



Education & Skills  
Funding Agency

# Adult education budget: funding and performance management rules

For the 2017 to 2018 funding year (1 August 2017 to 31 July 2018).

This document sets out the funding and performance management rules which apply to all providers of education and training who receive adult education budget funding.

## Version 3

October 2017

Of interest to providers and employers

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## Introduction and purpose of the document

1. This document sets out the adult education budget (AEB) funding and performance management rules for the 2017 to 2018 funding year (1 August 2017 to 31 July 2018). The rules apply to all providers of education and training who receive AEB funding from the Secretary of State for Education acting through the Education and Skills Funding Agency (ESFA).
2. The AEB aims to engage adults and provide the skills and learning they need to equip them for work, 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.
3. Providers must respond to the priorities set by local commissioners and other stakeholders, for example, local enterprise partnerships and those combined authorities and the Greater London Authority that will assume responsibility for the devolved AEB from 2019 to 2020 (subject to readiness conditions).
4. These rules do not apply to apprenticeships, advanced learner loans or to education and training services funded by the European Social Fund – you can access [these separate funding rules](#) on GOV.UK.
5. 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 the funding agreement with the ESFA.
6. The ESFA reserves the right to make changes to these rules.

## How this document can help you

7. This document is divided into three sections that contain the general funding requirements, AEB specific funding rules and performance management rules. Each section may include:
  - 7.1 the context of the rule in a box
  - 7.2 the rule itself as a numbered paragraph
8. We have included a [glossary](#) to explain technical terms.

## Understanding the terminology

9. The term ‘we’ refers to the ESFA.
10. When we refer to ‘you’ or ‘providers’, this includes colleges, higher education institutions, training organisations, local authorities and employers who receive funding from us to deliver education and training. We will use the generic term ‘you’ or ‘provider’ unless the requirements only apply to a specific provider type.
11. We use the term ‘funding agreement’ to include the:
  - 11.1 financial memorandum
  - 11.2 conditions of funding (grant)
  - 11.3 contract for services
  - 11.4 conditions of funding (grant) - employer

12. We use the terms 'individual' and 'learner' to cover those whose provision is funded by us.
13. We use the term 'provision' or 'learning' to refer to all learning that we fund, whether it is a regulated qualification or other learning that is not a regulated qualification.
14. If we refer to qualifications, these will either be from the Regulated Qualifications Framework (RQF) or an Access to Higher Education Diploma recognised and regulated by the Quality Assurance Agency (QAA).
15. 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.
16. 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.

### **Contacting us**

17. You can contact us through our Business Operations Service Desk at [servicedesk@education.gov.uk](mailto:servicedesk@education.gov.uk) or telephone 0370 2640001. You can also contact your provider management manager/adviser.

## **Section 1 - general funding requirements**

### **Principles of funding**

18. These funding rules apply to all learners starting new learning aims on or after 1 August 2017. The only exceptions are for:
  - 18.1 individuals continuing their learning from the 2016 to 2017 funding year
  - 18.2 funding eligibility rules, as this is determined on the first day a learner starts their learning
19. Budgets are ring-fenced and you must not vire between the following:
  - 19.1 adult education budget
  - 19.2 19+ apprenticeships
  - 19.3 apprenticeship grant for employers (AGE)
  - 19.4 loans bursary fund
  - 19.5 advanced learner loan facility
20. We will review and monitor whether the education and training you provide represents good value for money. If we consider the funding of education and training we have provided is significantly more than the cost, we may reduce the amount of funding we pay after consulting with you.

### **Who we fund**

21. You must check the eligibility of the learner at the start of each learning aim or their traineeship programme and only claim funding for eligible learners.
22. To be funded by us, on the first day of learning a learner must be:

- 22.1 aged 19 or older on 31 August within the 2017 to 2018 funding year if the learning aim is not a traineeship
- 22.2 starting a traineeship on or after 1 August of the academic year in which they have their 16th birthday
- 23. The age of the learner on 31 August in the funding year determines whether the learner is funded through the ESFA's [adult funding methodology](#) (for individuals aged 19 and over), or [young people's funding methodology](#) (for individuals aged 16 to 19 and those aged 19 to 24 with an Education Health and Care Plan).
- 24. Where we refer to a learner's age being 19 this relates to the learner being aged 19 on the 31 August within the funding year they start a learning aim. For all other purposes, the age of the learner is at the start of each learning aim.
- 25. From 2017 to 2018, 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 ESFA's [young people's funding methodology](#).
- 26. A learner's eligibility will not change during the learning aim or programme.
- 27. Learners will be eligible for funding 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 aims or programmes they start.
- 28. If an individual starts a learning aim and is not eligible for funding, we will not fund the learning aim for them at any time in the future, even if the individual becomes eligible.
- 29. Any learner, of any age, must be able to achieve the learning aim or programme of study within the time they have available. If you know a learner is unable to complete a learning aim in the time they have available, they must not be funded.

## **Eligibility for funding**

- 30. Providers must make sure an individual is eligible before claiming funding for them.
- 31. Individuals will be eligible for funding if the learning is taking place in England and they:
  - 31.1 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 the Right of Abode in the UK, and
  - 31.2 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 three years on the first day of learning
- 32. The European Economic Area (EEA) includes all the countries and territories listed in [Annex A](#).
- 33. The eligibility of individuals who do not meet the requirements in paragraph 31, is stated below.
- 34. 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. Keeping this permission applies as long as the application

was made before their current permission expired. Their leave continues until the Home Office make a decision on their immigration application.

35. 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, and their eligibility would be based upon this status.
36. You can find further information on eligibility from the [UK Council for International Student Affairs](#).

### **Non-EEA citizens**

37. 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 three years before the start of learning.

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

38. Any individual with any of the statuses listed below is eligible to receive funding and are exempt from the three-year residency requirement rule. You must have seen the learner's immigration permission in these circumstances.
  - 38.1 Refugee Status.
  - 38.2 Discretionary Leave to Enter or Remain.
  - 38.3 Exceptional Leave to Enter or Remain.
  - 38.4 Indefinite Leave to Enter or Remain.
  - 38.5 Humanitarian protection.
  - 38.6 Leave Outside the Rules.
  - 38.7 The husband, wife, civil partner and child of any of the above in subparagraphs 38.1 to 38.6.
39. 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, so this does not affect a learner's eligibility, which must be decided under the normal eligibility conditions.

### **Asylum seekers**

40. Asylum seekers are eligible to receive funding if:
  - 40.1 they have lived in the UK for six months or longer while their claim is being considered by the Home Office, and no decision on their claim has been made, or
  - 40.2 they are in the care of the local authority and are receiving local authority support under section 23C or section 23CA of the Children Act 1989 or section 21 of the National Assistance Act 1948
41. An individual who has been refused asylum will be eligible if:
  - 41.1 they have appealed against a decision made by the UK government against granting refugee status and no decision has been made within six months of lodging the appeal, or
  - 41.2 they are granted support for themselves under section 4 of the Immigration and Asylum Act 1999, or

- 41.3 they are in the care of a local authority and 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

42. 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’.
43. If the learner, who is a family member of an EEA national, has been ordinarily resident in the EEA for the three years prior to the start of their course, they are eligible for funding.
44. This table shows the eligibility for family members if:
- 44.1 the family member is now ordinarily resident in England, but has not been ordinarily resident in the EEA for at least the previous three years before the start of learning, and
- 44.2 a principal has been resident within the EEA for the last three years

		Principal ordinarily resident in the EEA for three years		
		EU (including the UK) citizen	Non-EU EEA citizen	Non- EEA citizen
Family member not ordinarily resident in the EEA for three 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

45. A child of a Turkish worker is eligible if both the following apply.
- 45.1 The Turkish worker is currently ordinarily resident in the UK. The Turkish worker is or has been, lawfully employed in the UK.
- 45.2 The child has been ordinarily resident in the EEA and/or Turkey for the full three-year period before the start of their programme.

### Individuals who are not eligible for funding

46. You must not claim funding for individuals who do not meet the eligibility criteria set out above unless they are eligible under the Fees and Awards Regulations 2007 (as amended). This includes:
- 46.1 those who are here illegally

- 46.2 those who are resident in the United Kingdom on a Tier 4 (general) student visa unless they are eligible through meeting any other of the categories described above
- 46.3 non-EEA citizens who are in the United Kingdom on holiday, with or without a visa
- 46.4 non-EEA citizens who are a family member of a person granted a Tier 4 visa, have been given immigration permission to stay in the UK and have not been ordinarily resident in the UK for the previous three years on the first day of learning
- 46.5 individuals who are ordinarily resident in the Channel Island or the Isle of Man, unless they are also ordinarily resident within England
- 46.6 those whose biometric residence permit or residence permit imposes a study prohibition or restriction on the individual

### **Learners in the armed forces**

- 47. We will fund armed forces personnel, Ministry of Defence (MoD) personnel or civil and crown servants where the learning takes place in England. We will class members of the British armed forces on postings outside of the European Union (EU), including their family members, as ordinarily resident in the United Kingdom.
- 48. Members of other nations' armed forces stationed in England, and their family members, aged 19 and over, are eligible for funding if the armed forces individual has been ordinarily resident in England for three years. We will not fund family members that remain outside of England.

### **Learners temporarily outside of England**

- 49. If someone ordinarily resident in England works outside of England as part of their job, they are eligible for funding 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**

- 50. 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 non-English residents.
- 51. You must not actively recruit learners who live or work outside of England.
- 52. We will fund an individual who does not live in England, if specialist skills training is not available other than in England and they want to travel to, or live in, England to study or learn. We do not expect these numbers to be significant.
- 53. For learning delivered at an employee's workplace, we will fund individuals whose main employment or normal place of work is in England.
- 54. If an employer, based in the UK, bases their training provision only in England and this would include non-English residents, we will fund these individuals. We do not expect these numbers to be significant. Providers who are close to the borders can deliver learning to non-English residents who fall within their catchment area.

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

55. We will fund adult learners with learning difficulties or disabilities as set out in the [Apprenticeships, Skills, Children and Learning Act 2009](#).
56. We will fund learning and support for individuals who self-declare a learning difficulty or disability, or for whom the provider has identified a learning need.
57. The young people's funding methodology will apply to learners aged 19 to 24, who have an Education, Health and Care Plan (EHC) plan and require provision and support costs. You can access [young people's funding methodology](#) on GOV.UK.

