



Skills Funding
Agency

Operational Performance- management Rules 2015 to 2016

Version 1

This document describes the performance-management rules for the 2015 to 2016 funding year. These rules apply from 1 August 2015.

August 2015

Of interest to providers and employers

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Introduction

This document sets out the performance-management rules for the 2015 to 2016 funding year. These rules enable us to maximise funding in support of high-quality education and training. They provide a clear framework for providers on how performance will be managed, both in terms of supporting priority education and training and addressing underperformance.

To reflect the wider funding context and to give greater financial predictability and stability for colleges and training organisations, and in line with sector feedback, we have simplified our rules for 2015 to 2016:

- there will be two performance-management points (December and April) instead of three
- for the adult skills budget we will focus performance management on apprenticeships and only invite growth requests for apprenticeships and traineeships
- there will be no reductions during the year to non-apprenticeship Adult Skills Budget contract values for providers funded through a contract
- Offenders' Learning and Skills Service funding will be paid on profile and we will not reduce contract values during the year
- we have made our criteria for assessing growth cases clearer

A Summary of Changes is included within this document.

The performance-management rules in this document form part of the terms and conditions of the funding agreement between the Secretary of State for Business, Innovation and Skills acting through the Skills Funding Agency (SFA), and providers and employers who receive funding directly from the SFA for apprenticeship standard provision. They should be read along with the financial memorandum, conditions of funding (grant), contract for services, conditions of funding (grant) – employer, 24+ Advanced Learning Loans facility conditions, Apprenticeship Grant for Employers facility conditions and the Funding Rules 2015 to 2016.

The terms 'we' and 'SFA' refer to the Skills Funding Agency and associated staff. When we refer to 'you' or 'providers', this includes colleges, training organisations, local authorities and employers that receive funding from us, or through a loans facility, to deliver education and training.

We use the term 'funding agreement' to refer to the financial memorandum, conditions of funding (grant), contract for services, conditions of funding (grant) – employer, 24+ Advanced Learning Loans facility conditions and Apprenticeship Grant for Employers facility conditions.

We use the term 'learner' to cover all those who receive education or training we have funded, either directly from the SFA or through a loan.

We may make changes to these rules. We will publish any changes on our website.

The Hub's Contracts and Finances page is an online service that gives you access to information about contracting and payments. We use the Contracts and Finances page to share your contract documents, funding statements, remittance reports (payments), subcontracting declarations and reconciliation statements.

Summary of Changes

These are the changes to the performance-management rules for 2015 to 2016. You must read the main document and annexes for full details. We have summarised the payment arrangements and performance-management rules for the different funding streams in the next section of this document.

Adult Skills Budget

There will be two performance-management points in 2015 to 2016 at which we review your performance against our standard national profiles. The tolerance for the first performance-management point is 6% and for the second it is 3%. [Paragraph 26. Annex A table 3. Annex B table 8 and diagram 1].

For providers funded through a contract, where your apprenticeship adult skills budget (ASB) performance is more than 6% below the standard national profile at the first performance-management point (or more than 3% below at the second one):

- we will reduce your apprenticeship ASB contract value by some or all of the value of the under-delivery to date. We will not reduce the future profile of your contract value [Paragraphs 27 to 29]
- we will not agree an increase to that contract value [Paragraph 31]

We will apply the reduction unless:

- your delivery pattern in 2014 to 2015 is significantly different to the standard national profile
- you demonstrate that you were impacted by data issues that were outside of your control
- it is less than £25,000 [Paragraph 30]

For providers funded through a contract:

- we will not reduce your non-apprenticeship ASB contract value during the year unless there are exceptional circumstances [Paragraph 27]
- where your non-apprenticeship ASB performance is below the standard national profile at a performance-management point, we will not agree an increase to that contract value [Paragraph 31]
- where your apprenticeship or non-apprenticeship ASB performance is below your contract value at the end of the funding year, we may adjust your 2016 to 2017 funding allocation to reflect actual delivery claimed in your final individualised learner record (ILR) and earnings adjustment statement (EAS) data for 2015 to 2016 [Paragraph 12]

We have adjusted the standard national profile for non-apprenticeship ASB. The profile is used to make payments to providers funded through a grant and to monitor performance of providers funded through a contract. [Paragraphs 20 and 26. Annex A tables 1 and 2].

