

SCHEDULE 2: SPECIFICATION & MONITORING

DWP ADULT SKILLS FUND SPECIFICATION (GRANTS)

Definitions

Term	Definition
“Adult Skills Fund”	means the DWP Adult Skills Fund (“ASF”) which combines all 19+ DWP participation and support funding that is not Advanced Learner Loans or Apprenticeships.
“Agreement Allocation”	means the value of Funding allocated to the Provider under this Agreement and as set out in the Provider’s Funding Offer Letter.
“DWP ASF Funding Rules”	means Adult skills fund: funding rules - GOV.UK
“DWP ASF Funding Rates and Formula”	means Adult skills fund: funding rates and formula - GOV.UK
“Exceptional Learning Support”	means 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. The Provider must submit a claim form for Exceptional Learning Support as detailed at Exceptional learning support – cost form - GOV.UK (This link will be replaced with the 2026 to 2027 form once it is published).
“Find a learning aim”	means Find a learning aim
“Free courses for jobs”	means Free courses for jobs - GOV.UK
“Funding Claims & Reconciliation Guidance”	means Funding claims and reconciliation - GOV.UK (This link will be replaced with the 2026 to 2027 guide once it is published).

Term	Definition
“Innovative Provision”	means A flexibility that enables eligible providers to earn up to 3% of their DWP ASF allocation on the development of innovative provision. The purpose of this flexibility is to encourage local innovation and to support eligible providers to be able to develop new provision, in partnership with local employers and others.
“Learning Support”	means Funding to enable providers to put in place a reasonable adjustment, set out in the Equality Act 2010, for Learners with an identified learning difficulty and/or disability to achieve their learning goal.
“Local Skills Improvement Plan”	means Local Skills Improvement Plans and Employer Representative Bodies - GOV.UK
“matrix Standard”	means Main home - The matrix Standard
“Provision”	means general, technical, and non-regulated learning as defined in the DWP ASF Funding Rules and associated documents.
“Qualifications”	means either those from the Regulated Qualifications Framework (“RQF”) or an Access to Higher Education Diploma recognised and regulated by the Quality Assurance Agency (“QAA”).
“Tailored Learning”	means Provision 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.

1. Background to reforms to ASF, changes to Department responsibilities and transfer of this Agreement by the Department

- 1.1. On 16 September 2025 a number of changes were introduced as part of the UK Government's reforms to, amongst other things, adult skills. Those changes are reflected in this Agreement and include:
 - 1.1.1. the transfer of certain responsibilities relating to the ASF from the Department for Education to the Department for Work and Pensions;
 - 1.1.2. the creation of a new Agency, Skills England, under the control of the Department for Work and Pensions;
 - 1.1.3. the continuing provision of the Apprenticeship Service by the Department for Education.
- 1.2. The Parties acknowledge that pursuant to a Written Ministerial Statement dated 16 September 2025, the Department for Education and the Department for Work and Pensions share ministerial responsibilities for adult skills and the ASF with effect from that date. Accordingly, the Department for Education and the Department for Work and Pensions are collaborating regarding their shared responsibilities for adult skills and the ASF, and the Department may, during the Agreement Period, serve notice to the Provider of any changes required to ensure the effective administration of this Agreement and the ASF and in such circumstances references to "Department" in this Agreement shall mean the Secretary of State for Education acting through the Department for Education or the Secretary of State for Work and Pensions acting through the Department for Work and Pensions, as may be applicable.

Summary of Service

1. The Service will support people aged 19 and over to undertake general, technical, and/or non-regulated learning with the aim to engage adults and provide the skills and learning they need to equip them for work, an Apprenticeship or other learning.
2. DWP ASF supports delivery of:
 - a. four legal entitlements to full funding for eligible Learners:
 - i. English and maths, up to and including level 2, for individuals aged 19 and over, who have not previously attained a GCSE grade A* - C or grade 4, or higher, or have been assessed as having an existing skills level lower than grade 4; and/or
 - ii. first full Qualification at level 2 for individuals aged 19 to 23; and/or
 - iii. first full Qualification at level 3 for individuals aged 19 to 23;

- iv. Essential digital skills qualifications, up to and including level 1, for individuals aged 19 or over, who have digital skills assessed at below level 1.
 - b. Free Courses for Jobs Offer;
 - c. flexible tailored Provision for adults, including Qualifications and components of these and/or non-regulated learning, up to level 2 (known as 'Local Flexibility');
 - d. Sector-based Work Academies;
 - e. non-formula Tailored Learning, specifically under the delivery strands prescribed in the DWP ASF Funding Rules;
 - f. Innovative Provision;
 - g. King's Trust Team Programme;
 - h. support funding.
3. DWP ASF does not support Provision that is Advanced Learner Loans, Apprenticeships, or apply to individuals who are resident in a devolved authority area unless they meet the criteria set out in the DWP ASF Funding Rules.
 4. Funding is for the 2026 to 2027 Funding Year.
 5. The legal basis for this Service is Section 100(1) Apprenticeships, Skills, Children, and Learning Act 2009.