## **What we fund**

58. You must make sure that learning is eligible for funding before the learner starts. [The Hub](#) contains details of eligible regulated qualifications, qualification components and non-regulated learning aims.
59. You must not claim funding where a learner only sits or resits a learning aim assessment or examination and no extra learning takes place.
60. You must not claim funding for any provision that is delivered to a learner whose learning is taking place outside England unless we give you permission before learning starts. This includes provision delivered through distance learning to learners outside England.
61. You or your subcontractors must not claim funding for any part of any learner's learning aim or programme that duplicates provision they have received from any other source.
62. We will not fund 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 C, or 4, or higher.
63. 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 about the [Learner Records Service](#) on GOV.UK.

## **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 statutory entitlement to be fully funded 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 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. The learner must be in learning for a minimum number of days between the learning start date and learning planned end date before they qualify for funding, including learning support. You can access this information on page 13 of [Adult education budget funding rates and formula 2017 to 2018](#) on GOV.UK.

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
  - 68.3 not claim funding if the prior learning meets the full requirements of the awarding organisation to achieve the learning aim
69. We do not set limits on the length of time of either prior learning or previously certificated learning. However, where the individual's learning and/or achievement occurs outside of five years, you must assess whether the learning is still valid and relevant.
70. You must not use prior learning to reduce funding for English and maths qualifications up to and including level 2. For further information please see paragraph 161.
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 and record this in the 'Funding adjustment for prior learning' field in the ILR. You can access [ILR information](#) on GOV.UK.

### **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 at a later date 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 have evidence that the learner agrees to return and continue with the same learning aim, otherwise you must report the learner as withdrawn.
75. You must not use a break in learning for short-term absences, such as holidays or short-term illness.

### **Contracting**

#### **Staying on the Register of Training Organisations**

76. 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. You can find out further information about the [Register](#) on GOV.UK.
77. If you and any subcontractors want to continue to be listed on the Register you must successfully complete the Register and refresh and update your information when we ask you to. If you fail or do not update when we ask you to, you must apply at the next opening. During this period you and any subcontractors will not:

- 77.1 be listed on the Register
  - 77.2 be invited to tender, and
  - 77.3 be able to increase contract value through growth cases
78. 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**

79. We define a delivery subcontractor as 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.
80. You must take your own legal advice about the impact of Public Contracts Regulations 2015 on your recruitment of delivery subcontractors and have this advice available for inspection by us on request.
81. Your governing body or board of directors and your accounting officer (senior responsible person) must be satisfied that all your delivery subcontracting meets your strategic aims and enhances the quality of your learner offer. You must set out the reasons for subcontracting in your published supply chain fees and charges policy to reflect your strategic aims. You must be able to evidence this, such as minutes of meetings and written sign-off.
82. You must not subcontract to meet short-term funding objectives.
83. You must only use delivery subcontractors:
- 83.1 if you have the knowledge, skills and experience within your organisation to successfully procure, contract with and manage those subcontractors and can evidence this with the CVs of relevant staff
  - 83.2 who your governing body/board of directors and your accounting officer (senior responsible person) determine as being of high quality and low risk, and provide written evidence confirming this
  - 83.3 if you have robust procedures to ensure subcontracting does not lead to the inadvertent funding of extremist organisations
84. You are responsible for all the actions of your delivery subcontractors connected to, or arising out of, the delivery of the services which you subcontract.

## **Selection and procurement**

85. 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. You can find details about [seeking written approval](#) on GOV.UK.
86. When appointing delivery subcontractors you must avoid conflicts of interest and you must:
- 86.1 write to us through your provider-management lead 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

- 86.2 not award the contract without our written permission, and
- 86.3 keep as evidence both your request and our reply
- 87. You must carry out your own due diligence checks when appointing delivery subcontractors and have both the process and the results available for inspection by us. 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.
- 88. You must not appoint any delivery subcontractors with a contract value of £100,000 or greater for each funding year unless they are listed on the Register of Training Organisations first.
  - 88.1 This 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 the AEB to £100,000 or more.
  - 88.2 We will place restrictions on your future use of AEB delivery subcontractors if this occurs.
- 89. You must obtain this information from each proposed delivery subcontractor and also refer to the latest published [List of Declared Subcontractors](#) and the Register of Training Organisations. If a delivery subcontractor you are using 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.
- 90. You must ensure any delivery subcontractor you appoint continues to meet the requirements of the Register and that you provide them with all the necessary support.
- 91. You must not enter into new subcontracting arrangements or increase the value of your existing arrangements if any of the following circumstances apply. These conditions will continue until we are satisfied that the concerns have been addressed and the circumstances below no longer apply.
  - 91.1 If Ofsted has rated your leadership and management as inadequate.
  - 91.2 If you do not meet our [Minimum Standards](#).
  - 91.3 If the outcome of your annual financial health assessment, we carry out is inadequate.

### **Entering into a subcontract**

- 92. You must only award contracts for delivering provision funded by the AEB to legal entities. If the legal entity is a registered company, it must be recorded as 'active' on the Companies House database.
- 93. You must not award a subcontract to any organisation if:
  - 93.1 it has an above-average risk warning from a credit agency
  - 93.2 it has passed a resolution (or the court has made an order) to wind up or liquidate the company, or administrators have been appointed, or
  - 93.3 its statutory accounts are overdue

- 94. 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.
- 95. You must have a legally binding contract with each delivery subcontractor that includes all the terms set out in paragraph 100.
- 96. You must have a contingency plan in place for learners in the event that:
  - 96.1 you need to withdraw from a subcontract arrangement
  - 96.2 a delivery subcontractor withdraws from the arrangement, or
  - 96.3 a delivery subcontractor goes into liquidation or administration
- 97. You must make sure that the terms of your subcontracts allow you to:
  - 97.1 monitor the delivery subcontractor's activity
  - 97.2 have control over your delivery subcontractors, and
  - 97.3 monitor the quality of education and training provided by delivery subcontractors
- 98. You must obtain an annual report from an external auditor if the AEB contracts with your delivery subcontractors will exceed £100,000 in any one funding year. The report must:
  - 98.1 provide assurance on the arrangements to manage and control your delivery subcontractors, and
  - 98.2 comply with any guidance issued by us
- 99. You must supply us with a certificate signed by the external auditor and an authorised signatory to confirm you have received a report that provides satisfactory assurance. We may ask you to provide a copy of the full report.

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

- 100. You must make sure your delivery subcontractors:
  - 100.1 meet the requirements set out in our funding rules
  - 100.2 provide you with ILR data so your data returns to us accurately reflect your subcontractor's delivery information
  - 100.3 give us, and any other person nominated by us, access to their premises and all documents relating to ESFA provision funded by the AEB
  - 100.4 give you sufficient evidence to allow you to:
    - 100.4.1 assess their performance against Ofsted's Common Inspection Framework
    - 100.4.2 incorporate the evidence they provide into your self- assessment report, and
    - 100.4.3 guide the judgements and grades within your self- assessment report
  - 100.5 always have suitably qualified staff available to provide the education and training we fund through the AEB
  - 100.6 co-operate with you to make sure there is continuity of learning if the subcontract ends for any reason

- 100.7 tell you if evidence of any irregular financial or delivery activity arises; irregular activity could include, but is not limited to:
  - 100.7.1 non-delivery of training when funds have been paid
  - 100.7.2 sanctions imposed on the delivery subcontractor by an awarding organisation
  - 100.7.3 an inadequate Ofsted grade
  - 100.7.4 complaints or allegations by learners, people working for the delivery subcontractor or other relevant parties, and
  - 100.7.5 allegations of fraud
- 100.8 are bound by European Social Fund (ESF) clauses from your funding agreement being then included in the subcontract, even if the provision being subcontracted is not funded by the ESF
- 100.9 do not use our funding to make bids for, or claims from, any European funding on their own behalf or on our behalf
- 100.10 do not use payments made as match funding for ESF co-financing projects

### **Monitoring**

- 101. You must manage and monitor all of your delivery subcontractors to ensure that high-quality delivery is taking place that meets our funding rules.
- 102. 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:
  - 102.1 include whether the learners exist and are eligible
  - 102.2 involve direct observation of initial guidance, assessment, and delivery of learning programmes
- 103. The findings of your assurance checks must be consistent with your expectations and the delivery subcontractor's records.

### **Second-level subcontracting**

- 104. You must not agree the use of any delivery subcontractor where this would require you to subcontract education and training to a second level. All of your delivery subcontractors must be contracted directly by you.

### **Reporting subcontracting arrangements**

- 105. You must provide a fully completed Subcontractor Declaration Form by the dates we will give you. This will be at least twice during the 2017 to 2018 funding year. If you do not return the form on time, we will suspend your payments. If you do not subcontract, you must still provide a nil return form to confirm this.

### **Distributing income between you and your delivery subcontractors**

- 106. You must review your delivery subcontracting fees and charges policy and this must be signed by your governing body or board of directors and your accounting officer.

107. You must publish your delivery subcontracting fees and charges policy on your website before entering into any subcontracting agreements for the 2017 to 2018 funding year.
108. Employers receiving AEB funding from us must send information to your provider management manager/adviser. This information will be held on record and be available for requests under the Freedom of Information Act.
109. You must, as a minimum, include the following in your delivery subcontracting fees and charges policy.
  - 109.1 Your reason for subcontracting.
  - 109.2 Your contribution to improving your and your delivery subcontractor's quality of teaching and learning.
  - 109.3 The typical percentage range of fees you retain to manage delivery subcontractors, and how you calculate this range.
  - 109.4 The support delivery subcontractors will receive in return for the fee you charge.
  - 109.5 If appropriate, the reason for any differences in fees or support provided to different delivery subcontractors.
  - 109.6 Payment terms between you and your delivery subcontractors; the timing of payments in relation to delivery and timescale for paying invoices and claims for funding received.
  - 109.7 How and when the policy is communicated and discussed with current and potential delivery subcontractors.
  - 109.8 Timing for policy review.
  - 109.9 Where the policy is published.
110. You must also tell us the actual level of funding paid and retained for each of your delivery subcontractors in 2017 to 2018. You must email this information to your provider management manager/advisor using a template we will supply to you. We will let you know the date by when you must do this. We will publish the information on our website.
111. You must include the following in your published AEB delivery subcontractor fees and charges.
  - 111.1 Name of each delivery subcontractor.
  - 111.2 The [UK Provider Reference Number](#) of each delivery subcontractor.
  - 111.3 Contract start and end date for each delivery subcontractor.
  - 111.4 Funding we have paid to you for AEB delivery by each delivery subcontractor in that funding year.
  - 111.5 Funding you have paid to each delivery subcontractor for AEB delivery in that funding year.
  - 111.6 Funding you have retained in relation to each delivery subcontractor's AEB delivery for that funding year.
  - 111.7 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 also apply and will be subject to our ESF compliance checks and external audit.