You can ask for an increase to your funding allocation for adult apprenticeships or 19 to 24 traineeships at either of the performance-management points. [Paragraphs 32 to 35. Annex B table 8, table 9 and diagram 1].

You cannot move funding ('vire') out of your adult apprenticeship ASB into your non-apprenticeship ASB. [Paragraph 15].

We will not pay for delivery over your non-apprenticeship ASB funding allocation or contract value. [Paragraphs 23 and 25].

16 to 18 Apprenticeships and SFA-funded Traineeships

There will be two performance-management points in 2015 to 2016 at which we review your performance against our standard national profiles. The tolerance for the first performance-management point is 6% and for the second it is 3%. [Paragraph 39 and 40. Annex A table 5. Annex B table 8 and diagram 1].

That is, if your delivery is more than 6% below the standard national profile at the first performance-management point (or more than 3% below at the second one):

- we will reduce your contract value by some or all of the value of the under-delivery to date. We will not reduce the future profile of your contract value [Paragraph 41]
- we will not agree an increase to that contract value [Paragraph 44]

We will apply the reduction unless:

- your delivery pattern in 2014 to 2015 is significantly different to the standard national profile
- you demonstrate you were impacted by data issues that were outside of your control
- it is less than £25,000 [Paragraph 42]

We may adjust your 2016 to 2017 funding allocation to reflect actual delivery claimed in your final ILR and EAS data for 2015 to 2016. [Paragraph 12].

24+ Advanced Learning Loans Facility

You can request a change to your loans facility, or request a loans facility for the first time, at any time up until 30 September 2016. [Paragraphs 55 and 56].

Discretionary Learner Support and 24+ Advanced Learning Loans Bursary

We will use the information you provide in your funding claims to review your funding allocation for 2015 to 2016. If we have evidence that you will not deliver in full, we may reduce your funding allocation to a level that is in line with your actual delivery. [Paragraph 11].

We have adjusted the payment profile for Discretionary Learner Support. [Paragraphs 62 and 70].

Providers funded through a contract or who have a loan facility condition agreement can request an increase to their loans bursary fund contract value at any time up until 30 September 2016. [Paragraph 77].

Offenders' Learning and Skills Service

You will be paid on profile for 2015 to 2016. [Paragraph 79].

We will not adjust contract values during the funding year. Local governance boards can redistribute funding within a unit of procurement at their discretion; these changes do not need our agreement. [Paragraph 81].

Apprenticeship Grant for Employers

The combined authorities in Greater Manchester and Sheffield City took control of their respective AGE budgets from 1 April 2015. The West Yorkshire combined authority took control of its AGE budget from 1 August 2015. AGE facilities for the 2015 to 2016 financial year do not include apprenticeship starts for employers based in those areas from those dates. [Box on page 21].

You can request a change to your AGE facility, or request an AGE facility for the first time, at any time up until 30 June 2016. If your current delivery is less than 75% of the facility for the age group for which you request an increase, you must explain why you need an increase. [Paragraphs 90 and 91].

Summary of Payment Arrangements and Performance-management Rules

You must read the main document and annexes for full details.

