certificate of Education at the advanced level in 2 subjects
- 175.2. General Certificate of Education at the AS level in four subjects
- 175.3. QAA Access to Higher Education (HE) Diploma at level 3
- 175.4. Technical level, or applied general qualification at level 3, which meets the requirements for the 2018, 2019, 2020, 2021 and 2022 16 to 19 performance tables
- 175.5. certain Technical level, or applied general qualification in the 2017 16 to 19 performance tables

176. 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.

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

178. 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

179. Where you deliver regulated qualifications and/or their components, you must ensure they are [approved for ESFA funded AEB](#) and available on [the Hub](#).

180. 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.

181. We will fund certain qualifications that are linked to specific regulations for a particular occupation and where provision is the responsibility of the employer for eligible unemployed learners that meet the criteria in paragraph 159. You can find more information about these qualifications in the [Qualification funding approval: funding year 2020 to 2021 manual](#).

182. 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.

183. If the [National Academic Recognition Information Centre](#) 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.

184. 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

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

- 185.1. independent living skills or engagement learning supporting adults to operate confidently and effectively in life and work

- 185.2. locally commissioned and/or locally developed basic knowledge and skills needed to access technical qualifications
  - 185.3. employability and labour market re-entry
  - 185.4. locally commissioned and/or locally devised technical education short courses (also known as taster sessions)
  - 185.5. community learning courses
186. The eligibility principles we apply to non-regulated learning are as follows:
- 186.1. it must not be provision linked to UK visa requirements
  - 186.2. it must not be provision linked to occupational regulation unless there is an agreed concession in place
  - 186.3. it must not be restricted to being delivered to employees of only one employer.
  - 186.4. it must not be learning, for example, 'induction to college', that should be part of a learner's experience
  - 186.5. it must not be a non-regulated version of a regulated qualification
  - 186.6. it must not be above notional level 2 (that is, at notional levels 3 or 4)
  - 186.7. at notional level 2 it must focus on technical provision

187. 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

188. We will fund learning in the workplace where a learner has a legal entitlement to full funding for:
- 188.1. English and/or maths up to and including level 2 (Paragraph 191), and/or
  - 188.2. a first full level 2 (paragraph 201.1.1), or
  - 188.3. a first full level 3 qualification (paragraph 201.1.2)
  - 188.4. essential digital skills qualification, up to and including level 1 (paragraph 197)
189. 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:
- 189.1. it is a legal entitlement qualification stated in paragraph 188, or
  - 189.2. we 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

190. 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:

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

191. 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.

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

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

194. 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 190.

195. You must:

- 195.1. 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
- 195.2. 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
- 195.3. enrol the learner on a level above that at which they were assessed and be able to provide evidence of this
- 195.4. deliver ongoing assessment to support learning
- 195.5. record the evidence of all assessment outcomes in the evidence pack

196. 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

197. We will fully fund individuals, including individuals who are employed, aged 19 or older, assessed at below level 1, 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).

198. 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 197.

199. You must:

- 199.1. carry out an initial assessment using current assessment tools based on the national standards for essential digital skills
- 199.2. 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
- 199.3. enrol the learner on a level above that at which they were assessed and be able to provide evidence of this
- 199.4. deliver ongoing assessment to support learning
- 199.5. record the evidence of all assessment outcomes in the evidence pack

200. 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)**

201. We will fully fund 19- to 23-year-olds, including individuals who are employed, on the day they start the following learning:

- 201.1. qualifications defined within the legal entitlement that are a learner's:
  - 201.1.1 first full level 2, and/or
  - 201.1.2 first full level 3 as part of the legal entitlement and/or access to additional qualifications from the level 3 adult offer
- 201.2. local flexibility provision:
  - 201.2.1 up to and including level 1 to support progression
  - 201.2.2 to a first full level 2, and/or
  - 201.2.3 level 2 for those who already have a full level 2, or above, if they are unemployed

202. 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 161 to 162.

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

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

- 203.1. provision up to, and including, a level 2, if they are unemployed, as set out in paragraphs 159 to 160

203.2. 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 170 to 171

204. 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 161 to 162.

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

205. 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 159 and 160.

206. 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 161 to 162.

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

208. 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 2019 to 2020](#) guidance.

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

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

210. 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.

211. The [16-19 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**

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

212.1. 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

212.2. 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

213. The learner must:

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

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

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

215. 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 four 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

216. 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.

217. 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 233 to 258. You must record these costs in the learner's evidence pack.

218. 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.

219. 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:

219.1. follow the ESFA funded AEB formula-funded methodology and submit ILR data under funding model 35

219.2. enrol learners following ESFA funded AEB eligibility requirements set out on page 36 and paragraphs 151 to 215, you must not use your non-formula community learning local fee remission policy

220. 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.

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

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

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

222. 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

223. 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.

224. 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.

225. 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.

226. 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

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

228. 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.

229. 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.

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

231. 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 [adult education budget: funding rates and formula 2020 to 2021](#) guidance.

232. 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

233. 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.

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

235. You must:

- 235.1. carry out a thorough assessment to identify the support the learner needs
- 235.2. agree and record the outcome of your assessment in the evidence pack
- 235.3. record all outcomes on the evidence pack and keep all evidence of the assessment of the needs, planned and actual delivery
- 235.4. 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 19 study programme (see paragraph 435)

236. 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 [earnings adjustment statement](#) (EAS).

237. 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.

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

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

238.2. 16 to 18 traineeships without a 16 to 19 study programme (see paragraph 435)

239. You can claim learning support if learning continues past the planned end date and the learner needs continued support in order to complete their 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.

240. 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](#).

241. 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.

242. 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

243. 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':

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

243.2. 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

- 243.3. 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
- 243.4. coronavirus (COVID-19) response – support disadvantaged learners who cannot undertake online delivery in the event of local or national measures in response to coronavirus (COVID-19)

244. You must not claim more than 5% of your total Learner Support (including for 19 to 24 traineeships) final claim 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. If you do not have a Learner Support allocation, you must follow these rules and claim learner support using the earnings adjustment statement (EAS).

245. You must:

- 245.1. 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
- 245.2. assess and record the learner's needs, demonstrating the need for support – you must record this information and retain in the evidence pack
- 245.3. report the appropriate Learner Support Reason codes in the 'Learner Funding and Monitoring' fields in the ILR
- 245.4. complete a [mid-year funding forecast and a final claim](#)
- 245.5. consider the availability of other support for learners, for example from Jobcentre Plus
- 245.6. 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
- 245.7. 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

246. You must not use learner support funds for any of the following:

- 246.1. 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 247.1 and the new flexibilities responding to coronavirus (COVID-19) in paragraph 254
- 246.2. a learner in custody or released on temporary licence
- 246.3. a learner carrying out a higher education course or learning aims fully funded from other sources
- 246.4. to pay attendance allowances or achievement and attendance bonuses

## Hardship

247. You can use hardship funds for the following:
- 247.1. course-related costs, including course trips, books and equipment (where costs are not included in the funding rate)
  - 247.2. 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
  - 247.3. 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)
  - 247.4. examination fees
  - 247.5. accreditation fees, professional membership fees and any fees or charges due to external bodies
  - 247.6. your registration fees
  - 247.7. to support learners on a traineeship including the work placement element
248. 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.
249. If an asylum seeker is eligible for provision, you may provide learner support in the form of course-related books, equipment or a travel pass. You must not give a learner who is an asylum seeker support in the form of cash.