112. 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.
113. You must return complete data and must only return 'not knowns' in exceptional circumstances. In particular, for employment status prior to starting, household situation, prior attainment and destination, as these are important for match funding. If the information is not provided, or 'not known' is not available, then you must use 'learner has withheld this information'.
114. 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](#).
115. You and your subcontractors must follow the evaluation, surveys and annual implementation reporting rules in the ESF 2014 to 2020 funding rules.
116. 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 'learner file' section of this document.

### Evidence

117. You must hold evidence to assure us that you are using the funding appropriately. Most evidence will occur naturally from your normal business process.

### Learner file

118. The learner file must contain evidence to support the funding claimed and must be available to us if we need it.
119. Evidence in the learner file must assure us that the learner exists.
120. The learner must confirm information they provide is correct when it is collected.
121. If the time spent in learning is short, the Level of evidence in the learner file would reflect this.
122. Where you hold information centrally, you only need to refer to the source.
123. If applicable, the learner file must confirm the following.
  - 123.1 All information reported to us in the ILR and the Earnings Adjustment Statement (EAS), and if it applies, the supporting evidence for the data you report.

- 123.2 Your assessment and evidence of eligibility for funding and a record of what evidence the learner has provided.
  - 123.3 All initial, basic skills and diagnostic assessments.
  - 123.4 Information on prior learning that affects the learning or the funding of any of the learning aims or programme.
  - 123.5 For 'personalised learning programmes', for example, learning not regulated by a qualification, full details of all the aspects of the learning to be carried out, including supporting evidence of the number of planned hours reported.
  - 123.6 A description of how you will deliver the learning and skills and how the learner will achieve.
  - 123.7 The supporting evidence about why you have claimed funding and the level of funding for a learner, including details of any learner or employer contribution.
  - 123.8 Support needs identified, including how you will meet these needs and the evidence of that.
  - 123.9 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.
  - 123.10 A learner's self-declarations as to what state benefit they claim.
  - 123.11 A learner's self-declarations on their status relating to gaining a job.
  - 123.12 All records and evidence of achievement of learning aims or traineeship programme. This must be available within three months of you reporting it in the ILR.
124. The learner file for a traineeship must contain evidence of:
- 124.1 a formal interview and feedback to the learner, where there is a vacancy
  - 124.2 an exit interview, written feedback, and evidence of the time spent on, and activities performed during, work placements, when there is no vacancy
  - 124.3 progression to a defined positive outcome within six months
125. You must keep evidence that the learner is eligible for funding. 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.
126. 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**

- 127. The learner or employer must confirm the information is correct when it is collected. You must have evidence of this, which can include electronic formats.
- 128. We accept electronic evidence, including digital signatures, but you must have wider systems and processes in place to assure you that learners exist and are eligible for funding.
- 129. 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**

130. You can only claim funding for learning when directly related learning starts. This would not include enrolment, induction, prior assessment, diagnostic testing or similar learning.
131. You must have evidence that the learning took place and that the learner was not just certificated for prior knowledge.
132. Where the learning is certificated you must follow your awarding organisation's procedure for claiming the relevant certificate(s) and ensure they are given to the learner. You must evidence that this has happened in the learner file.

### **Leaving learning**

133. 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 learning.

### **Individualised Learner Record**

134. You must accurately complete all ILR fields as required in the ILR Specification, even if they are not used for funding. Where your data does not support the funding you have claimed, we will take action to get this corrected and could recover funds you have claimed.
135. The ILR must accurately reflect what learning and support (where applicable) has been identified, planned and delivered to eligible individuals. You must not report inaccurate information that would result in an inflated claim for funding.

### **Self-declarations by learners**

136. All self-declarations must confirm the learner's details and describe what the learner is confirming.
137. 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 - adult education budget including traineeships

### Provision and individuals we fund

#### Legal entitlements

The AEB supports three legal entitlements to full funding for eligible adult learners. These are set out in the [Apprenticeships, Skills and Children's 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 A\* - C or grade 4, or higher
- first full qualification at level 2 for individuals aged 19 to 23
- first full qualification at level 3 for individuals aged 19 to 23

138. If an individual meets the legal entitlement eligibility criteria, you must not charge them any course fees.
139. Eligible learner's exercising their legal entitlement, must be enrolled on qualifications from the:
- 139.1 [2017 to 2018 list of qualifications in the level 2 and level 3 legal entitlement and/or](#)
- 139.2 [2017 to 2018 list of English and maths legal entitlement](#)

#### Local flexibility

The AEB also supports the delivery of flexible tailored provision for adults, including qualifications and components of these (units), **and/or** non-regulated learning, up to Level 2 – we call this 'local flexibility'.

Local flexibility provision is either fully or co-funded, depending on the learner's prior attainment and circumstances. Please refer to the 'level of government contribution' table on page 22 and paragraphs 142 to 181 for learner eligibility.

Where appropriate for the learner, local flexibility provision can be delivered alongside a legal entitlement qualification.

140. For learners aged 19 to 23 progressing towards their first full level 2, they must undertake learning at entry and/or level 1 only from local flexibility. When learners' progress to their first full level 2 (legal entitlement) they must enrol on a qualification from the [2017 to 2018 level 2 legal entitlement list](#).
141. Individuals who have already achieved at level 2, or above, eligible for funding, must undertake any further level 2 qualifications only from local flexibility (not from legal entitlement) available on the [Hub](#). This is set out in further detail in:
- 141.1 paragraph 168.2.2 and 169, for individuals aged 19 to 23, and
- 141.2 paragraph 170, for individuals aged 24 and over

## Government contribution table

The level of government contribution we will fund 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*
Level 2 (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 (First full level 3 must be delivered as part of the legal entitlement)	Fully funded* (first and full)	Loan-funded	Loan-funded
	Loan-funded** (previously achieved full level 3 or above)		
Traineeship <sup>#</sup>	Fully funded (including 16- to 24-year-olds <sup>###</sup> )	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		

\*Must be delivered as one of the English and maths, 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 the [ESFA's young people's 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.

## Definitions used in the adult education budget

### Unemployed

142. For funding purposes, a learner is defined as unemployed if one or more of the following apply.
- 142.1 They receive Jobseeker's Allowance (JSA), including those receiving National Insurance credits only.
  - 142.2 They receive Employment and Support Allowance (ESA) and are in the work-related activity group (WRAG).
  - 142.3 They receive Universal Credit, earn either less than 16 times the national minimum wage / national living wage a week or £330 a month (this is subject to change) and are determined by Jobcentre Plus as being in one of the following groups.
    - 142.3.1 All Work-Related Requirements Group.
    - 142.3.2 Work Preparation Group.
    - 142.3.3 Work-Focused Interview Group.
  - 142.4 They are released on temporary licence and studying outside a prison environment and not funded through the Offenders' Learning and Skills Service (OLASS).
143. Providers may also use their discretion to fully fund other learners if both of the following apply. The learner:
- 143.1 receives other state benefits (not listed in paragraph 142) and earns either less than 16 times the national minimum wage / national living wage a week or £330 a month (this is subject to change)
  - 143.2 wants to be employed, or progress into more sustainable employment, if they earn either less than 16 times the national minimum wage / national living wage a week or £330 a month (this is subject to change), and you are satisfied the learning is directly relevant to their employment prospects and the local labour market needs

### Full level 2

144. Level 2 is the level of attainment which, is demonstrated by:
- 144.1 a General Certificate of Secondary Education in five subjects, each at grade C or above, or grade 4 or above, or
  - 144.2 Technical Certificate at level 2 which meets the requirements for the 2018 and 2019 16 to 19 performance tables
145. If a learner aged 19 to 23 has achieved a level 2 qualification, that was, at the time they started, or still is, classed as a full level 2, then any subsequent level 2 qualifications will be co-funded. Please contact [qualifications.esfa@education.gov.uk](mailto:qualifications.esfa@education.gov.uk) if you need advice on a previous qualification's designation.
146. If the [National Academic Recognition Information Centre](#) have 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 [19 to 23 legal entitlement](#), the individual will be deemed to have achieved their first level 2 and/or level 3 qualification.

### Full level 3

147. Level 3 is the Level of attainment which is demonstrated by a:
  - 147.1 General Certificate of Education at the advanced level in two subjects, or
  - 147.2 General Certificate of Education at the AS Level in four subjects, or
  - 147.3 QAA Access to Higher Education (HE) Diploma at level 3, or
  - 147.4 Tech level; or applied general qualification at level 3 which meets the requirements for the 2018 and 2019 16 to 19 performance tables
148. If a learner aged 19 to 23 has achieved a level 3 qualification, that was, at the time they started, or still is, classed as a full level 3, and wants to enrol on any subsequent level 3 qualification, of any size, they will have to either apply for an [advanced learner loan](#) or pay for their own learning. Please contact [qualifications.esfa@education.gov.uk](mailto:qualifications.esfa@education.gov.uk) if you need advice on a previous qualification's designation.
149. When a learner starts an AS Level qualification and intends to continue through to a full A Level in the same subject, the funding of both the AS and A Levels will be treated as if they were a single qualification. This must be set out in their learning agreement and the learning must be in consecutive funding years.

### Eligible qualifications

150. Where you deliver regulated qualifications and/or their components you must ensure they are eligible for AEB funding and available on the [Hub](#).
151. Certain qualifications that meet statutory employer requirements or a licence to practice are eligible for unemployed learners that meet the criteria in paragraph 142. You can find more information about [these qualifications](#) on GOV.UK.
152. Before delivering a component you must check with the awarding organisation that they provide a facility for the learner to be registered on it and the learner can achieve it alone or as part of accumulating achievement towards a qualification.
153. We will make available further information on qualifications that are eligible for 2017 to 2018 in early 2017.

