



Department
for Education

How we will assess protecting public money risks

Lifelong Learning Entitlement modular funding: provider explainer

About this explainer

This document explains the intended approach to the protecting public money element of the EO12 assurance process. It should be read alongside the published EO12 guidance.

Summary

We will use Student Loans Company (SLC) data to identify unusual patterns that may indicate fraud and maintenance overpayment that may need closer review. These patterns could be an indication of higher risks to public funding. Being flagged by this process is not a finding of wrongdoing and does not automatically decide the outcome of an application.

Why we are carrying out this assessment

Before approving access to LLE modular funding, we will consider any material risks to public money.

Modular provision is likely to involve a faster turnover of student registrations and funding activity. This could place greater pressure on providers' student administration and financial controls.

We are carrying out an assessment to give us a consistent means of identifying providers where metrics from our available and relevant datasets differ markedly from sector averages and may need further review. Divergence from an average does not necessarily indicate wrongdoing or inadequate controls. It may however identify an issue that needs to be understood before we consider it reasonable to approve modular funding, particularly where the delivery of modules could increase impact.

The measures we will use

Our initial analysis will use four provider-level measures drawn from SLC data. Together, they show both the scale of potential exposure and whether an issue is unusually concentrated after allowing for provider size. We will use the most recent data available to the Department at the time the modular funding application gateway opens.

Published: October 2026

Measure	What it shows
Total value of maintenance support overpaid because of provider error	The total monetary value of identified overpayments.
Percentage of maintenance support overpaid because of provider error	The scale of monetary value in relation to the total maintenance payments issued by the same provider, expressed as a percentage.
Number of detected fraud ¹ cases	The total volume of detected cases associated with a provider.
Detected fraud cases per 1,000 applications	The scale of detected fraud cases in relation to the total number of applications associated with a provider.

Why we use both totals and rates

Totals and rates show us different things. A large provider may have a higher total because it supports more students. A smaller provider may have fewer cases overall but a much higher rate. Looking at both gives a more balanced view and avoids treating provider size alone as an indicator of risk.

How providers will be compared

For each measure, we will compare providers with the wider sector. We will use quartiles and the interquartile range (IQR), which describes the spread of the middle 50% of provider data, to understand the distribution of results across the sector. This provides a consistent basis for comparing measures with different units and identifying results that sit unusually far outside the main distribution.

We will consider the measures both individually and in combination. Providers with a result that sits outside of the threshold will be statistically flagged.

The thresholds have been set using an approach based on the established Tukey method to define outliers and extreme outliers². See [annex](#) for more details.

¹ For these purposes, fraud may include detected instances of identity theft, false or inflated childcare claims, the use of false evidence to claim migrant worker status, organised fraud, and other fraud connected with the student finance application and entitlement process.

² Tukey, John Wilder. *Exploratory data analysis*. Vol. 2. Reading, MA: Addison-Wesley, 1977

What a statistical flag means

The analysis is designed to identify unusual results that warrant further review, rather than ordinary variation across the sector. A statistical flag will start a review, but will not determine the outcome of the provider's application.

About the data

The data used for this assessment is held by the SLC and is not currently routinely available to all providers. Where the assessment identifies a concern that requires further information from a provider we will share the relevant data and information on which the concern is based and give the provider an opportunity to respond before a decision is made.

What happens if a provider's data is flagged

- **We take a closer look.** We will request and review the underlying data from the SLC and consider any relevant context or possible explanations.
- **We contact you if a material concern remains.** We explain the concern and share the data and information on which it is based.
- **You can respond before we make a decision.** You will have an opportunity to provide an explanation, supporting evidence and details of any relevant action or mitigation.
- **We consider all the evidence.** We consider the statistical result alongside the wider evidence and your response.

How decisions will be made

Decisions will be made on a case-by-case basis, taking account of the statistical analysis, any further review undertaken by the Department, and any information provided by the provider. The model is one part of the overall assessment and does not automatically determine the outcome.

What providers need to do

Providers seeking approval to deliver LLE-funded modules should apply through the [expression of interest process](#). You do not need to submit additional material for the initial statistical assessment described in this explainer. If we need further information, we will contact you and explain the specific issue to be addressed.

Annex – detailed explanation of thresholds used

Thresholds have been set at 6 IQRs above the upper quartile for an individual measure and 12 IQRs above the upper quartile for the measures considered together. For comparison, under a commonly used Tukey box-plot convention, a result more than 3 IQRs above the upper quartile is described as an extreme outlier.³ Our higher thresholds therefore focus further review on particularly unusual results.

Figures 1 and 2 illustrate how the conventional Tukey method describes outliers. They are included to explain the underlying statistical concept.