## 20+ childcare

250. You can only use childcare funding to pay for childcare with a childminder, provider or childminder agency, registered with Ofsted.
251. You must not use childcare funding to:
- 251.1. fund informal childcare, such as that provided by a relative
  - 251.2. set up childcare places or to make a financial contribution to the costs of a crèche
  - 251.3. fund childcare for learners aged under 20 on the first day of learning; instead you must direct them to the ['Care to Learn' programme](#)
252. 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

253. 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:

- 253.1. set out the criteria and procedures for considering and agreeing applications for support from your residential access funds
- 253.2. only pay for travel costs for learners who are awarded residential access funding in exceptional circumstances
- 253.3. 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

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

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

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

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

- 255.1. deploying any unused devices before you purchase new ones
- 255.2. exploring options to access low cost second hand or recycled devices
- 255.3. avoiding entering long term contract arrangements
- 255.4. 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

256. 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:

- 256.1. they will return the device when their online learning aim(s) complete, or if they leave before completing their learning
- 256.2. they will return the device in the same condition in which they received it

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

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

- 258.1. the outcome of the assessment undertaken to identify the learner's individual need
- 258.2. the learner declaration referred to in paragraph 256

## Job outcome payments

259. 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:

- 259.1. 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 four consecutive weeks
- 259.2. 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 278 to 282.

On 8 July, the government provided funding to expand the number of traineeship places available through ‘A Plan for Jobs 2020’. There are also new flexibilities. 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 will be a new incentive payment of £1000 per learner, for up to 10 learners, for employers who make new work placement opportunities available. Guidance and funding rules on the employer incentive payments will be published separately in the [traineeships collection](#) on GOV.UK.

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

We fund:

- traineeships for 16 to 18-year-olds (and 19 to 24-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.

260. 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:

- 260.1. they are unemployed, as set out in paragraph 159, or
- 260.2. they have little or no work experience and are focused on employment, an apprenticeship or the prospect of this, and
- 260.3. they have been assessed as having the potential to be ready for employment or an apprenticeship within 12 months

## Core Offer

### Work preparation training

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

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

263. 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.

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

265. For 16 to 18-year-olds, qualifications must be approved on [the Hub](#) for 16 to 18 funding in the 2020 to 2021 funding year.

### Work placement

266. 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.

267. 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.

268. 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.

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

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

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

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

271. 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.

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

272. 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 195.

273. 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 190.

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

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

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

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

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

277. You must support trainees aged 19+ to improve digital skills where they are assessed as below level 1. Trainees who are eligible for the Digital Entitlement, as set out at paragraph 197, can complete this as part of their traineeship. 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**

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

279. 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.

280. 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.

281. 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.

282. For 16 to 18-year-olds, qualifications must be approved on [the Hub](#) for 16 to 18 funding in the 2020 to 2021 funding year.

## Traineeship programme duration

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

## Evidence

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

- 284.1. a formal interview and feedback to the learner, where there is a vacancy
- 284.2. an exit interview, written feedback, and evidence of the time spent on, and activities performed during, work placements, when there is no vacancy
- 284.3. progression to a defined positive outcome within 6 months
- 284.4. 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

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

- 285.1. an apprenticeship start that meets the minimum qualifying days evidenced by ILR records or a self-declaration by the learner
- 285.2. 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
- 285.3. progression to another English or maths qualification, which is a level higher than that, achieved in the traineeship
- 285.4. 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:
  - 285.4.1 meets minimum qualifying days (set out in paragraph 66), or
  - 285.4.2 a learner self-declares they are studying a level 2 or level 3 qualification at least 150 guided learning hours

286. 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 259 for this combined rate.

## **Support funding**

287. Learning support for traineeships is available as set out in paragraphs 233 to 239.

288. 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.

289. Learner support for traineeships is included in your 19 to 24 traineeship allocation and is available as set out in paragraphs 243 to 246.

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

## **Advertising traineeship opportunities**

291. You must advertise new traineeship opportunities on the [find a traineeship service](#), except where you have already matched an individual to an employer.

## Section 4 – payments and performance management

We know that providers are working through exceptional circumstances due to coronavirus (COVID-19).

Because of the ongoing impact of coronavirus (COVID-19), including transferring all learning to on-line delivery where possible and temporarily closing colleges from 5 January, we are lowering the reconciliation threshold for ESFA grant funded AEB adult skills, including non-formula funded community learning and 19 to 24 traineeships for 2020 to 2021 academic year. The lower reconciliation threshold does not include the Covid-19 Skills offer.

The threshold will be lowered from 97% to 90% in recognition of the difficulties and uncertainties many providers are facing as a result of the impact of coronavirus (COVID-19).

In areas where the AEB has been devolved, MCAs/GLA are responsible for considering any provider flexibilities in their areas.

292. This section sets out the principles by which we will manage your performance in the 2020 to 2021 funding year.

293. 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 or contract for services.

294. You cannot transfer funds between funding agreements. For more details go to paragraph 24.

295. 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.

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

297. 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:

- 297.1. your Ofsted grade is inadequate
- 297.2. you are in formal intervention for minimum standards or inspection
- 297.3. you have been issued with a notice for financial management and control
- 297.4. 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
- 297.5. you have significantly under delivered against your contract value in previous years

297.6. you are subject to an investigation for breach of contract and/or failed audit

298. As part of our funding assurance work, we will continue to monitor compliance with the funding rules. We will contact you where we identify 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.

299. You must submit your funding claims in line with [the funding claims 2020 to 2021 guide](#) which we will publish in autumn 2020. We will review the actual spend you submit in your final funding claim against the ILR and EAS data you provide.

300. You can voluntarily reduce your AEB funding allocation. If you want to do this, please let your territorial team lead know before 8 December 2020. We will not accept requests after this date.

301. Your funding agreement will span 2 financial years:

301.1. August 2020 to March 2021: periods 1 to 8 of the 2020 to 2021 funding year

301.2. April 2021 to July 2021: periods 9 to 12 of the 2020 to 2021 funding year

302. 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.

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

303. Your 2020 to 2021 AEB allocation statement may include an additional value for SWAP. It is shown as a separate figure on your allocation statement, and we expect you to utilise and record the additional funding for SWAP referrals.

304. 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.

305. If additional funding is allocated to you for SWAP 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 and issue a contract variation unless you let your territorial team lead know otherwise.

306. Additional funding allocated for increased learner numbers for SWAP is for one year only. We will remove increased delivery or additional funding from future years allocations.

307. For more details on payments and performance management arrangements refer to ESFA funded adult education budget (paragraphs 322 to 349).

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

308. You can currently deliver Level 3 qualifications to eligible 19 to 23-year-old learners within your AEB adult skills allocation. Your 2020 to 2021 AEB allocation statement from April 2021 may include an additional value for National Skills Fund level 3 offer for 19 to 23-year-old learners. This is to fund the uplift available for qualifications on the National Skills Fund level 3 adult offer.

309. You must use LDM code 378 to record delivery for National Skills Fund level 3 offer when you submit ILR data. Please refer to the [ILR specification](#) for more information about using LDM codes.

310. 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 and issue a contract variation unless you let your territorial team lead know otherwise.

311. For more details on payments and performance management arrangements refer to ESFA funded adult education budget (paragraphs 322 to 349).

312. This is separate from National Skills Fund Level 3 offer for 24-year-old learners and above. For this, please refer to the COVID-19 skills offer for details on payments and performance management arrangements (paragraphs 390 to 420).

## Continuing learners resident within devolved authorities with responsibilities for AEB from 1 August 2019

313. 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.

314. Learners that started since the 1 August 2019 continue to be the relevant devolved authority's responsibility.

## Continuing learners resident within devolved authorities with responsibilities for AEB from 1 August 2020

315. We will continue to be responsible for AEB learners that are resident in the North of Tyne combined authority who were in learning prior to 1 August 2020 but did not complete their programme by 31 July 2020.

316. In 2020 to 2021, we will allocate funding for AEB learners that are resident in the North of Tyne combined authority and need to continue in learning beyond 31 July 2020.

317. Your 2020 to 2021 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.

318. We will calculate an actual value for your continuing learners based on your R14 (October 2020) 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.