### Non-regulated learning

154. Where you deliver non-regulated learning you must ensure it is eligible for funding. Such learning could include:
  - 154.1 independent living skills or engagement learning supporting adults to operate confidently and effectively in life and work
  - 154.2 locally-commissioned and/or locally-developed basic knowledge and skills needed to access technical qualifications
  - 154.3 employability and labour market re-entry
  - 154.4 locally-commissioned and/or locally-devised technical education short courses (also known as taster sessions)
  - 154.5 community learning courses

155. The eligibility principles we apply to non-regulated learning are as follows.
- 155.1 It must not be provision linked to UK visa requirements.
  - 155.2 It must not be provision linked to statutory employer requirements (including a licence to practice) unless there is an agreed concession in place.
  - 155.3 It must not be vendor-specific provision which is linked to a particular employer or commercial system.
  - 155.4 It must not be learning that should be part of a learner's experience, such as an 'induction to college'.
  - 155.5 It must not be a non-regulated version of a regulated qualification.
  - 155.6 It must not be above notional level 2 (that is, at notional levels 3 or 4).
  - 155.7 At notional level 2 it must focus on technical provision.
156. 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.

### **What we will not fund**

157. We will not fund any learning aim delivered at an employee's workplace, and is either relevant to their job or their employer's business, unless
- 157.1 the learner has an entitlement to full funding for English and/or maths (paragraph 161), and/or a first full level 2 or first full level 3 qualification (paragraph 168), or
  - 157.2 we have confirmed a national level concession that responds to a significant negative economic impact for a specific industry
158. We will not fund any work placement or work experience, unless it is delivered as part of a traineeship, or the Prince's Trust programme.
159. In exceptional circumstances, you can use your AEB allocation to deliver provision to learners in custody. This must complement, and not duplicate OLASS provision funded by [The Ministry of Justice](#), which has responsibility for adult prison education in England.
160. We will not fund, outside of apprenticeship standards, end-point assessment which is subject to Ofqual external quality assurance and, regulated as a qualification.

### **English and maths for those aged 19 or older**

161. We will fully fund individuals, including individuals who are employed, aged 19 or older, who have not previously attained a GCSE grade A\* to C or grade 4, or higher, in English and maths, as part of their legal entitlement on the day they start the following qualifications.
- 161.1 GCSE English language or maths.
  - 161.2 Functional Skills English or maths from Entry to level 2.
  - 161.3 Stepping-stone qualifications (including components, where applicable) in English or maths approved by the Department for Education and ESFA.

- 162. If a learner wants to 'retake' their GCSE English and maths qualification because they did not achieve a grade 4 or higher (C or higher), we will not fund the learner to only resit the exam.
- 163. You must not enrol individuals on qualifications which are not necessary for progressing towards a GCSE or Functional Skill level 2.
- 164. You must not fund an apprentice for English or maths from the AEB.
- 165. We will fully fund non-regulated English and maths learning for learners, including those assessed at pre-entry level, aged 19 years and over with significant learning difficulties or disabilities as part of a personalised learning programme, where assessment has identified the learner cannot undertake provision identified in paragraph 161.
- 166. You must:
  - 166.1 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
  - 166.2 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
  - 166.3 enrol the learner on a level above that at which they were assessed and be able to provide evidence of this
  - 166.4 deliver ongoing assessment to support learning
  - 166.5 record the evidence of all assessment outcomes in the learner file
- 167. 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 and ESOL)**

- 168. We will fully fund 19- to 23-year-olds, including individuals who are employed, on the day they start the following learning.
  - 168.1 Qualifications defined within the legal entitlement that are a learner's:
    - 168.1.1 first full level 2
    - 168.1.2 first full level 3
  - 168.2 Provision, up to and including:
    - 168.2.1 level 1 to support progression to a first full level 2
    - 168.2.2 level 2 for those who already have a full level 2 if they are unemployed
- 169. 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 not unemployed.

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

- 170. For individuals aged 24 or older on the day they start, we will:
  - 170.1 fully fund provision up to, and including, a level 2, if they are unemployed
  - 170.2 co-fund provision up to, and including, a level 2 for all other learners aged 24 years and older

## English for Speakers of Other Languages (ESOL)

171. We will fully fund individuals aged 19 and over on the day they start their ESOL learning aim where they are unemployed.
172. We will co-fund all other individuals aged 19 and over on the day they start their ESOL learning aim.

## Traineeships

173. We will fully fund individuals aged 16 to 24 who have not previously attained a first full level 3 qualification, for the core elements of their traineeship programme where:
  - 173.1 they are unemployed and in receipt of unemployment benefits as outlined in paragraph 142, or
  - 173.2 they are unemployed at the start of the traineeship or are employed and earn either less than 16 times the hourly national minimum wage each week or £330 a month, and
  - 173.3 they have little or no work experience and are focused on employment, an apprenticeship or the prospect of this, and
  - 173.4 they have been assessed as having the potential to be ready for employment or an apprenticeship within six months
174. Traineeships for 16- to 18-year-olds (and 19- to 24-year-olds with an EHC Plan) are based on the [ESFA's young people's funding methodology](#).
175. Traineeships for 19- to 24-year-olds are based on the ESFA's [adult funding methodology](#) and AEB rules, with the exception to specific traineeship rules in paragraphs 182 to 207.

## Learners with learning difficulties or disabilities

176. We will fund learners with learning difficulties or disabilities as set out in the Apprenticeships, Skills, Children and Learning Act 2009.
177. The 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. This includes learners with a learning difficulty or disability who have previously had an Education, Health and Care Plan (EHC) plan and have reached the age of 25.

## Learners with an Education, Health and Care Plan

178. To access provision and support costs you must inform us before the start of the 2017 to 2018 funding year where a learner:
  - 178.1 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  
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
179. The learner must:

- 179.1 have an EHC plan that confirms their needs could only be met by the training organisation they are, or were, attending, and
- 179.2 continue to make progress on the programme of learning as set out in their EHC plan
180. If a learner has an EHC plan, you must report this in the 'Learner funding and monitoring' fields in the ILR.
181. 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.

## **Traineeships**

Traineeships provides unemployed young people with the skills and experience to progress to an apprenticeship or sustainable work.

The traineeship core offer includes the following mandatory elements:

- work-preparation training
- work-placement
- English, maths or ESOL, where necessary

Providers can also offer a flexible element as set out in paragraphs 198 to 201.

### **Core Offer**

#### **Work preparation training**

182. You must plan and deliver, both the work preparation training and work placement in order to claim traineeship learning aim funding.
183. If work preparation training leads to a qualification, the qualification must be offered by an Ofqual-regulated awarding organisation.
184. Work preparation training must focus on activities that will help progression to an apprenticeship or, sustainable employment. Addressing the employability needs of the learner could include writing CVs, preparing for interviews, searching for jobs and developing interpersonal and communication skills.
185. 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.
186. For 16- to 18-year-olds, qualifications must be approved on the Hub for 16 to 18 funding in the 2017 to 2018 funding year.

#### **Work placement**

187. A learner's work-placement must take place with an employer and allow the learner to develop new workplace knowledge, skills and behaviours. It must last at least 100 hours, and must not be simulated learning in an artificial environment.
188. You must report the employer's details in the ILR within four weeks of the traineeship start date.

189. In exceptional cases an individual can have separate work placements in different organisations. These must last at least two weeks with each employer, and at least 100 hours in total.
190. For learners on Jobseeker's Allowance or Universal Credit, work-placements can be up to 240 hours (or extended if an offer of an apprenticeship place is accepted).
191. The employer must offer at the end of each work-placement, (which you must evidence), either:
  - 191.1 a formal interview for a job or apprenticeship vacancy, plus feedback, or
  - 191.2 an exit interview, written feedback and evidence of the learner's time and activities during the work-placement
192. For 16- to 18-year-olds, the work placement must be the most substantial element of the programme which must be reported in in the ILR as the core aim in a learner's traineeship.

### **English and maths or ESOL**

193. You must assess all 19 to 24 traineeship learners for English and maths and enrol them on a level above that at which they were assessed, in line with paragraph 166.
194. You must support learners to progress to a GCSE grade A\* to C, grade 4, or higher, or level 2 Functional Skills. You may use English and maths stepping-stone qualifications (including components, where applicable), as set out in paragraphs 161.1 to 161.3.
195. For 16- to 18-year-olds, you must follow both of the following:
  - 195.1 conditions of funding set out in [16 to 19 study programmes](#)
  - 195.2 English and maths conditions set out in [16 to 19 funding: maths and English condition of funding](#)
196. You can continue to fund a learner to complete their English and maths qualifications beyond completion of their work-preparation training and work-placement.
197. You must support learners to achieve English for speakers of other languages (ESOL) qualifications, where necessary.

### **Flexible element**

198. The flexible element is funded in line with the general funding, AEB eligibility and performance management rules set out in this document.
199. 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.
200. 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.
201. For 16- to 18-year-olds, qualifications must be approved on the Hub for 16 to 18 funding in the 2017 to 2018 funding year.

## **Traineeship programme duration**

202. The work placement, work preparation and flexible elements must all be completed between six weeks and six months.

## **Outcomes**

203. The following are recognised outcomes if they are achieved and evidenced within six months of completing the traineeship.
- 203.1 An apprenticeship start that meets the minimum qualifying days evidenced by ILR records or a self-declaration by the learner.
  - 203.2 A job, including being self-employed, for at least 16 hours a week and for eight consecutive weeks within six months of leaving a traineeship, evidenced by a declaration from the learner or their employer.
  - 203.3 Progression to another English or maths qualification which is a level higher than that achieved in the traineeship.
  - 203.4 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:
    - 203.4.1 meets minimum qualifying days (set out in paragraph 66), or
    - 203.4.2 a learner self-declaration they are studying a level 2 or level 3 qualification at least 150 guided learning hours
204. 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 236 for this combined rate.

## **Support funding**

205. Learning support for traineeships is available in line with the funding rules set out in paragraphs 218 to 224. 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. You can access [ESFA's 16 to 19 financial support for students](#) on GOV.UK.
206. Learner support for traineeships is available in line with the rules set out in paragraphs 225 to 235. If you do not have a Learner Support allocation, you must follow these rules and claim learner support using the EAS.

## **Advertising traineeship opportunities**

207. You must advertise new traineeship opportunities on the [find a traineeship page](#) on GOV.UK except where an individual has already been matched to an employer.