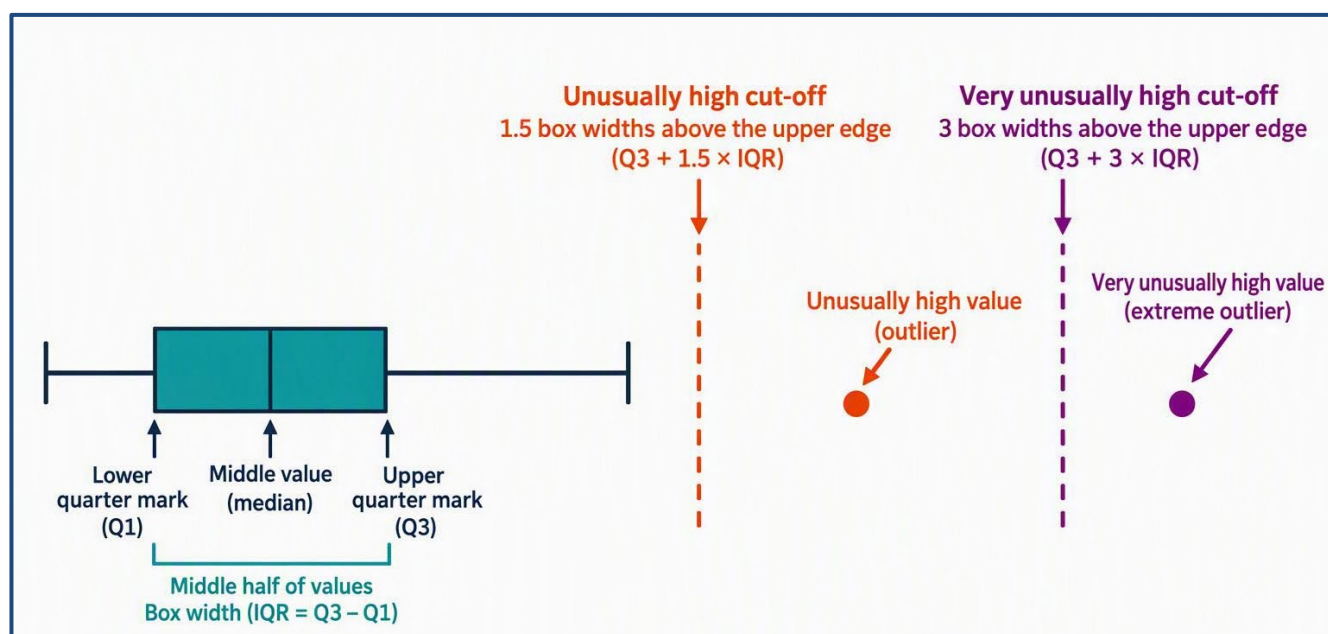


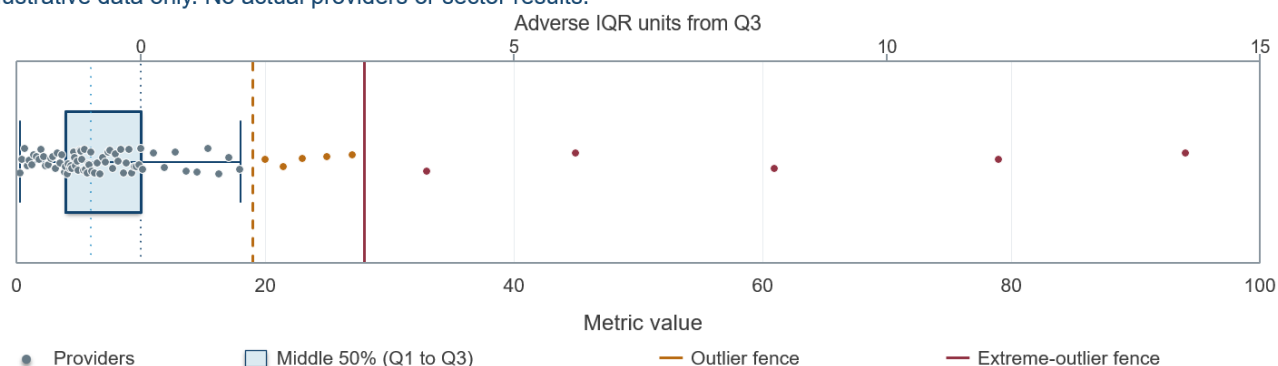
Figure 1: How the conventional Tukey method identifies unusually high values. The box shows the middle 50% of results, from the lower quartile (Q1) to the upper quartile (Q3). Under the conventional method, a value more than 1.5 interquartile ranges above Q3 is an outlier and a value more than 3 interquartile ranges above Q3 is an extreme outlier. The thresholds used for this assessment are higher, as explained in the accompanying text.

³ [US National Institute of Standards and Technology: What are outliers in the data?](#)

An illustrative provider distribution

Synthetic metric (arbitrary units)

Illustrative data only. No actual providers or sector results.



IQR = Q3 - Q1 = 10 - 4 = 6 units

Blue dotted line: median (6)

Outlier fence: 19 ($Q3 + 1.5 \times IQR$). Extreme-outlier fence: 28 ($Q3 + 3 \times IQR$).

Dots represent fictional providers. Vertical jitter separates dots and carries no meaning.

Figure 2: Illustrative distribution of results for a fictional provider measure. Most providers are grouped within or close to the middle 50% of the distribution, while a small number have much higher results. In this example, Q1 is 4, Q3 is 10 and the interquartile range is 6. The conventional outlier and extreme-outlier cut-offs are therefore 19 and 28. The data are synthetic and do not represent actual providers or sector results.