319. From 2021 to 2022, you must ensure you meet the cost of continuing learners who were in learning prior to 1 August 2020 from within your ESFA funded AEB allocation, as you have always done. Learners that started since the 1 August 2020 will be North of Tyne devolved authority's responsibility.

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

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

321. If more combined authority areas receive devolved AEB beyond 2020 to 2021 then we will operate a similar approach for continuing learners for those areas.

## ESFA funded adult education budget

The AEB continues to be devolved for the 2020 to 2021 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.

At the end of the 2020 to 2021 funding year, we will fund up to 3% of delivery above ESFA AEB allocations.

We do not plan to run growth bidding rounds for ESFA funded AEB in the 2020 to 2021 funding year.

This section excludes performance management arrangements for 19 to 24 traineeships (see paragraphs 353 to 387) and COVID skills offer (see paragraphs 390 to 419).

### Grant funded

322. Your ESFA funded AEB is allocated to you as a grant for 2020 to 2021. We will make payments on the standard national profile as set out in of Table 1 Annex D: Standard national profiles.

323. Your funding agreement will state the maximum amount of ESFA funded AEB provision you can deliver between 1 August 2020 and 31 July 2021. It will also state the maximum value of non-formula funded community learning we will fund (where applicable to you).

324. Your ESFA funded AEB grant allocation can be used to fund new starts and continuing learners for adult skills and for non-formula funded community learning (where applicable to you) and learner support. It cannot be used for 19 to 24 traineeships (see paragraphs 353 to 387) or the COVID-19 skills offer (which includes the Level 3 Adult offer for 24-year-old learners and above, and high value courses for school and college leavers: a one-year skills offer for 18 and 19-year-olds) (see paragraphs 390 to 419).

325. 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. The funding claims must include adult skills, non-formula funded community learning and learner support funding. The funding claims you must provide are set out below but please refer to the [funding claims guidance](#) for details of the:

325.1. mid-year forecast funding claim

325.2. year-end forecast funding claim

325.3. final funding claim

326. At the end of the 2020 to 2021 funding year, where you deliver less than 90% of your ESFA funded AEB grant allocation, we will recover the difference between your actual delivery and 90%. Where your delivery of the overall ESFA funded AEB is 90%

or more of your ESFA funded AEB grant allocation, we will not make an end-of-year adjustment to your allocation and you will not have to pay back any unspent funds. This change is for this year only, the reconciliation threshold will revert to its normal level of 97% for next academic year.

327. Our calculation of whether you have delivered 90% will only include delivery of non-formula funded community learning up to the value specified in your funding agreement (where applicable).

328. If you do not deliver 90% or above, we will confirm the value of funding you must pay back in your reconciliation statement.

329. We will fund up to 3% of delivery above your allocation at the end of the 2020 to 2021 funding year. This means we will fund delivery up to 103% of your ESFA funded AEB grant allocation, subject to you meeting our track-record checks (see paragraph 297). Any delivery you undertake above this level is at your own risk.

330. 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 any amount over the value of your non-formula funded community learning allocation set out in your funding agreement.

331. You cannot request a virement between your AEB grant allocation, your 19 to 24 traineeships or your COVID-19 skills offer allocation.

332. The funding agreements for AEB grant allocations and AEB contract for services remain separate with different payment and performance management arrangements. You cannot transfer funds between the two. Please see the following section of these rules for the arrangements for your AEB contract for services (where applicable to you).

## **Contracts for services**

333. Your ESFA funded AEB contract for services can be used to deliver formula funded new starts and continuing learners for adult skills and learner support. It cannot be used for 19 to 24 traineeships (see paragraphs 353 to 387) or the COVID skills offer (see paragraphs 390 to 419).

334. This is the final year of your contract for services. It will expire on 31 July 2021 and the contract will not be extended again. You must plan your delivery, including any subcontracted delivery, and learners must complete their programme by 31 July 2021. Funding will not be allocated beyond this date.

335. Your funding agreement will state the maximum amount of formula funded adult skills provision and learner support you can deliver between 1 August 2020 and 31 July 2021.

336. We will manage your contract in accordance with [Public Contracts Regulations 2015](#).

337. You must use LDM code 357 (Procured Adult Education Budget (AEB)) to record delivery under this contract when you submit ILR data. Please refer to the [ILR specification](#) for more information about using LDM codes.

338. We will pay for adult skills provision on the basis of your actual delivery each month, 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.

339. We will pay learner support on the standard national profile set out in table 2 of Annex D: Standard national profiles. We will reconcile this funding at the end of the year based on the funding claims you provide. We will recover under-delivery.

340. For learner support 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. The funding claims you must provide are set out below but please refer to the published [funding claims guidance](#) for details of the:

340.1. mid-year forecast funding claim

340.2. year-end forecast funding claim

340.3. final funding claim

341. During the funding year, we will fund delivery up to 103% to each financial year within your funding agreement (see paragraph 301). This is subject to meeting our track record checks (see paragraph 297) 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 103% of your adult skills:

341.1. August 2020 to March 2021 contract value

341.2. April 2021 to July 2021 contract value.

342. At the end of the funding year (at R14), we will fund delivery up to 103% of your adult skills and adult skills learner support funding year contract value. This means we will fund delivery up to 103% of your August 2020 to July 2021 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 297) 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.

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

344. 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.

345. 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 allocation for the remainder of the year by the same percentage we

reduce your year-to-date allocation. We will not change this approach unless there are exceptional circumstances.

346. We will apply the reduction unless:

- 346.1. your actual delivery pattern in 2019 to 2020 is significantly different to the standard national profile
- 346.2. you demonstrate you were impacted by data issues outside of your control
- 346.3. the amount you are below profile is less than £25,000.

347. At the review points, you can request a virement to transfer funds between your adult skills and learner support allocation.

348. Requests must be submitted using our [AEB performance management request form](#) and by the deadlines shown in Annex C: Performance management review. We will not accept any requests received after the deadline. We will not agree a virement if you do not have sufficient funding available. Once a virement has been agreed, we will not reverse it.

349. You cannot request a virement between your AEB contract for service allocation, your 19 to 24 traineeships or your COVID-19 skills offer allocation.

## **Increases to your adult education budget contract value**

350. We will fund delivery up to 103% of your contract value for all providers (subject to you meeting our track record criteria set out in paragraph 297).

351. The ESFA funded AEB is not in scope for increases at the review point.

352. 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).

## 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.

The government has confirmed its support for traineeships through continued and increased investment, and the aspiration for further growth. We have therefore committed to fund 10% of delivery above 2020 to 2021 allocations.

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.

### Grant funded

353. Your 19 to 24 traineeships allocation is an 'of which' of your ESFA funded AEB grant allocation that can only be used to deliver traineeships.

354. Funding for 19 to 24 traineeships learner support is included in your 19 to 24 traineeships allocation.

355. We will make payments on the standard national profile as set out in table 3 of Annex D: Standard national profiles.

356. Your funding agreement will state the maximum amount of traineeships provision you can deliver between 1 August 2020 and 31 July 2021.

357. You must provide 3 funding claims for 19 to 24 traineeships and learner support setting out your actual delivery to date and, where appropriate, provide a forecast for the remainder of the funding year. The funding claims you must provide are set out below but please refer to the [funding claims guidance](#) for details of the:

357.1. mid-year forecast funding claim

357.2. year-end forecast funding claim

357.3. final funding claim

358. At the end of the 2020 to 2021 funding year, where you deliver less than 90% of your 19 to 24 traineeships grant allocation, we will recover the difference between your actual delivery and 90%. Where your delivery of the overall 19 to 24 traineeships is 90% or more of your 19 to 24 traineeships grant allocation, we will not make an end-of-year adjustment to your allocation and you will not have to pay back any unspent funds. This change is for this year only, the reconciliation threshold will revert to its normal level of 97% for next academic year.