## **Community Learning**

208. Where applicable, your AEB allocation will include an amount of non-formula community learning funding (equivalent to your 2015 to 2016 community learning allocation). You can deliver community learning provision up to this maximum amount in line with the existing objectives set out in [New Challenges, New Chances](#).

- 209. If your 2017 to 2018 AEB allocation is above the value of your 2015 to 2016 community learning allocation, you can use this amount of formula-funded AEB allocation to deliver additional provision that may be similar to community learning. You must follow the AEB formula-funded methodology for this learning.
- 210. Eligible learners funded using the AEB formula-funded methodology must also meet the AEB eligibility requirements, and not your existing community learning local fee remission policy.
- 211. If you are funded 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.
- 212. If you are funded through a contract for services, you do not have this flexibility, and we will reclaim unspent non-formula community learning funding at year end. Learners under 19 can be supported where they meet both of the following, they are:
  - 212.1 a parent, carer or guardian attending a wider family learning or family, English, maths or language programme
  - 212.2 funded through non-formula community learning recorded using model 10 in the funding model field (refer to [ILR guidance](#) for more information)
- 213. You must not use non-formula community learning funding for learning that is eligible to be funded through an advanced learner loan.

## 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. The team programme is funded by the ESFA and run and managed locally by providers in partnership with the Prince's Trust.

- 214. In order to deliver the team programme, you must get approval from the [Princes Trust](#).
- 215. For eligible learners aged 19 to 25, the team programme is funded through the ESFA's [adult funding methodology](#). Please also refer to the Princes Trust section in the [adult education budget funding rates and formula 2017 to 2018](#) document.
- 216. For eligible learners aged 16 to 19, the team programme is funded through the ESFA's [young people's funding methodology](#).

## Support funding

- 217. Support funding (learning and learner support) enables providers to meet the additional needs of learners who may have certain barriers to start or complete their learning goal.

## Learning support

- 218. 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 or disability, to achieve their learning goal.
- 219. Learning support must not be used to deal with everyday difficulties that are not directly associated with a learner's learning on their programme.

220. You must:
- 220.1 carry out a thorough assessment to identify the support the learner needs
  - 220.2 agree and record the outcome of your assessment in the learner file
  - 220.3 record all outcomes on the learner file and keep all evidence of the assessment of the needs, planned and actual delivery
  - 220.4 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
221. Learning support will be earned at a fixed monthly rate if it has been reported in the ILR. You must use the EAS if your costs are not covered by this rate and you must keep evidence of these costs. You can find details of how to make a claim in the [claims document](#).
222. You can claim learning support if learning continues past the planned end date and the learner still needs support.

### **Exceptional learning support claims above £19,000**

Learners who need significant levels of support to start or continue learning can get access to exceptional learning support if their support costs more than £19,000 in a funding year.

Learners aged 19 to 24 requiring significant levels of support would normally be expected to have an EHC plan provided by their local authority and, therefore, would access funding from their local authority.

If a learner has support costs of more than £19,000 in a funding year, you can claim exceptional learning support (ELS).

223. 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](#).
224. 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 reasons(s) why the individual does not need an EHC plan.

### **Learner support**

225. Learner support is available to provide financial support for learners 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'.
- 225.1 Hardship funding – general financial support for vulnerable and disadvantaged learners.
  - 225.2 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.
  - 225.3 Residential Access funding – to support learners where they need to live away from home.

226. Administrative costs will be capped at 5% of the value of your 2015 to 2016 learner support allocation. You must record, report and retain evidence on spending for each of the categories.
227. You must:
- 227.1 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
  - 227.2 assess and record the learner's needs, demonstrating the need for support
  - 227.3 report the appropriate Learner Support Reason codes in the 'Learner Funding and Monitoring' fields in the ILR
  - 227.4 complete a [mid-year funding forecast and a final claim](#)
  - 227.5 take into account the availability of other support for learners, for example from JCP or a work programme
  - 227.6 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
228. You must not use learner support funds for any of the following.
- 228.1 Essential equipment or facilities if the learner is fully funded by us. However, fully-funded learners can get support funding for childcare, transport and residential costs.
  - 228.2 A learner released on temporary licence.
  - 228.3 A learner carrying out a higher education course or learning aims fully funded from other sources.
  - 228.4 To pay weekly attendance allowances or achievement and attendance bonuses.

### **Hardship**

229. Hardship funds can be used for the following.
- 229.1 Course-related costs, including course trips, books and equipment (where costs are not included in the funding rate), domestic emergencies and emergency accommodation.
  - 229.2 Transport costs (but not to make a block contribution to post-16 transport partnerships or routinely fund transport costs that are covered in the local authority's legal duty for learners of sixth-form age).
  - 229.3 Examination fees.
  - 229.4 Accreditation fees, professional membership fees and any fees or charges due to external bodies.
  - 229.5 Your registration fees.
  - 229.6 Support provided by others, or by providing items, services or cash direct to the learner. This can be a grant or a repayable loan.
  - 229.7 To support learners on a traineeship including the work placement element.
230. In exceptional circumstances you can use hardship funds to help with fees for disadvantaged learners.

231. 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**

232. You can only use childcare funding to pay for childcare with a childminder, provider or childminder agency, who is registered with Ofsted.
233. You must not use childcare funding to:
- 233.1 fund informal childcare, such as that provided by a relative
  - 233.2 set up childcare places or to make a financial contribution to the costs of a crèche
  - 233.3 fund childcare for learners aged under 20 on the first day of learning; instead you must direct them to the [ESFA's 'Care to Learn' programme](#)
234. Childcare for those aged 20 years or older must not be used to top up childcare payments for those receiving 'care to learn'.

### **Residential access funding**

235. You must:
- 235.1 set out the criteria and procedures for considering and agreeing applications for support from your residential access funds
  - 235.2 give priority to learners who need accommodation and only pay for travel costs in exceptional circumstances

### **Job outcome payments**

236. 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.
- 236.1 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.
  - 236.2 Where the learner was claiming benefits relating to unemployment they must also declare that they have stopped claiming these.

## Section 3 - payments and performance-management

### Generic rules that apply to all delivery and contract types

237. This section sets out the principles by which we will manage your performance in the 2017 to 2018 funding year. It applies to all 5 of the categories set out in the information box below paragraph 255.
238. 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.
239. The term 'AEB procurement' refers to the procurement exercise launched by the former Skills Funding Agency in January 2017 to secure AEB provision from 1 November 2017 to 31 July 2018 for the 2017 to 2018 year.
240. The term "New Contract" means a contract awarded under the AEB procurement.
241. The term "Existing Contract" means a contract for services held by a provider in the 2016 to 2017 funding year.
242. 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.
243. 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. Your track record will include Ofsted grades, minimum standards of performance, financial health, financial management and control, and your previous delivery against your contract, where this information is available.
244. We have set up a new Learning Delivery Monitoring (LDM) code for you to record delivery through New Contracts. You must use LDM code 357 to record delivery under your New Contract. Please see refer to the to [ILR specification](#) for more information about using LDM codes.
245. As part of our financial 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 and ILR requirements. We will require you to correct inaccurate Individualised Learner Record (ILR) and Earnings Adjustment Statement (EAS) data or to adjust your final funding claim.
246. For provision funded through a New Contract and/or Existing Contract, we will use the information you provide in your funding claims, ILR and EAS data to review, in-year, your contract value for 2017 to 2018. If at the performance-management points ([see Annex B](#)) we have evidence that you will not deliver your contract value in full, we may reduce it to a level that is line with your actual in-year delivery. We will make these reductions in line with these rules.
247. The funding in your funding agreement or Existing Contract can be used to fund adult skills and both learning and learner support for new starts and carry-in learners. The funding in your New Contract can be used to fund formula funded adult skills and both learning and learner support for new starts only. This is set out in more detail in this section.

248. You must ensure you have funding available to ensure all learners you enrol can complete their programmes.
249. We will periodically review whether you are delivering more than your contract value and assess whether to pay for that over-delivery in line with these Funding and Performance-Management Rules. We have no responsibility to pay any amount over your allocated funding for the funding year or financial year. If you deliver more than your contract value, you do so at your own risk.
250. For New Contracts, we have the option to extend the contract for the funding years 2018 to 2019 and 2019 to 2020 at our discretion, and we will review this on an annual basis. Any future extensions will be subject to government policy, budget availability, your delivery and performance against your procured AEB contract value and the delivery plans you set out in your bid. We will take your performance into account if and when we agree your contract value for 2018 to 2019.
251. You cannot vire funds between the AEB and 16 to 18 traineeships.
252. You cannot vire funds between funding agreements, Existing Contracts and New Contracts.
253. You must make your funding claims in line with the Funding Claims 2017 to 2018 Guide which we will publish in autumn 2017. We will review the actual spend in your final funding claim against the ILR and EAS data you provide.
254. We reserve the right to increase or decrease the number of performance-management points we operate, in line with delivery against the funding available for AEB.
255. Allocations and performance-management decisions are subject to affordability within the available budget at the time.

As a result of the AEB procurement, your contracting, payment and performance-management arrangements with us may have changed. It is essential that you understand which rules apply to you. Only one of the following 5 categories will apply to you; the rules for each of these are set out in the rest of this document.

- 1) [Grant funded providers with an existing AEB block grant who did not submit a tender in the AEB procurement or did submit a tender but were unsuccessful](#)
- 2) [Grant funded providers who were successful in the AEB procurement and have a New Contract in addition to their existing grant](#)
- 3) [Existing contract for service providers that have been successful in the procurement and have a New Contract and an Existing Contract](#)
- 4) [New contract for service providers that have been successful in the procurement and have a New Contract only](#)
- 5) [Existing contract for service providers that did not enter the procurement or were unsuccessful and have an Existing Contract only](#)

Please refer to the correct category for your organisation. A diagram is included in [Annex C](#) for clarification.

**Category 1: Grant funded providers with an existing AEB block grant who did not submit a tender in the AEB procurement or did submit a tender but were unsuccessful**

- 256. Your AEB is allocated to you as a block grant for 2017 to 2018. We will make payments on the standard national profile as set out in Appendix 1 of your funding agreement.
- 257. Your funding agreement will state the maximum amount of AEB provision you can deliver between 1 August 2017 and 31 July 2018.
- 258. You must provide three 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.
  - 258.1 The mid-year funding claim in February 2018.
  - 258.2 The year-end funding claim in September 2018.
  - 258.3 The final funding claim in October 2018.
- 259. We will not pay any amount over the value of your 2015 to 2016 non-formula funded Community Learning allocation. Please see paragraphs 208 to 213 for more information.
- 260. At the end of the funding year, for any under-delivery we will apply a 3% tolerance. That is, where your delivery of the overall AEB is at least 97% of your funding allocation, we will not make a year-end adjustment to your funding allocation and you will not have to pay back any unspent funds. Where your delivery is less than 97%, you must pay back any unspent funds up to the full value of your AEB funding allocation. We will confirm the value of funding you must pay back in your reconciliation statement.