Funding stream	Provider type	Payment arrangements	Can growth be requested?	Can funds be moved?	Performance management
Adult Skills Budget					
Apprenticeship ASB including learner support and learning support	Funded through grant	Paid on profile	Yes at the performance-management points	Apprenticeship ASB cannot be used to fund non-apprenticeship ASB	Unspent funds must be paid back based on final funding claim due in October 2016
	Funded through contract	Paid on actual			At the performance-management points where delivery is below standard national profile and value of under-delivery is greater than £25,000
Non-apprenticeship ASB including traineeships, learner and learning support	Funded through grant	Paid on profile	Yes at the performance-management points for traineeships and related learner and learning support only	Non-apprenticeship ASB can be used to fund apprenticeship ASB	Unspent funds must be paid back based on final funding claim due in October 2016
	Funded through contract	Paid on actual			Contract not reduced during the year unless there are exceptional circumstances
16 to 18 Apprenticeships including SFA-funded Traineeships	All	Paid on actual	Yes at the performance-management points	Can be requested at the performance-management points	At the performance-management points where delivery is below standard national profile and value of under-delivery is greater than £25,000
Community Learning	All	Paid on profile	No	Not applicable	Unspent funds must be paid back based on final funding claim due in October 2016
24+ Advanced Learning Loans	All	Paid on actual by Student Loans Company	Yes at any time until 30 September 2016	Not applicable	Facility only reduced if there is a risk that demand may exceed the national budget
Discretionary Learner Support (DLS) and 24+ Advanced Learning Loans Bursary Fund	Funded through grant	Paid on profile	No	Combined DLS and loans bursary fund can be used for grant-funded and loans-funded learners	Unspent funds must be paid back based on final funding claim due in October 2016
	Funded through contract or loan facility conditions agreement	DLS paid on profile Loans bursary fund paid on actual	DLS: no Loans bursary fund: at any time until 30 September 2016	No	DLS: unspent funds must be paid back based on final funding claim due in October 2016 Loans bursary fund: may be reduced if we have evidence that you will not use your funding allocation in full
Offenders' Learning and Skills Service	All	Paid on profile	No additional funding but local governance boards can move funds within a unit of procurement at their discretion	Local governance boards can move funds within a unit of procurement at their discretion	Unspent funds must be paid back based on final funding claim due in October 2016
Apprenticeship Grant for Employers	All	Paid on actual	Yes at any time until 30 June 2016	Not applicable	Facility only reduced if there is a risk that demand may exceed the national budget

Principles of Performance Management

This section sets out the principles by which we will manage your performance in the 2015 to 2016 funding year from August 2015 to July 2016, which spans two financial years:

- August 2015 to March 2016 (the latter part of the 2015 to 2016 financial year)
- April 2016 to July 2016 (the beginning of the 2016 to 2017 financial year)

It also explains how the performance-management rules impact on current or future funding allocations or contract values.

1. You are responsible for making sure you understand the funding system and make the right choices for learners and employers. You should prioritise your existing funding allocation or contract value to meet the needs of your Local Enterprise Partnerships (LEPs), deliver apprenticeships and learning that will help people get into work.
2. We have no responsibility to pay any amount over your allocated funding for the funding year or financial year, as set out in your funding agreement for that year. You must manage your funding allocation or contract value as set out in Appendix 2 of your funding agreement.
3. We will continue to apply different performance-management processes according to the type of funding agreement we have with you. Within those processes, we will apply our principles of performance management consistently to all providers.
4. We will maximise participation funds by identifying apprenticeship delivery that is below funding allocation or contract value (under-delivery) and redistributing funds to providers with a good track record and evidence of demand from employers or learners. Within the adult skills budget, we will prioritise redistributing funds for delivering adult apprenticeships; we will only redistribute funds for traineeships where we have been able to satisfy requests for apprenticeship growth.
5. We will use our approach to funding to make sure learning provision is of a high quality. In response to the government's [Rigour and Responsiveness in Skills](#) policy, we will use your track record to assess your ability to deliver education and training to the required quality and standard. Your track record will take account of Ofsted grades, [Minimum Standards](#) of performance, financial health, financial management and control, and your previous delivery against your contract.
6. If we need more information to support our performance-management processes, we will try to use existing information produced from your own internal processes.
7. We will publish any changes to the rules in this document at least three months before the changes come into effect, unless this is not possible due to changes in national policy.
8. In consultation with you, we may adjust your contract value or funding allocation if your circumstances change.

Adjustments to earnings

9. 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. We will require you to correct inaccurate individualised learner record (ILR) and earnings adjustment statement (EAS) data or to adjust your final funding claim.

Impact of performance-management rules on allocations

10. If we increase your contract value through the performance-management process, you must use that extra funding to deliver the type of learning provision for which you requested funding.
11. We will use the information you provide in your funding claims and in your ILR and EAS data to review your funding allocation or contract value for 2015 to 2016. If we have evidence that you will not deliver a funding allocation or contract value in full, we may reduce that funding allocation or contract value to a level that is in line with your actual delivery.
12. We will take your performance into account when agreeing your funding allocations or contract values for 2016 to 2017. We may adjust your 2016 to 2017 funding allocations or contract values to reflect your final funding claim or final ILR and EAS data for 2015 to 2016.