Service Commencement and Duration

6. DWP ASF Services Start Date: 1st August 2026.
7. DWP ASF Expiry Date: 31st October 2027 (for final data submission).

Service Requirements

Recruitment

8. The Provider shall recruit eligible Learners onto this service from the Services Start Date until 31st July 2027.
9. The recruitment will comply with the DWP ASF Funding Rules.
10. Subject to budget availability funding for Learners that were taken on or before 31st July 2027 but with a planned end date after 31st July 2027 will be made available in a subsequent agreement.

Outputs

11. The Provider will deliver the eligible Provision from the Fund a learning aim as set out in the DWP ASF Funding Rules and to the requirements set by the Awarding Organisations between 1st August 2026 and 31st July 2027.
12. The Provider will take steps to ensure as many Learners as possible achieve their Qualification. The Department will monitor the achievement rate.
13. The Provider will take steps to ensure they use the allocated Funding in the Funding Year.
14. The Provider will maintain evidence of the delivery of the Service as set out in the DWP ASF Funding Rules.
15. The Provider must provide high quality and easily accessible information and advice in helping individuals to understand the opportunities and support available to them about education, training or connected matters (including employment);
 - a. Where one of the main objectives of the Provision to be provided under this Agreement is to deliver information and advice, the Provider will have to have or attain the matrix Standard accreditation within the Funding Year; and
 - b. If the information and advice is embedded as part of the delivery of the Provision the Provider must work towards achieving the matrix Standard accreditation within the Funding Year.
 - c. Where the Provision is delivered by a Subcontractor on behalf of the Provider, the requirements set out in sub-paragraphs 15.a and 15.b must be applied to the Subcontractor. This does not apply where the Provider retains responsibility for the delivery of information and advice to the Learners.
 - d. Once achieved, matrix Standard accreditation is valid for three years. The Provider must continue to demonstrate their continuous improvement via annual continuous improvement checks with the matrix Standard assessor.
16. The Provider will put in place reasonable adjustments to support eligible Learners with identified learning difficulties and/or disabilities by using Learning Support and Exceptional Learning Support where applicable, as set out in the DWP ASF Funding Rules.
17. Where there is an approved Local Skills Improvement Plan for the specified area, the Provider must have regard to that plan when making decisions about English-funded post-16 technical education or training.
18. In delivering the Provision, the Provider will comply with the DWP ASF Funding Rules.

19. The Provider must deliver the DWP ASF Provision in England only.
20. The Provider will deliver the Service in a way that ensures:
 - a. Value for money;
 - b. The protection of public funds;
 - c. The effective delivery of a high-quality service for Learners appropriate to their needs; and
 - d. Meets the public benefit test.

DWP ASF Provision Administration

21. Where the Service is continued from the 2025 to 2026 Funding Year, the Provider must migrate data for continuing Learners from the 2025 to 2026 ILR to the 2026 to 2027 ILR. The Provider must submit this data in the first ILR data return for 2026 to 2027, as set out in Appendix B – Migration Specification of the ILR specification 2026 to 2027.
22. The Provider will submit Learner data to the Department to comply with Clause 5 (Submission of Learner Data).
23. The Provider must complete the Learner's qualification on or before the planned end date in the data submitted in the ILR. Where the Provider misses this date, the Department may consider this a breach of the Agreement.
24. The Provider shall submit funding claims in line with Schedule 2B, DWP Adult Skills Fund Monitoring (Grants).
25. The Provider must keep the Department informed of any changes to their bank details.

The Department

26. The Department will pay for the Provision as set out in the Provider's Funding Offer Letter.
27. The Department will pay for Exceptional Learning Support as set out in the Provider's Funding Offer Letter.
28. The Department will monitor the Provision as set out in Schedule 2B, DWP Adult Skills Fund Monitoring (Grants).
29. The Department reserves the right in its absolute discretion to reduce the funding for this Learning Programme:
 - a. where the Department identifies that the Provider is failing to deliver the value of learning of this Agreement; and/or
 - b. If found to be not delivering the prior year's Service adequately when it is reported.