**Category 2: Grant funded providers who were successful in the AEB procurement and have a New Contract in addition to their existing AEB block grant**

- 261. If you applied to and were successful in the AEB procurement you were awarded a New Contract for services for formula funded AEB provision. This is in addition to the block grant you already have.
- 262. The payment and performance-management arrangements for your New Contract differ from the arrangements for your block grant. Please see paragraphs 256 to 260 on the arrangements for your block grant.
- 263. Your block grant and New Contract are separate and funds cannot be vired between the two.
- 264. Your New Contract will state the maximum amount of formula funded AEB provision you can deliver. The initial contract period is 1 November 2017 to 31 July 2018.
- 265. Your New Contract will span two financial years:
  - 265.1 November 2017 to March 2018: periods 4 to 8 of the 2017 to 2018 funding year
  - 265.2 April 2018 to July 2018: periods 9 to 12 of the 2017 to 2018 funding year

266. Your New Contract is split into two separate funding lines: Adult Skills (including 19 to 24 traineeships) and Learner Support. You cannot vire funds between Adult Skills and Learner Support.
267. We will pay the Adult Skills component of your contract value on the basis of your actual delivery each month, up to your contract value for the relevant financial year. We will calculate the value of your actual delivery using the latest validated ILR and EAS data you provide.
268. We will pay you the Learner Support component on the standard national profile set out in Appendix 1 of your New Contract.
269. For Learner Support, you must provide three 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.
  - 269.1 The mid-year funding claim in February 2018.
  - 269.2 The year-end funding claim in September 2018.
  - 269.3 The final funding claim in October 2018.

### **Category 3: Existing contract for service providers that have been successful in the AEB procurement and have a New Contract and an Existing Contract**

270. You are an 'existing contract for service provider' if you held an Existing Contract for AEB Services in the 2016 to 2017 funding year.
271. You will have two contracts with us:
  - 271.1 a New Contract
  - 271.2 an Existing Contract
272. You cannot vire funding between your New Contract and Existing Contract.
273. Your New Contract is for the delivery of formula funded AEB provision. You can use it to fund both adult skills and learning and learner support for new starts. The initial contract period is 1 November 2017 to 31 July 2018.
274. You received an extension to your Existing Contract for 3-months for the period 1 August 2017 until 31 October 2017. You then received a further 9-month extension from 1 November 2017 to 31 July 2018. This is a run-down arrangement and the contract will be terminated at the end of the contract period. Your Existing Contract will not be performance-managed at the end of the initial 3-month period. You will be performance-managed against your 12-month contract and across the 2 financial years set out above.
275. Under your Existing Contract, you will not be able to request an increase at the performance-management points. You can fund both adult skills and learning and learner support for new starts and carry-in learners but you must ensure you have funding available to ensure all learners you enrol can complete their programmes by 31 July 2018. No funding will be provided beyond 31 July 2018.
276. Under your New Contract you will be able to request an increase at the performance-management points as set out [Annex B](#).
277. Your New Contract and Existing Contract will separately state the maximum amounts of AEB provision you can deliver under each contract.

278. Your New Contract and Existing Contract will span two financial years:
- 278.1 Existing Contract: August 2017 to March 2018: periods 1 to 8 of the 2017 to 2018 funding year
  - 278.2 New Contract: November 2017 to March 2018: periods 4 to 8 of the 2017 to 2018 funding year
  - 278.3 New Contract and Existing Contract: April 2018 to July 2018: periods 9 to 12 of the 2017 to 2018 funding year
279. Your New Contract is split into two separate funding lines: Adult Skills (including 19 to 24 traineeships) and Learner Support. You cannot vire funding between the two.
280. Your Existing Contract is split into three separate funding lines: Adult Skills (including 19 to 24 traineeships), non-formula funded Community Learning and Learner Support. You cannot vire funding between the three.
281. We will pay the Adult Skills components of both your contracts on the basis of your actual delivery each month, up to your respective contract values for the financial year. We will calculate the value of your actual delivery on each contract using the latest validated ILR and EAS data you provide.
282. We will pay you the Learner Support component of both your contracts on the standard national profile set out in Appendix 1 of your respective contracts. We will reconcile this funding at the end of the year based on the funding claims you provide for each of your contracts. We will recover under-delivery.
283. For Learner Support you must provide three funding claims setting out your actual delivery to date and, where appropriate, provide a forecast for the remainder of the funding year. You will need to do this for both your contracts. The funding claims you must provide are set out below.
- 283.1 The mid-year funding claim in February 2018.
  - 283.2 The year-end funding claim in September 2018.
  - 283.3 The final funding claim in October 2018.
284. For your Existing Contract we will pay you the non-formula funded Community Learning on the standard national profile set out in Appendix 1 of your contract. We will reconcile this funding at the end of the year based on the funding claims you provide. We will recover under-delivery. This applies only to those providers previously in receipt of non-formula funded Community Learning.
285. For your Existing Contract for non-formula Community Learning, you must provide two funding claims setting out your actual delivery to date (from 1 August 2017) and, where appropriate, provide a forecast for the remainder of the funding year. The funding claims you must provide are set out below.
- 285.1 The year-end funding claim in September 2018.
  - 285.2 The final funding claim in October 2018.
286. For your Existing Contract we will not pay any amount over your allocated funding for non-formula funded community learning. Please see paragraphs 208 to 213 for more information.

#### **Category 4: New contract for service providers that were successful in the AEB procurement and have a New Contract only**

- 287. You have a New Contract for services. The initial contract period is 1 November 2017 to 31 July 2018.
- 288. You can fund both adult skills and learner and learning support for new starts.
- 289. Your New Contract will state the maximum amount of formula funded AEB provision you can deliver.
- 290. Your New Contract will span two financial years.
  - 290.1 November 2017 to March 2018: periods 4 to 8 of the 2017 to 2018 funding year
  - 290.2 April 2018 to July 2018: periods 9 to 12 of the 2017 to 2018 funding year
- 291. Your New Contract is split into two separate funding lines: Adult Skills (including 19 to 24 traineeships) and Learner Support. You cannot vire funding between the two.
- 292. We will pay the Adult Skills components 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.
- 293. We will pay you the Learner Support component on the standard national profile set out in Appendix 1 of your contract. We will reconcile this funding at the end of the year based on the funding claims you provide. We will recover under-delivery.
- 294. For Learner Support you must provide three 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.
  - 294.1 The mid-year funding claim in February 2018.
  - 294.2 The year-end funding claim in September 2018.
  - 294.3 The final funding claim in October 2018.

#### **Category 5: Existing contract for service providers that did not enter, or were unsuccessful in, the AEB procurement and have an Existing Contract only**

- 295. You are an 'existing contract for service provider' if you held a contract for AEB Services in the 2016 to 2017 funding year.
- 296. You received an extension to your Existing Contract for 3-months for the period 1 August 2017 until 31 October 2017. You then received a further 9-month extension from 1 November 2017 to 31 July 2018. This is a run-down arrangement and the contract will be terminated at the end of the contract period.
- 297. Your Existing Contract will state the maximum value of provision you can deliver over the whole extension period of 1 August 2017 to 31 July 2018. You will not be able to request an increase at the performance-management points.

298. Your Existing Contract will span two financial years.
- 298.1 August 2017 to March 2018: periods 1 to 8 of the 2017 to 2018 funding year
- 298.2 April 2018 to July 2018: periods 9 to 12 of the 2017 to 2018 funding year
299. Your Existing Contract will not be performance-managed at the end of the initial 3-month period. You will be performance-managed against your 12-month contract and across the 2 financial years set out above.
300. Your Existing Contract will continue to include three separate funding lines: Adult Skills (including 19 to 24 traineeships), non-formula funded Community Learning and Learner Support.
301. You must only enrol learners that will complete their programmes by 31 July 2018.
302. We will pay the Adult Skills component 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.
303. We will pay the non-formula funded Community Learning and Learner Support components separately on the standard national profile set out in Appendix 1 of your funding agreement. We will reconcile this funding at the end of the year based on the funding claims you provide. We will recover under-delivery.
304. We will pay you the Learner Support funding component on the standard national profile set out in Appendix 1 of your funding agreement.
305. For Learner Support, you must provide three funding claims setting out your actual delivery to date (from 1 August 2017) and, where appropriate, provide a forecast for the remainder of the funding year. The funding claims you must provide are set out below.
- 305.1 The mid-year funding claim in February 2018.
- 305.2 The year-end funding claim in September 2018.
- 305.3 The final funding claim in October 2018.
306. For non-formula funded Community Learning, you must provide two funding claims setting out your actual delivery to date (from 1 August 2017) and, where appropriate, provide a forecast for the remainder of the funding year. The funding claims you must provide are set out below.
- 306.1 The year-end funding claim in September 2018.
- 306.2 The final funding claim in October 2018.
307. We will not pay any amount over your allocated funding for non-formula funded community learning. Please see paragraphs 208 to 213 for more information.

### **16 to 18 traineeships for all providers**

308. Your 2017 to 2018 funding agreement or contract will state the maximum value of 16 to 18 traineeships you can deliver, including any discretionary bursary funding.
309. Your contract will span two financial years.