359. If you do not deliver 90% or above, we will confirm the value of funding you must pay back in your reconciliation statement.

360. We will fund up to 10% of delivery above your allocation at the end of the 2020 to 2021 funding year. This means we will fund delivery up to 110% of your 19 to 24 traineeships allocation, subject to you meeting our track-record checks (see paragraph 297). Any delivery you undertake above this level is at your own risk.

361. You cannot request a virement between your AEB grant allocation, your 19 to 24 traineeships or your COVID-19 skills offer allocation.

362. The funding agreements for AEB grant allocations and AEB contract for services remain separate with different payment and performance-management arrangements. You cannot transfer funds between the two. Please see the following section of these rules for the arrangements for your AEB contract for services (where applicable to you).

## Contracts for services

363. Your funding agreement will state the maximum amount of 19 to 24 traineeships and learner support you can deliver between 1 August 2020 and 31 July 2021.

364. This is the final year of your contract for services. It will expire on 31 July 2021 and the contract will not be extended again. You must plan your delivery, including any subcontracted delivery, and learners must complete their programme by 31 July 2021. Funding will not be allocated beyond this date.

365. You must use LDM code 357 (Procured Adult Education Budget (AEB)) to record delivery under this contract when you submit ILR data. Please refer to the [ILR specification](#) for more information about using LDM codes.

366. We will pay for 19 to 24 traineeships on the basis of your actual delivery each month, up to your contract value for the financial year. We will calculate the value of your actual delivery using the latest validated ILR data you provide.

367. We will pay 19 to 24 traineeships learner support on the standard national profile set out in table 4 of Annex D: Standard national profiles. We will reconcile this funding at the end of the year based on the funding claims you provide. We will recover under-delivery.

368. For 19 to 24 traineeships learner support 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. The funding claims you must provide are set out below but please refer to the [funding claims guidance](#) for details for the:

368.1. mid-year forecast funding claim

368.2. year-end forecast claim

368.3. final funding claim

369. We will fund delivery up to 110% of your August 2020 to March 2021 19 to 24 traineeships contract value and up to 110% of your April 2021 to July 2021 19 to 24 traineeships contract value. This is subject to meeting our track record checks (see

paragraph 297) and we may recover funds over your contract value if you do not meet the required criteria. Any delivery you undertake above this level is at your own risk.

370. At the end of the funding year (at R14), we will fund delivery up to 110% of your delivery for 19 to 24 traineeships and 19 to 24 traineeships learner support funding year contract value. This means we will fund delivery up to 110% of your August 2020 to July 2021 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 297) and we may recover funds over your contract value if you do not meet the required criteria. Any delivery you undertake above this level is at your own risk.

371. 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.

372. 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.

373. 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 allocation for the remainder of the year by the same percentage we reduce your year-to-date allocation. We will not change this approach unless there are exceptional circumstances.

374. We will apply the reduction unless:

374.1. your actual delivery pattern in 2019 to 2020 is significantly different to the standard national profile

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

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

375. At the review points, set out in Annex C: Performance management review, you can request a virement to transfer funds between your 19 to 24 traineeships and 19 to 24 traineeships learner support allocations.

376. 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. We will not agree a virement if you do not have sufficient funding available. Once a virement has been agreed, we will not reverse it.

377. You cannot request a virement between your 19 to 24 traineeships, your AEB contract for service allocation or your COVID skills offer allocation.

## Increases to 19 to 24 traineeship contract values

378. We will fund delivery of up to 110% at the end of the 2020 to 2021 funding year for all providers (subject to you meeting our track record criteria set out in paragraph 297).

379. 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 Annex D: Standard national profiles.

380. 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:

- 380.1. you have delivered at least 90% of the standard national profile at the review point
- 380.2. you have a good track record (see paragraph 297) including the accuracy of forecasts you have provided in the past (where applicable)
- 380.3. you are not in formal intervention with the ESFA and not under additional conditions of funding or additional contractual obligations
- 380.4. We have agreed you have an exceptional case if you do not meet the criteria at paragraphs 380.1 to 380.3. 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

381. We will calculate additional increases for providers who meet the criteria set out in paragraph 380 using a nationally consistent formulaic calculation based on performance, maximum growth limits and affordability (not through a provider bidding/business case approach).

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

<b>Initial 2020 to 2021 allocation</b>	<b>Maximum growth for 2020 to 2021 funding year</b>
Up to £125,000	£25,000
More than £125,000	20% of your initial allocation

383. Increases are subject to there being sufficient budget available at the review point.

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

385. 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.

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

387. 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.

## Requesting a 19 to 24 traineeship allocation for the first time

388. At the review points, you can request a 19 to 24 traineeship allocation for the first time if you have a 2020 to 2021 AEB contract and have not been issued with a 2020 to 2021 traineeships allocation because you have not delivered traineeships historically.

389. Requests must be submitted using our [AEB performance management requests form 2020 to 2021](#) by the deadline shown in Annex C: Performance management review. We will not accept any requests received after the deadline or submitted to a different email address. The maximum allocation you can apply for is £25,000 for the entire 2020 to 2021 funding year. 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.

## COVID-19 skills offer

The funding for this offer 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:

- high value courses - one-year skills offer for 19-year-old learners
- National Skills Fund - level 3 adult offer for 24-year-old learners and above

For more information on level 3 adult offer for 19 to 23-year-old learners please see paragraphs 308 to 312.

Please note that end of year reconciliation threshold has not been lowered for this offer.

## Grant Funded

390. Your COVID-19 skills offer allocation is an 'of which' of your ESFA funded AEB grant allocation that can only be used to deliver:

- 390.1. high value courses for school and college leavers

390.2. National Skills Fund - level 3 adult offer for 24-year-old learners and above

391. Your 2020 to 2021 AEB allocation statement will show as separate figures and we expect you to utilise the additional funding in accordance with those values.

392. Funding for learner support and learning support is included in your COVID skills offer allocation. We will make payments on the standard national profile as set out in Table 3 of Annex D: Standard national profiles.

393. For high value courses for school and college leavers:

393.1. your allocation is for one-year only from 1 August 2020 to 31 July 2021

393.2. Additional funding will not be consolidated into your 2021 to 2022 allocation

393.3. Learners must start their programme before 1 August 2021 and must complete it by 31 March 2022. Where learners do not complete their programme by 31 July 2021, you must use your AEB adult skills allocation for 2021 to 2022 to fund the remainder of their programme. Funding allocated will not be consolidated into your allocation beyond 31 July 2021

393.4. You must use LDM code 376 to record delivery when you submit ILR data. Please refer to the [ILR specification](#) for more information about using LDM codes

394. For National Skills Fund - level 3 offer for 24-year-old learners and above:

394.1. your allocation is for part of the funding year from 1 April 2021 to 31 July 2021

394.2. 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

395. 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. The funding claims you must provide are set out below but please refer to the [funding claims guidance](#) for details of the:

395.1. mid-year forecast funding claim

395.2. year-end forecast funding claim

395.3. final funding claim

396. At the end of the 2020 to 2021 funding year we will apply a 3% reconciliation tolerance. Where your delivery of the COVID-19 skills offer is at least 97% of your allocation, we will not make a year-end adjustment to your allocation and you will not have to pay back any unspent funds.

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

398. At the end of the 2020 to 2021 funding year (R14) we will fund delivery up to 150% of your August 2020 to July 2021 contract value. We expect you to utilise the tolerance for National Skills Fund - level 3 offer for 24-year-old learners and above. This is not guaranteed and is subject to affordability and you meeting our track-record checks (see paragraph 297). Any delivery you undertake above this level is at your own risk and will not be paid.

399. You cannot request a virement between your AEB grant allocation, your 19 to 24 traineeships or your COVID-19 skills offer allocation.