SCHEDULE 2B: MONITORING

DWP ADULT SKILLS FUND MONITORING (GRANTS)

Monitoring of ILR Submission

1. The Department will monitor and review the data submitted under Clause 5 (Submission of Learner Data) of this Agreement as part of its assurance work in accordance with the requirements set out in “Financial Assurance: Monitoring post-16 funding for 2026 to 2027” at [Financial assurance: monitoring post-16 funding - GOV.UK](#).
2. The Department will publish monitoring reports via [View your education data](#). The Provider must access the monitoring reports every month and amend any errors for the next submission by taking the actions specified in the report user guide.
3. If the Department notifies the Provider that it has not complied with the reporting requirements set out in Paragraph 2 above, the Provider must correct data or supply the Department with any evidence as requested by the Department within the period specified in the notice. This evidence can include digital copies of documents such as Learner Files, commitment statements or employer declarations. Annotated spreadsheets or notes are not acceptable as evidence.
4. Failure to comply with the reporting requirements in Paragraphs 2 and 3 above will constitute a material breach of agreement and the Department may, at its discretion, exercise its rights under Clause 33 (Withholding, Suspension and Repayment of Funding) and/or Clause 34 (Termination) of the Agreement.
5. Where data is incorrect in the final data submission of the Funding Year the Department will recover the payments associated with the incorrect data.

DWP Adult Skills Fund Performance Management

6. At the performance management points set out in the DWP ASF Funding Rules, the Department may invite Providers to submit requests for increases to its Funding. The Department will award growth in-line with the criteria set out in the DWP ASF Funding Rules.

DWP Adult Skills Fund Reconciliation

7. The Department will reconcile the Provider's earnings against the payments made. The reconciliation will be to the timetable set out in the DWP ASF Funding Rules and will follow the process in the Funding Claims & Reconciliation Guidance. The Department will calculate the earnings using the formula set out in the ASF Rates & Formula.

8. Failure to submit an in-year forecast or final claim to the published timescales will constitute a breach of Agreement and any reconciliation will be at the Department's discretion.
9. Where the Provider's actual delivery in the final claim, as against the Agreement Allocation, will result or has already resulted in an overpayment by the Department to the Provider, the Department will deduct the amount owed over the remainder of the Financial Year as defined in Clause 4.1.3 and may offset the overpayment against other payments being made to the Provider. Where the overpayment cannot be recovered from future payments within the Financial Year, the Department will invoice the Provider for the remaining debt and the Provider will pay the invoice within 30 days.
10. Where the Provider's actual delivery in the final claim, has exceeded the Agreement Allocation, the Provider does so at their own risk. The Department may pay for the over-delivery, subject to budget availability and funding policy at the time.
11. Should there be an under or over payment to the Provider, the Department will consider the underlying causes for that, in accordance with the DWP ASF Funding Rules and, may at its absolute discretion require a variation to amend the Agreement Allocation in the current or future years.
12. Where either the forecast in-year programme delivery, or the reconciled programme delivery from the prior year, is below 80% of the Agreement Allocation, the Department, will review the performance of the Agreement, and will, at its own discretion, reduce the Agreement Allocation in the Agreement down in line with the forecasts and reconciliation.
13. For the purposes of this process, the mid-year claim reconciliation constitutes a debt for the purposes of Clause 4.1.3 of the Agreement.

SCHEDULE 3: PAYMENT

DWP ADULT SKILLS FUND PAYMENT (GRANTS)

Adult Skills Fund

1. The Department will pay the «ProviderTerm» the Funding set out in the «ProviderTerm»'s Funding Offer Letter on or before the 20th of the month.
2. Under Item 5A to Group 6 of Schedule 9 of the VAT Act 1994, the supply of education or vocational training funded by the Department and the supply by the person providing that education or vocational training, of any goods or services essential to that provision, is considered to be an exempt supply for VAT purposes. The Department is generally unable to recover any Value Added Tax charged. The maximum Funding payable under this Agreement, as set out in the «ProviderTerm»'s Funding Offer Letter is inclusive of all of the costs of the Services including, but not limited to, any other VAT or taxes to be charged, where they apply.

Adult Exceptional Learning Support

3. The «ProviderTerm» must submit a planned claim for Exceptional Learning Support at the start of the Funding Year in line with the process and eligibility set out in the DWP ASF Funding Rules. The «ProviderTerm» must not incur costs until the planned claim for support has been approved by the Department.
4. The Department will only fund planned claims agreed before the end of the Funding Year, 31st July 2027.
5. The Department will only pay final claims that meet the eligibility requirements in the DWP ASF Funding Rules and are received by the Department before the claim deadline of October 2027 (refer to the latest Funding Claims Guidance for the final submission date).
6. The Department will pay final claims in December 2027.