- 309.1 August 2017 to March 2018: periods 1 to 8 of the 2017 to 2018 funding year
- 309.2 April 2018 to July 2018: periods 9 to 12 of the 2017 to 2018 funding year
- 310. 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 Earnings Adjustment Statement (EAS) data you provide.
- 311. We will measure the performance of your 16 to 18 traineeship contract value against a standard national profile (see [Annex D](#)) at the performance management points. The performance-management point timetable is set out in [Annex B](#).
- 312. At performance-management points 2 and 3, we will reduce your contract value if your performance against the standard national profile is outside the tolerance. The tolerance Levels we will apply at the performance-management points are set out in [Annex B](#).
- 313. The reduction in your contract value will reflect some or all of the value of the under-delivery to date. We will not change this approach unless there are exceptional circumstances.
- 314. We will apply the reduction unless:
  - 314.1 your actual delivery pattern in 2016 to 2017 is significantly different to the standard national profile
  - 314.2 you demonstrate you were impacted by data issues outside of your control
  - 314.3 it is less than £25,000

### **Requesting an increase to your 16 to 18 traineeship and/or AEB contract value**

- 315. You can only apply for growth if one or more of the following applies:
  - 315.1 You have a New Contract
  - 315.2 You are a grant-funded provider
  - 315.3 You have a 16-18 traineeship contract if applying for 16-18 traineeship growth
- 316. At the performance-management points (set out in [Annex B](#)), we will consider requests to:
  - 316.1 increase funding for 16 to 18 traineeships
  - 316.2 increase funding for 19-24 traineeships and other AEB provision
- 317. We will confirm which other AEB provision we may invite growth requests for when we launch the performance-management points.
- 318. We will invite you to submit a growth request setting out your expected demand and your capacity to deliver the growth requested. We will review this against your performance to date to form a view of how credible your plans are. We may contact you to request more information to substantiate your request.
- 319. Following our assessment, if the total value of the credible growth requests we wish to support is bigger than the available budget, we will look to pro rata our awards. This may mean you do not receive the full value of your growth request.

320. You must send a growth request form to [providerperformancemanagement@education.gov.uk](mailto:providerperformancemanagement@education.gov.uk) at the performance-management points.
321. You must send your growth request form by the deadlines shown in [Annex B](#). We will not accept any forms that are sent after the deadline or to a different email address.
322. The growth request form will set out further information about how we assess your request. We will consider increasing your 16 to 18 traineeship and AEB contract value if funds are available and if:
- 322.1 your contract terms mean you are eligible for growth (see paragraph 315)
  - 322.2 you are listed on the Register of Training Organisations and have successfully passed the capacity and capability questions.
  - 322.3 you have a good track record (see paragraph 243) including the accuracy of forecasts you have provided in the past (where applicable)
  - 322.4 you can prove there is demand from learners and/or employers
  - 322.5 you can prove you have the capacity, capability and quality assurance arrangements to deliver the growth requested
  - 322.6 you are not under notice for Failure of Inspection or Financial Control
  - 322.7 you are not under notice for Minimum Standards for education and training
  - 322.8 we are confident that awarding an increase to your funding allocation is a good use of public funds
  - 322.9 your growth request is credible based on your delivery to date
  - 322.10 your delivery is in line with the delivery profile you provided as part of your procurement bid (where applicable)
  - 322.11 we are satisfied that the value of any funds that you would subcontract will not cause you to breach our funding rules
  - 322.12 we will also give consideration to the expiry date for the contract, after which new starts may not be recruited (31 July 2018)
323. If you are a grant funded provider with a New Contract (category 2), we will look at your overall performance across your grant and contract for service when assessing the credibility of your growth request. We will ask you to specify whether your growth request relates to your grant or your contract for services.
324. For 16 to 18 traineeships, if your performance against our standard national profile is outside our tolerance level, we will not agree an increase to your contract value unless we have also agreed that one or more of the criteria in paragraph 314 apply.
325. You must not request growth for a subcontractor if:
- 325.1 it would take the total value of subcontracts that the subcontractor holds to deliver non-apprenticeships education and training funded by us to £100,000 or more, and/or
326. We will only offer growth for subcontracted delivery if you can provide evidence that you have published your current supply-chain fees and charges policy on your website.

## Annex A - Eligibility for funding

The section on eligibility determines how eligibility to be funded can depend upon citizenship within the European Union or the European Economic Area (EEA). This Annex details which countries will meet the residency requirements detailed in paragraph 31.

Countries or areas where residency establishes eligibility for our funding

- a) Member states of the European Union.

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

- b) Other territories categorised as being within the European Union.

Other territories are categorised as being within the European Union 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 three-year rule on residence in the EEA. These are as follows:

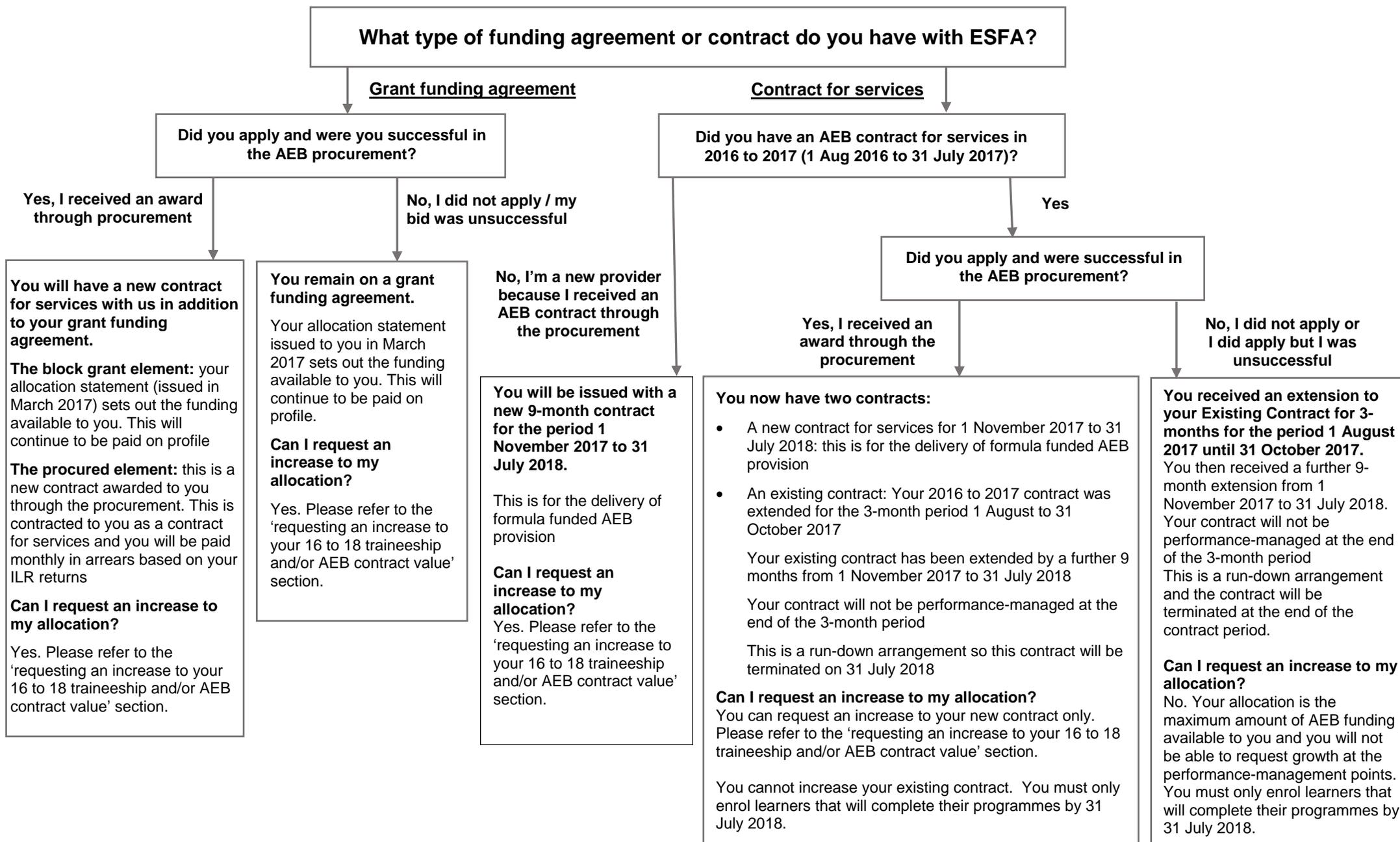
Anguilla Bermuda  
British Antarctic Territory  
British Indian Ocean Territory  
British Virgin Islands  
Cayman Islands  
Falkland Islands Henderson Island Montserrat  
Pitcairn, Ducie and Oeno Islands  
South Georgia and the South Sandwich Isles  
St Helena and its dependencies  
Turks and Caicos 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 - Performance-management points

Adult education budget and 16 to 18 traineeships performance-management points, tolerances and minimum thresholds

	<b>Performance-management point 1</b> (growth only, no reductions)	<b>Performance-management point 2</b> (16 to 18 traineeships growth and reduction only)	<b>Performance-management point 3</b> (growth and reductions)
Growth funding that can be requested	For periods 1 to 12 <ul style="list-style-type: none"> <li>• 16 to 18 traineeships</li> <li>• AEB provision (existing block grant)</li> </ul> For periods 4 to 12 <ul style="list-style-type: none"> <li>• AEB provision (new contracts)</li> </ul>	For periods 1 to 12 <ul style="list-style-type: none"> <li>• 16 to 18 traineeships</li> </ul>	For periods 9 to 12 <ul style="list-style-type: none"> <li>• 16 to 18 traineeships</li> <li>• AEB provision (existing block grant and new contracts)</li> </ul>
Growth form published	18 October 2017	12 January 2018	18 April 2018
Tolerance for under-delivery	N/A	6%	3%
Lower threshold for contract value adjustments	N/A	£25,000	£25,000
Growth requests to be received by	27 October 2017	26 January 2018	2 May 2018
Delivery information using the latest validated ILR data you provide	6 November 2017	5 January 2018	4 May 2018
Cases for increasing or reducing contract values reviewed by	22 November 2017	2 February 2018	18 May 2018
Decision to approve or reject increases and reductions by	27 November 2017	17 February 2018	25 May 2018
Providers told the outcome of our performance-management process from	28 November 2017	19 February 2018	31 May 2018

## Annex C - Contracting arrangements



## Annex D - Traineeship standard national profile

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

### 16 to 18 traineeship standard national profile

	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10	P11	P12
16 to 18 traineeships monthly profile	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%

## Glossary

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.
Adult funding methodology	The funding methodology for individuals aged 19 and over, participating in AEB learning. You can access <a href="#">adult funding methodology</a> on GOV.UK.
Advanced learner loan	Advanced learner loans 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 are administered by Student Finance England.
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.
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.
Carry-in learner	Learners who commenced learning in a previous funding year and remain in learning as of 1 August 2017.
Community Learning	Helps people of different ages and backgrounds gain a new skill, reconnect with learning, pursue an interest, 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.
Contract for services	Funding agreement for providers not paid through a grant agreement.
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.
Distance learning	Learning delivered away from the learner's main place of employment or place of learning.
Earnings adjustment statement (EAS)	The form providers need to fill in to claim funding that cannot be claimed through the Individualised Learner Record.