400. The funding agreements for AEB grant allocations and AEB contract for services remain separate with different payment and performance-management arrangements. You cannot request a virement of funds between the two. Please see the following section of these rules for the arrangements for your AEB contract for services (where applicable to you).

## **Contracts for services**

401. Your COVID- 19 skills offer allocation is an 'of which' of your ESFA funded AEB contract for service allocation that can only be used to deliver:

401.1. High value courses for school and college leavers

401.2. National Skills Fund - Level 3 offer for 24-year-old learners and above

402. Your 2020 to 2021 AEB allocation statement will show as separate figures and we expect you to utilise the additional funding in accordance with those values.

403. Where applicable, we have apportioned some of your allocation for learner support.

404. Your funding agreement will state the value of COVID-19 skills offer provision you can deliver between 1 August 2020 and 31 July 2021.

405. We will manage your contract in accordance with [Public Contracts Regulations 2015](#).

406. For high value courses for school and college leavers:

406.1. Your allocation is for one-year only from 1 August 2020 to 31 July 2021

406.2. Learners must complete their programme by 31 July 2021. Funding will not be allocated beyond 31 July 2021

406.3. You must use LDM codes 357 (Procured Adult Education Budget (AEB)) and 394 to record delivery under this contract when you submit ILR data. Please refer to the ILR specification for more information about using LDM codes

407. For National Skills Fund - level 3 offer for 24-year-old learners and above:

407.1. Your allocation is for part of the funding year from 1 April 2021 to 31 July 2021

- 407.2. Learners must complete their programme by 31 July 2021. Funding will not be allocated beyond 31 July 2021
- 407.3. You must use LDM codes 357 (Procured Adult Education Budget (AEB)) and 378 to record delivery under this contract when you submit ILR data. Please refer to the ILR specification for more information about using LDM codes

408. We will pay for the COVID-19 skills offer on the basis of your actual delivery each month, up to your contract value for the financial year. We will calculate the value of your actual delivery using the latest validated ILR data you provide.

409. You can use your adult skills learner support for the COVID-19 skills offer (see paragraph 243) We will reconcile this funding at the end of the year based on the funding claims you provide. We will recover under-delivery.

410. At the end of the 2020 to 2021 funding year (R14) we will fund delivery up to 150% of your August 2020 to July 2021 contract value. We expect you to utilise the tolerance for National Skills Fund - Level 3 offer for 24-year-old learners and above. This is not guaranteed and is subject to affordability and you meeting our track-record checks (see paragraph 297). Any delivery you undertake above this level is at your own risk and will not be paid.

411. At the 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.

412. 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.

413. 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 allocation for the remainder of the year by the same percentage we reduce your year-to-date allocation. We will not change this approach unless there are exceptional circumstances.

414. We will apply the reduction unless:

- 414.1. your actual delivery pattern in 2019 to 2020 is significantly different to the standard national profile
- 414.2. you demonstrate you were impacted by data issues outside of your control
- 414.3. the amount you are below profile is less than £25,000

415. You cannot request a virement between your 19 to 24 traineeships, your AEB contract for service allocation or your COVID-19 skills offer allocation.

416. Learners must complete their programme by 31 July 2021. Funding will not be allocated beyond 31 July 2021.

## **Increases to COVID-19 skills offer contract values**

417. At the end of the year, we will fund delivery up to 150% of your contract value (subject to sufficient budget and you meeting our track record criteria set out in paragraph 297). We expect you to utilise this tolerance for National Skills Fund - level 3 offer for 24-year-old learners and above. Any delivery you undertake above this level is at your own risk and will not be paid.

418. 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 at the review point set out in Annex C: Performance management review (not through a provider bidding/business case approach).

419. 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.

## **Requesting a COVID-19 skills offer allocation**

420. We will not accept requests for additional funding for the COVID-19 skills offer. This is additional funding allocated based on historic delivery.

## **19 to 24 traineeships 2020 procurement**

Following the publication of the government's Plan for Jobs, the ESFA ran a procurement process to enable providers to access adult education budget (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 and you were awarded a new contract for services to deliver traineeships from February 2021.

This is a separate contract to existing AEB grant allocations and contracts for services. Contracts for services will expire 31 July 2021.

421. Your funding agreement will state the maximum amount of 19 to 24 traineeships 2020 procurement and learner support you can deliver between 1 February 2021 and 31 July 2021.

422. The initial funding period will span 2 financial years:

422.1. February 2021 to March 2021: periods 7 to 8 of the 2020 to 2021 funding year

422.2. April 2021 to July 2021: periods 9 to 12 of the 2020 to 2021 funding year

423. We will allocate funding for the 2021 to 2022 funding year in Spring 2021.

424. You must use LDM code 377 (19-24 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.

425. We will pay for 19 to 24 traineeships 2020 procurement on the basis of your actual delivery each month, up to your contract value for the financial year. We will calculate the value of your actual delivery using the latest validated ILR data you provide.

426. We will pay 19 to 24 traineeships 2020 procurement learner support on the standard national profile which will be set out in Table 4 of Annex D: Standard national profiles. We will reconcile this funding at the end of the year based on the funding claims you provide. We will recover under-delivery.

427. For 19 to 24 traineeships 2020 procurement learner support you must provide 2 funding claims setting out your actual delivery to date and, where appropriate, provide a forecast for the remainder of the funding year. The funding claims you must provide are set out below but please refer to the [funding claims guidance](#) for details for the:

427.1. year-end forecast claim

427.2. final funding claim

428. We will fund delivery up to 110% of your February 2021 to March 2021 19 to 24 traineeships 2020 procurement contract value and up to 110% of your April 2021 to July 2021 19 to 24 traineeships 2020 procurement contract value. This is subject to meeting our track record checks (see paragraph 297) and we may recover funds over your contract value if you do not meet the required criteria. Any delivery you undertake above this level is at your own risk.

429. At the end of the funding year (at R14), we will fund delivery up to 110% of your delivery for 19 to 24 traineeships 2020 procurement and 19 to 24 traineeships 2020 procurement learner support funding year contract value. This means we will fund delivery up to 110% of your February 2021 to July 2021 contract value. We will take into account payments already made. This is subject to meeting our track record checks (see paragraph 297) and we may recover funds over your contract value if you do not meet the required criteria. Any delivery you undertake above this level is at your own risk.

430. This funding agreement remains separate from AEB grant allocations and AEB contract for services with different payment and performance-management arrangements. You cannot transfer funds between the two.

431. You cannot request a virement between your 19 to 24 traineeships, your AEB contract for service allocation or your COVID-19 skills offer allocation.

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

432. We have committed to fund over-delivery of up to 10% for all providers (subject to you meeting our track record criteria set out in paragraph 297).

433. We do not anticipate there being any opportunities to increase traineeships funding in the 2020 to 2021 funding year. However, we will review performance in May 2021 and may realign allocations for providers who are performing well or are significantly underperforming. Increases are subject to affordability and we will only be able to offer additional funding to good performers if the funding made available to redistribute from under performance is enough to make a material difference to individual provider contracts.

434. It is important that you make timely and accurate data returns as this will help us to ensure your allocation is set at the correct level.

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

435. 16 to 18 traineeships are subject to the funding rules and audit requirements set out in the [16 to 19 funding guidance for 2020 to 2021](#). 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.

436. 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.

437. Your 2020 to 2021 funding agreement or contract will state the maximum value of 16 to 18 traineeships you can deliver, including any discretionary bursary funding.

438. Your contract will span 2 financial years:

438.1. August 2020 to March 2021: periods 1 to 8 of the 2020 to 2021 funding year

438.2. April 2021 to July 2021: periods 9 to 12 of the 2020 to 2021 funding year

439. We will pay you on the basis of your actual delivery each month 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.