Education health 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.
Employed	An individual who has a contract of employment. This does not include individuals who are self-employed.
English for speakers of other languages (ESOL)	The study of English by speakers of other languages.
European social fund (ESF)	The ESF is a structural fund from the European Union. It improves the skills of the workforce and helps people who have difficulties finding work. We are a co-financing organisation for the ESF.
Exceptional learning support	Learning support when the needs of the learner cost more than £19,000 in a single funding year.
Existing contract	A contract for services held by a provider in the 2016 to 2017 funding year.
Extension contract	AEB funding for 1 August to 31 October 2017 to allow for the completion of the AEB procurement.
Flexible element	Within a traineeship, the elements that sit alongside the core elements to form the qualification.
Formula funded AEB provision	Qualifications and non-regulated learning aims funded through the <a href="#">adult funding methodology</a> , excluding non-formula funded community learning.
Full level 2	The following qualifications are designated full at level 2: <ul style="list-style-type: none"> <li>• a General Certificate of Secondary Education in five subjects, each at grade C or above, or grade 4 or above, or</li> <li>• a Technical Certificate at level 2 which meets the requirements for 2018 to 2019 16 to 19 performance tables</li> </ul>

Full level 3	<p>The following qualifications are designated full at level 3:</p> <ul style="list-style-type: none"> <li>• a General Certificate of Education at the advanced level in two subjects, or</li> <li>• a General Certificate of Education at the AS Level in four subjects, or</li> <li>• a QAA Access to Higher Education (HE) Diploma at level 3, or</li> <li>• a Tech Level; or applied general qualification at level 3 which meets the requirements for 2018 16 to 19 performance tables</li> </ul>
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 and providers who receive funding for education and skills training.
Grant-funded providers	Providers with a financial memorandum or conditions of funding (grant).
Growth request	A request for additional funds that can only be made at the performance management points. Evidence of additional demand and capacity to deliver will be required.
Guided learning	<p>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 or – a lecturer, supervisor, tutor or other appropriate provider of education or training.</p> <p>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.”</p> <p>You can find more information in the <a href="#">Ofqual General Conditions of Recognition September 2016</a>.</p>
Hardship	Within learner support, a category of support to assist vulnerable and disadvantaged learners to remove barriers to education and training.
The Hub	The Hub 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.

Immigration status	The permissions, or otherwise, granted by the government of the United Kingdom for an individual to reside here.
Individualised learner record (ILR)	The primary data collection requested from learning providers for further education and work-based learning in England. The data is used widely, most notably by the government, to monitor policy implementation and the performance of the sector. It is also used by organisations that allocate funding for further education.
Information advice and guidance (IAG)	Services available to learners to enable them to consider further learning opportunities, progression and career choices.
Job outcome payments	Payments made for learners who are unemployed at the start of learning who cease learning to take up a job.
Learner file	A collection of documents and information brought together to form a single point of reference relating to the learning that is taking place.  This provides the evidence to prove that the learner exists and is eligible for funding, and for the learning to be provided.
Learning support	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.
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 reference number	The unique eight-digit code used to identify a specific learning aim.
Local flexibility	Regulated qualifications, and or their components, and non-regulated learning that the ESFA funds, that is <b>not</b> 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> .
New contract	A contract awarded to organisations that were successful in the 2017 to 2018 AEB procurement exercise.

Non-regulated learning	<p>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:</p> <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>
Ofqual	The Office of Qualifications and Examinations Regulation which regulates qualifications, examinations and assessments in England.
Ordinarily resident	<p>For funding purposes, a person who normally lives in the United Kingdom, are allowed to live there by law, and return there after temporary trips outside the country.</p> <p>Temporary absences from a country due to the learner or a relevant family member working or travelling abroad would be discounted when considering ordinary residency.</p>
Personal learning record (PLR)	A database which 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.
Planned learning end date	The date entered onto the individualised learner record (ILR) when the learner is expected to complete their learning.
Recognising and Recording Progress and Achievement (RARPA).	<p>The Learning and Work Institute have undertaken a consultation on the RARPA Cycle and have published <a href="#">updated RARPA Guidance</a>.</p> <p>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).</p> <p>You can access further information from <a href="#">The Learning and Work Institute</a>.</p>
Recognition of prior learning (RPL)	<p>An assessment method that considers whether a learner can demonstrate that they can:</p> <p>meet the outcomes for a qualification or a component of a qualification through knowledge, understanding or skills they already have and so do not need to undertake a course of learning for that component or qualification</p>

Register of training organisations (the Register)	A register that provides assurance on organisations that deliver non-apprenticeship education and training services funded by the ESFA, or subcontractors with more than £100,000 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.
Residential	Support provided under learner support to learners receiving specialist provision which involves a residential element, or to support learners who cannot receive provision locally.
Regulated Qualifications Framework (RQF)	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.
Run down contract	Run down contracts have been awarded from 1 November 2017 to 31 July 2018. These contracts will be terminated at the end of July 2018.
Senior responsible person	For example: chief executive, managing director, principal or their equivalent.
Self-certification	A process where the learner is able to confirm something through their own signature.
Small or medium-sized enterprise (SME)	The category of micro, small and medium-sized enterprises made up of enterprises that employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euros, and/or an annual balance sheet total not exceeding 43 million euros.
Start of learning	The date on which learning begins. We do not consider enrolment, induction, diagnostic assessment or prior assessment to be part of learning.
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.
Statutory entitlement	The <a href="#">statutory entitlement to education and training</a> allows learners to be fully funded who are aged: <ul style="list-style-type: none"> <li>• 19 and over, who have not achieved a Grade A*-C, grade 4, or higher, and study for a qualification in English or maths up to and including level 2</li> <li>• 19 to 23, if they study for a first qualification at level 2 and/or level 3</li> </ul>

Study programme	Study programmes are aimed at 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.
Traineeship	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 number	A number given to all providers by the UK register of learning providers to enable them to be easily identified.
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.
Work programme	A government programme operated by the Department for Work and Pensions aimed at getting long-term unemployed individuals into work.
Young people's funding methodology	The funding methodology for individuals aged 16 to 19 (and those aged 19 to 24 with an Education Health and Care plan). You can access <a href="#">young people's funding methodology</a> on GOV.UK.

## Summary of main changes since funding rules 2016 to 2017

- For the 2017 to 2018 AEB funding rules we have incorporated the relevant sections from the 2016 to 2017 common funding rules, as there is no longer a requirement for a separate common funding rules document, this is because from 2017 to 2018:
  - all apprenticeship funding and performance-management rules will be contained in separate documents
  - providers with a loans facility will not be permitted to subcontract
- Therefore, we have reviewed and rationalised the rules that apply to general funding and the AEB, removed duplication and simplified where possible.
- We have highlighted the main changes from the funding year 2016 to 2017 in the table below; we have indicated if these changes applied to the 2016 to 2017 AEB funding and performance-management rules, the 2016 to 2017 common and performance-management rules or the rules contained in this document.
- Please note this is not an exhaustive list of all the changes. You must refer to the main documents 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 email the [servicedesk@education.gov.uk](mailto:servicedesk@education.gov.uk) or speak to your provider management manager/advisor.

Section	Paragraph number	Change
Throughout document	This document	Updated the document to reflect these rules are published by the Education and Skills Funding Agency, which merged the Skills Funding Agency and the Education Funding Agency, on 1 April 2017.
Principles of funding	2016 to 2017 Common funding rules - paragraph A15	Removed paragraph regarding virement of 16 to 18 traineeships and 16 to 18 apprenticeships as this will not be permitted in the new apprenticeship funding system which started in May 2017.
Who we fund	2017 to 2018 AEB draft funding rules – paragraph 25	Added to explain that from 1 August 2017 all students aged 19 who are continuing a learning programme they began aged 16 to 18 (19+ continuing students) will be funded through the ESFA's young people's funding methodology.
A Levels	2016 to 2017 AEB funding rules - paragraph E14	Removed paragraph about individuals who have not achieved an A Level. This information is already contained in the full level 3 section.
Provision and individuals we fund	2017 to 2018 AEB draft funding rules - Government contribution table	Revised the table and relevant paragraph to clarify that learning aims delivered to an individual aged 19 to 23 (not unemployed) to progress to their first full level 2 must be at entry and/or level 1 only and from the local flexibility offer.
Individuals aged 19 to 23 (excluding	2017 to 2018 AEB draft funding rules - paragraph 168.2	

English, maths and ESOL)		
Learners with learning difficulties or disabilities	2016 to 2017 AEB funding rules - paragraph E39	Moved to English and maths section.
Learners with learning difficulties or disabilities	2017 to 2018 AEB draft funding rules – paragraph 0	Added to clarify the ESFA's responsibility to individuals with an EHC plan who reach the age of 25 in an academic year.
Traineeships	2017 to 2018 AEB draft funding rules - paragraphs 182 to 204	We have revised this section to remove duplication and make it easier to read and understand, the policy remains the same.
Community learning	2017 to 2018 AEB draft funding rules - paragraphs 208 to 213	We have added in this section. In 2016 to 2017 we sent community learning rules directly to providers who had a 2015 to 2016 community learning allocation as an appendix to their funding agreement.
Exceptional learning support	2017 to 2018 AEB draft funding rules - paragraph 224	Text added to support an exceptional learning support request which is stated in the costs form.
Princes Trust Team Programme	This document – paragraphs 214 to 216	We omitted this section in the 2016 to 2017 AEB rules, as the information is contained in the AEB funding rates and formula document. However, to signpost providers and reduce queries we have re-inserted this section.
Legal entitlements and local flexibility	This document paragraphs 138 to 141	In response to queries, we have added in more information to clarify the legal entitlements and local flexibility, including learner eligibility for either or both, and what provision is able to be funded.
Payments and performance management	This document – section 3	This section was omitted in version 1. This has been added for version 2 and sets out the payment and performance management approach for all providers. This section has been updated in version 3 to reflect contracting changes arising from AEB procurement.
What we will not fund	This document – paragraph 157	Based on sector feedback we have changed this paragraph back to the rule published in 2016 to 2017. This change will support eligible learners to enrol on courses that can be delivered in the workplace for 2017 to 2018.