440. We will fund delivery up to 110% of your August 2020 to March 2021 16 to 18 traineeships contract value and up to 110% of your April 2021 to July 2021 16 to 18 traineeships contract value. This is subject to meeting our track record checks (see paragraph 297) and we may recover funds over your contract value if you do not meet the required criteria. Any delivery you undertake above this level is at your own risk.

441. At the end of the funding year (at R14), we will fund delivery up to 110% of your delivery for 16 to 18 traineeships and 16 to 18 traineeships learner support funding year contract value. This means we will fund delivery up to 110% of your August 2020 to July 2021 contract value. We will take into account payments already made. This is subject to meeting our track record checks (see paragraph 297) and we may recover funds over your contract value if you do not meet the required criteria. Any delivery you undertake above this level is at your own risk.

442. 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.

443. 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.

444. 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 allocation for the remainder of the year by the same percentage we reduce your year-to-date allocation by. We will not change this approach unless there are exceptional circumstances.

445. We will apply the reduction unless:

- 445.1. your actual delivery pattern in 2019 to 2020 is significantly different to the standard national profile
- 445.2. you demonstrate you were impacted by data issues outside of your control
- 445.3. the amount you are below profile is less than £25,000

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

446. We will fund delivery of up to 110% at the end of the 2020 to 2021 funding year for all providers (subject to you meeting our track record criteria set out in paragraph 297).

447. 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:

- 447.1. you have delivered at least 90% of the standard national profile at the review point (this does not apply for the October review point)
- 447.2. you have a good track record (see paragraph 297) including the accuracy of forecasts you have provided in the past (where applicable)
- 447.3. you are not under notice for inadequate inspection or financial control
- 447.4. you are not in formal intervention with the ESFA and not under additional conditions of funding or additional contractual obligations
- 447.5. we have agreed you have an exceptional case if you do not meet the criteria at paragraphs 447.1 to 447.4. 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

448. We will calculate additional increases for providers who meet the criteria set out in paragraph 447 using a nationally consistent formulaic calculation based on performance, maximum growth limits and affordability (not through a provider bidding/business case approach).

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

<b>Initial 2020 to 2021 allocation</b>	<b>Maximum growth for 2020 to 2021 funding year</b>
Up to £125,000	£25,000
More than £125,000	20% of your initial allocation

450. Increases are subject to there being sufficient budget available at the review point.

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

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

453. 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.

454. 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.

### **Requesting a 16 to 18 traineeship allocation for the first time**

455. We will provide more information on how you can request a 16-18 traineeship allocation for the first time in due course.

## Annex A: eligibility for funding

The [residency eligibility section](#) determines how eligibility to be ESFA funded can depend upon citizenship within the European Union (EU) or the European Economic Area (EEA). This annex details which countries will meet the residency requirements detailed in paragraph 35.

### Countries or areas where residency establishes eligibility for our funding

- a) Member states of the EU.

You can access a list of member states on the [EU website](#).

- b) Other territories categorised as being within the EU.

Other territories are categorised as being within the EU for the purposes of the fees regulations. These are:

**Cyprus:** any Cypriot national living on any part of the island qualifies for EU residency and is considered an EU national

**Finland:** includes the Aland Islands

**France:** the French Overseas Department (DOMS) (Guadeloupe, Martinique, French Guiana (Guyana), Reunion and Saint-Pierre et Miquelon) is part of metropolitan France and is part of the EU

**Germany:** includes the former German Democratic Republic and the tax-free port of Heligoland

**Portugal:** Madeira and the Azores are part of the EU; Macau is not

**Spain:** the Balearic Islands, the Canary Islands, Ceuta and Melilla are part of the EU

**United Kingdom:** Gibraltar is part of the territory of the EU

**To note:** The Channel Islands and Isle of Man are part of the United Kingdom and Islands but not part of the EU.

Andorra, Monaco, San Marino and the Vatican are not part of the EU.

- c) EEA and eligible overseas dependent territories.

For funding eligibility purposes, this is defined as all member states of the EU and Iceland, Liechtenstein, Switzerland, Norway and all the eligible British Overseas Territories and EU overseas territories listed in paragraph d) below.

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.

d) Eligible overseas territories of other British and EU member states.

Learners who are nationals of certain British Overseas Territories and of certain European overseas territories are eligible for funding, depending on the 3-year rule on residence in the EEA. These are as follows:

- Anguilla Bermuda
- British Antarctic Territory
- British Indian Ocean Territory
- British Virgin Islands
- Cayman Islands
- Falkland Islands Henderson Island Montserrat
- Pitcairn, Ducie and Oeno Islands
- South Georgia and the South Sandwich Isles
- St Helena and its dependencies
- Turks and Caicos Islands Greenland and Faroe Isles
- Antilles (Bonaire, Curacao, Saba, St Eustatius and St Maarten) Aruba
- New Caledonia and its dependencies French Polynesia
- Saint Barthélemy
- The Territory of Wallis and Futuna Islands Mayotte
- French Southern and Antarctic Territories

## 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

Adult education budget, 19 to 24 traineeships and 16 to 18 traineeships review point, tolerances and minimum thresholds

	<b>October review point (increases and new requests)</b>	<b>December review point (increases and reductions)</b>
Funding in scope for growth (increases calculated by ESFA, no growth form)	<ul style="list-style-type: none"> <li>• 19 to 24 traineeships</li> <li>• 16 to 18 traineeships</li> </ul>	<ul style="list-style-type: none"> <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>
Virements that can be requested	<ul style="list-style-type: none"> <li>• between your 19 to 24 traineeships and 19 to 24 traineeships learner support allocations (contract for service providers)</li> </ul>	<ul style="list-style-type: none"> <li>• between your adult skills and learner support allocations (contract for service providers)</li> <li>• between your 19 to 24 traineeships and 19 to 24 traineeships learner support allocations (contract for service providers)</li> </ul>
Tolerance for under-delivery	Not applicable	5% of cumulative profile to November
Lower threshold for contract value adjustments	Not applicable	£25,000
Virement, exception case and first time request form published	15 September 2020	24 November 2020
Virement, exception case and first time request form to be received by	29 September 2020	8 December 2020
Delivery information using the latest validated ILR data you provide	7 October 2020 (R02 data return) and (2019 to 2020 R12 data return)	4 December 2020 (R04 data return)
Providers told the outcome by	23 October 2020	11 January 2021

## Annex D: Standard national profiles

The following table refers to P1 to P12. These represent the funding year periods where P1 is August and P12 is July.

**Table 1: AEB grant standard national profile**

We will use these for performance-management.

	<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>
AEB block grant (including community learning)	14.40%	8.56%	8.65%	7.06%	5.67%	7.42%	5.38%	5.34%	12.75%	10.26%	8.74%	5.77%
<i>AEB block grant cumulative profile</i>	14.40%	22.96%	31.61%	38.67%	44.34%	51.76%	57.14%	62.48%	75.23%	85.49%	94.23%	100.00%
19 to 24 traineeships	14.40%	8.56%	8.65%	7.06%	5.67%	7.42%	5.38%	5.34%	12.75%	10.26%	8.74%	5.77%
<i>19 to 24 traineeships cumulative profile</i>	14.40%	22.96%	31.61%	38.67%	44.34%	51.76%	57.14%	62.48%	75.23%	85.49%	94.23%	100.00%
COVID-19 skills offer	14.40%	8.56%	8.65%	7.06%	5.67%	7.42%	5.38%	5.34%	12.75%	10.26%	8.74%	5.77%
<i>COVID-19 skills offer cumulative profile</i>	14.40%	22.96%	31.61%	38.67%	44.34%	51.76%	57.14%	62.48%	75.23%	85.49%	94.23%	100.00%

**Table 2: AEB contract for service standard national profile - We will use these for performance-management.**

	<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>
Adult skills	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>Adult skills cumulative profile</i>	<i>7.93%</i>	<i>17.07%</i>	<i>26.51%</i>	<i>35.05%</i>	<i>41.72%</i>	<i>50.19%</i>	<i>58.57%</i>	<i>67.05%</i>	<i>75.37%</i>	<i>82.84%</i>	<i>91.47%</i>	<i>100.00%</i>
Learner support	50.00%	0.00%	0.00%	0.00%	0.00%	25.00%	0.00%	0.00%	25.00%	0.00%	0.00%	0.00%
<i>Learner support cumulative profile</i>	<i>50.00%</i>	<i>50.00%</i>	<i>50.00%</i>	<i>50.00%</i>	<i>50.00%</i>	<i>75.00%</i>	<i>75.00%</i>	<i>75.00%</i>	<i>100.00%</i>	<i>100.00%</i>	<i>100.00%</i>	<i>100.00%</i>
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>19 to 24 traineeships cumulative profile</i>	<i>7.93%</i>	<i>17.07%</i>	<i>26.51%</i>	<i>35.05%</i>	<i>41.72%</i>	<i>50.19%</i>	<i>58.57%</i>	<i>67.05%</i>	<i>75.37%</i>	<i>82.84%</i>	<i>91.47%</i>	<i>100.00%</i>
19 to 24 traineeships learner support	50.00%	0.00%	0.00%	0.00%	0.00%	25.00%	0.00%	0.00%	25.00%	0.00%	0.00%	0.00%
<i>19 to 24 traineeships learner support cumulative profile</i>	<i>50.00%</i>	<i>50.00%</i>	<i>50.00%</i>	<i>50.00%</i>	<i>50.00%</i>	<i>75.00%</i>	<i>75.00%</i>	<i>75.00%</i>	<i>100.00%</i>	<i>100.00%</i>	<i>100.00%</i>	<i>100.00%</i>
COVID-19 skills offer	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>COVID-19 skills offer cumulative profile</i>	<i>7.93%</i>	<i>17.07%</i>	<i>26.51%</i>	<i>35.05%</i>	<i>41.72%</i>	<i>50.19%</i>	<i>58.57%</i>	<i>67.05%</i>	<i>75.37%</i>	<i>82.84%</i>	<i>91.47%</i>	<i>100.00%</i>

**Table 3: 16 to 18 traineeship standard national profile**

We will use these for performance-management.

	<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%
16 to 18 traineeships cumulative profile	8.30%	16.60%	24.90%	33.20%	41.50%	49.80%	58.10%	66.45%	74.85%	83.25%	91.65%	100.00%

**Table 4: 19 to 24 traineeships 2020 procurement standard national profile**

We will use these for performance-management.

	<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	16.82%	17.02%	16.70%	15.00%	17.33%	17.13%
19 to 24 traineeships cumulative profile	16.82%	33.84%	50.54%	65.54%	82.87%	100.00%
19 to 24 traineeships learner support	21.36%	21.64%	14.39%	12.93%	14.93%	14.75%
19 to 24 traineeships learner support cumulative profile	21.36%	43.00%	57.39%	70.32%	85.25%	100.00%

## Annex E: Performance management overview

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

### Grant agreement

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?
Adult skills (69322 to 332)	<ul style="list-style-type: none"> <li>• Adult Skills programme funding (including learning support)</li> <li>• Sector-based Work Academy Programme</li> <li>• Adult Skills learner support</li> <li>• Community Learning</li> </ul>	Monthly profile payments using the standard national profile	N/A <sup>1</sup>	No	If you deliver less than 90% of your allocation at the end of the year (excluding community learning over delivery), you will need to repay under-delivery below the 90%	At end of the year will pay up to 3% of delivery above your contract value (excluding community learning over delivery)
19-24 traineeships (69353 to 362)	<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	N/A	Yes, at review points we will offer growth to providers, through a formulaic calculation, who meet the criteria	If you deliver less than 90% of your allocation at the end of the year, you will need to repay under-delivery below the 90%	At end of the year will pay up to 10% of delivery above your contract value
COVID-19 skills recovery	<ul style="list-style-type: none"> <li>• High value courses for school and college leavers (including learning support)</li> <li>• National Skills Fund Level 3 adult offer for 24 years old and over (including learning support)</li> </ul>	Monthly profile payments using the standard national profile	N/A	No	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 50% 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 contract for services

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?
Adult skills (69322 to 332)	<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> </ul>	Monthly in arrears using actuals submitted via ILR	Cost neutral virements to adult skills learner support only	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 <sup>1</sup>
Adult skills (69322 to 332)	<ul style="list-style-type: none"> <li>• Adult Skills learner support</li> </ul>	Monthly on profile using the standard national profile	Cost neutral virements to adult skills programme only	No	If you deliver less than 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 3% of delivery above your contract value <sup>1</sup>
19-24 traineeships (69353 to 362)	<ul style="list-style-type: none"> <li>• 19 to 24 Traineeships programme funding (including learning support)</li> </ul>	Monthly in arrears using actuals submitted via ILR	Cost neutral virements to 19-24 traineeships learner support only	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 <sup>2</sup>

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?
19-24 traineeships (69353 to 362)	<ul style="list-style-type: none"> <li>19 to 24 Traineeships learner support</li> </ul>	Monthly on profile using the standard national profile	Cost neutral virements to 19-24 traineeships programme only	No	If you deliver less than 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>2</sup>
COVID skills recovery	<ul style="list-style-type: none"> <li>High value courses for school and college leavers</li> <li>National Skills Fund Level 3 adult offer for 24 years old and over</li> </ul>	Monthly in arrears using actuals submitted via ILR	No	No	No	At end of the year will pay up to 50% of delivery above your contract value

<sup>1</sup> Over delivery at the end of the year will be based on the total of Adult Skills programme funding (including learning support) and Adult Skills learner support

<sup>2</sup> Over delivery at the end of the year will be based on the total of 19 to 24 Traineeships programme funding (including learning support) and 19 to 24 Traineeships learner support

## Procured Traineeships 2020 contract for services

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?
19-24 traineeships (421 to 434)	19 to 24 Traineeships programme funding (including learning support)	Monthly in arrears using actuals submitted via ILR	cost neutral virements to 19-24 traineeships learner support only	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) <sup>1</sup>
19-24 traineeships (421 to 434)	19 to 24 Traineeships learner support	Monthly on profile using the standard national profile	Cost neutral virements to 19-24 traineeships programme only	No	If you deliver less than your allocation at the end of the year, you will need to repay all your under delivery	At end of the year will pay up to 10% of delivery above your contract value <sup>1</sup>

<sup>1</sup> Over delivery at the end of the year will be based on the total of 19 to 24 Traineeships programme funding (including learning support) and 19 to 24 Traineeships learner support

## 16-18 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?
16-18 traineeships (435 to 455)	<ul style="list-style-type: none"> <li>• 16-18 Traineeships Programme Funding</li> <li>• 16-18 Traineeships Bursary (EAS)</li> </ul>	Monthly in arrears using actuals submitted via ILR and EAS	N/A	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
Continuers	Learners who commenced learning in a previous funding year and remain in learning as of 1 August 2020
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
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
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
Flexible element	Within a traineeship, the elements that sit alongside the core elements to form the qualification

Term	Description
Full level 2	<p>The following qualifications are designated full at level 2:</p> <ul style="list-style-type: none"> <li>• General Certificate of Secondary Education in five 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	<p>The following qualifications are designated full at level 3, a:</p> <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 four 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 (FFI)	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="#">2020 to 2021 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
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

Term	Description
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
The Hub	<a href="#">The Hub</a> provides online services including the return of your Individualised Learner Record (ILR) and completed EAS. You can also search all learning aims, components of qualifications, apprenticeship frameworks and standards along with their validity and funding details
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
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
Learning aim	Statements that describe the overarching intentions of a course

Term	Description
Learning aim reference	The unique eight-digit code used to identify a specific learning aim
Learning delivery monitoring (LDM)	A code used as part of the Individualised Learner Record (ILR) to indicate participation in programmes or initiatives
Learning planned end date	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="#">the Hub</a>
Low wage threshold	<p>The threshold of £17,004 as an annual gross salary, is based on the National Living Wage (25 and over hourly rate) of £8.72, on the assumption of a 37.5-hour contract with paid statutory holiday entitlement (therefore, £8.72 multiplied by 37.5 hours per week, multiplied by 52 weeks per year). The 25 and over hourly rate of £8.72 comes into force in April 2020 and is updated each year. Providers will need to check they are applying the correct rate following the annual change in April.</p> <p>In the Chancellor's <a href="#">Spending Review speech</a> published November 2020, there was reference to increasing the National Living Wage to £8.91 an hour. This will make the low wage threshold £17,374.50 from the 1 April 2021. More information on the <a href="#">National Living Wage</a> is available</p>
Nationally funded providers	<p>Ministers have agreed that <a href="#">4 providers will remain funded nationally</a> for a transitional period of 2 further funding years (2019 to 2020 and 2020 to 2021). They are:</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="#">2019 to 2020 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>• 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 2019 to 2020

We have highlighted the main changes made in this document compared to the final version we published for 2019 to 2020 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 section and relevant paragraphs in <a href="#">section 1</a> and <a href="#">2</a>	Devolution of adult education functions – <a href="#">Page 8, 9</a> and 27.2	We have updated these sections to include the Order made for the transfer of education functions and associated budget to Newcastle upon Tyne, North Tyneside and Northumberland Combined Authority
Introduction and purpose of the document	22	Contact details have been updated and now includes an <a href="#">enquiry form</a>
Principles of funding	24.3	Inserted reference to ‘high value courses for school and college leavers’
Who we will fund	28	The devolution postcode checker for learner residency has been linked to paragraph 28
Individuals with certain types of immigration status and their family members	43	Additional text has been added by the Home Office to clarify evidence for immigration permission
Individuals who are not eligible for funding	54	Removed Fees and Awards Regulations 2007 as it is not necessary to reference
Fees and charging	66	Paragraph was added in draft and after consultation received, we removed this paragraph so we can undertake further consultation with providers
Breaks in learning – response to coronavirus (COVID-19)	77 and 78	New section added from the coronavirus (Covid-19) FE Operational guidance that is being continued for 2020 to 2021

Section	Paragraph	Change
What we will not fund	79.6	We have made it clear that legacy GCSE grade C or higher is the equivalent of a grade 4 or higher under the new grading scheme
Subcontracting	83 - 117	Changes have been made to this section following our consultation earlier this year regarding reforms to subcontracting arrangements. We have clarified what needs to be published on a provider's website and in line with the consultation further changes will be made next year
Evidence	123	We have removed all references to 'learner file' and replaced them with 'evidence pack' for accuracy. Minor drafting changes have been made for clarity and has not changed policy
Level 3 adult offer and the level 3 legal entitlement	152	This section has been added to reflect the new level 3 adult offer
Government contribution table	<a href="#">Page 36</a>	This table has been updated to reflect the new level 3 adult offer
Unemployed definition	159.3, 160.1 and 160.2  159 and 160	We have updated these paragraphs in line with the definition. For clarity, references to 'earned income' have been replaced with 'take-home pay'.  These paragraphs have been updated to reflect changes to the Universal Credit threshold
Learners in receipt of low wage	161.2	The National living wage has been increased to £17,374.50 as outlined in the Chancellor's spending review speech published November 2020.
Sector-based Work Academy Programme	161 and 162	Added as part of the wider coronavirus (COVID-19) skills package – DWP led scheme 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. Pre-employment training component can be funded by AEB

<b>Section</b>	<b>Paragraph</b>	<b>Change</b>
High value courses: One Year Skills offer for 18- and 19-year-olds	<a href="#">Page 39</a>	Added as part of the wider COVID-19 skills recovery package – this is a one-year high value course skills offer developed to support school and college leavers aged 19 to 21 August within the 2020 to 2021 funding year.
High value courses: One Year Skills offer for 18- and 19-year-olds	<a href="#">Page 39</a>	Confirmation that when qualifications are added to the funding eligibility list, they will become eligible for funding from that date.
High value courses: One Year Skills offer for 18- and 19-year-olds	167	You must not claim for ESFA AEB funding where learners are already being funded through an ALL for qualifications that are in the 18- and 19-year-olds offer.
National Skills Fund – level 3 adult offer	<a href="#">Page 40</a>	Added as part of the Lifetime Skills Guarantee offer
National Skills Fund – level 3 adult offer	<a href="#">Page 40</a>	Confirmation that when qualifications are added to the funding eligibility list, they will become eligible for funding from that date.
National Skills Fund – level 3 adult offer	171	You must not claim for ESFA AEB funding where learners are already being funded through an ALL for qualifications that are in the 18- and 19-year-olds offer.
Full level 2 and English and maths for those aged 19 or older	173.1 and 190	We have made it clear that legacy GCSE grade C or higher is the equivalent of a grade 4 or higher under the new marking scheme
Full level 3	166	No policy changes have been made this paragraph has been revised for clarity
Approved qualifications	180	This paragraph has been added to clarify your role where you deliver eligible qualifications and/or their components
Digital Entitlement for those aged 19 and over	197 - 200	The addition of new rules for the Information technology ('digital') skills entitlement
Individuals aged 24 or older	203.2	This paragraph has been added to reflect the level 3 adult offer
English for speakers of other languages (ESOL)	207	Paragraph added to clarify that we will fund ESOL learning up to and including level 2

<b>Section</b>	<b>Paragraph</b>	<b>Change</b>
Learning support	236	Paragraphs revised for claiming learning support, referencing evidence kept on learner file for any extra costs over the monthly fixed rate
Learning support	235- 238	This section has been strengthened for the use of the ILR and EAS to claim learning support costs.
Learner support	245.7	Paragraph revised for using ALL bursary fund and Learner support
Learner support	253	Paragraphs revised for residential support funding
Learner support	243 - 258	This section has been updated in response to coronavirus (COVID-19) - to enable providers to use Learner Support funds to purchase IT devices for learners and to help them meet learners' IT connectivity costs
Traineeships	Section 3	This section has been updated in response to government's announcements to expand the number of traineeship places available through "A Plan for jobs 2020".
Section 4 Performance Management	292	New paragraph added to provide assurance that growth or increases are not guaranteed and dependant on budget availability
	Page 61	The information box has been updated to show the lowering of the reconciliation threshold for ESFA grant funded AEB adult skills providers.
	326	Reconciliation thresholds information has been updated for grant funded providers.
	Page 65	Addition of Sector-based Work Academy Programme and new section for High Value courses for college and school leavers: skills offer one year for 18- and 19-year-olds
	358	Reconciliation thresholds information has been updated for grant funded providers of 19 to 24 traineeships.

Section	Paragraph	Change
	Page 77	Addition of 19 to 24 traineeships 2020 procurement. This is following government announcement for traineeship procurement through the 'A plan for jobs 2020'
	Annex C: Performance management review	We have reduced the number of performance management reviews we will operate
	316 to 321	Change to how ESFA will support and fund continuing learners that started prior to devolution in a devolved authority for future years. Also made clearer the arrangements for continuing learners for those that devolve in later years
	Annex E: Summary of performance management arrangements	For clarity annex added to provide a summary of the performance management arrangement by contract type and allocation line
	Annex E: Summary of performance management arrangements	Grant agreement table has been updated to reflect the new under-delivery arrangements.



Education & Skills  
Funding Agency

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