Adult Skills Budget

The Adult Skills Budget (ASB) includes apprenticeships, non-apprenticeships including 19 to 24 traineeships, and learning support.

We will continue to manage the ASB according to the two types of provider:

- those funded through a grant – these are providers with a financial memorandum or conditions of funding (grant).
- those funded through a contract – these are providers with a contract for services or conditions of funding (grant) – employer.

Apprenticeships

13. In 2015 to 2016 we will fund adult apprenticeships for those aged 19 and over through the ASB. Your contract for the 2015 to 2016 funding year will state the minimum amount of the ASB that we expect you to use to fund adult apprenticeships. You can also use your non-apprenticeship ASB to fund delivery of apprenticeship ASB.
14. You must fund Trailblazer apprenticeships (led by employers to develop concise and clear standards for apprenticeships) from your existing apprenticeship funding allocation or contract value. This includes any additional incentive payments that you need to pass to employers.

Non-apprenticeship Adult Skills Budget Including Traineeships

15. Your contract for the 2015 to 2016 funding year will state the maximum amount that you can use to fund non-apprenticeship ASB (including 19 to 24 traineeships). You cannot use your apprenticeship ASB to fund delivery of non-apprenticeship ASB.

You cannot move funding ('vire') out of your adult apprenticeship ASB into your non-apprenticeship ASB.

16. You can use your existing non-apprenticeship ASB funding allocation or contract value to deliver traineeships for 19- to 24-year-olds.

Learner and Learning Support

17. You must provide learning support to learners from your existing ASB funding allocation or contract values.
18. If you do not have an allocation for discretionary learner support, you can claim learner support for adult apprentices in genuine need and for trainees aged 19 to 24 from your ASB.
19. We will monitor the amount of funding you spend on learner support for trainees. We will use this when we review any growth request forms you send us at the performance-management points.

Payments and Performance

Providers funded through a grant

20. We will make payments on a standard national monthly profile, shown in Table 1 of Annex A.
21. You must provide three funding claims setting out your actual delivery to date and, where appropriate, provide a forecast of your spending for the remainder of the funding year. The funding claims you must provide are the:
 - mid-year funding claim (February 2016)
 - year-end funding claim (September 2016)
 - final funding claim (October 2016)
22. You must make your funding claims in line with the [Funding Claims 2015](#)

[to 2016 Guide](#), which contains more information on the claim process, evidence needed and audits.

23. We will not make an automatic payment for delivery over your apprenticeship ASB allocation. We will not pay for delivery over your non-apprenticeship ASB funding allocation.
24. We will not apply an automatic year-end tolerance for under-delivery for either apprenticeship or non-apprenticeship ASB. For any under-delivery, we will make a year-end adjustment to your funding allocation and you must pay back any unspent funds. We will confirm the value of funding you must pay back in your reconciliation statement.

Providers funded through a contract

25. We will pay you on the basis of your actual delivery each month, up to your contract value for the financial year. We will calculate the value of your actual delivery using the latest validated ILR and EAS data you provide.
26. We will measure your performance against a standard national profile (see Table 2 of Annex A) at the performance-management points throughout the year. Those points are set out in Table 8 and Diagram 1 of Annex B.
27. We will reduce your apprenticeship ASB contract value where your performance against the standard national profile for the period in question is outside our published tolerance levels. The tolerance levels that we will apply at the performance-management points are set out in Table 3 of Annex A. We will not reduce your non-apprenticeship ASB contract value during the year unless there are exceptional circumstances.
28. The reduction in your apprenticeship ASB 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.
29. When we calculate any reduction to your apprenticeship ASB contract

value, we will only include delivery to date for apprenticeships. We will not include delivery to date for non-apprenticeship ASB.

30. We will apply the reduction unless:
 - your delivery pattern in 2014 to 2015 is significantly different to the standard national profile
 - you demonstrate that you were impacted by data issues that were outside of your control
 - it is less than £25,000

Requesting an Increased Adult Skills Budget Allocation or Contract Value

Providers funded through a contract

31. If your apprenticeship or non-apprenticeship ASB performance against the standard national profile is outside our published tolerance levels, we will not agree an increase to that contract value unless we have also agreed that:
 - your delivery pattern in 2014 to 2015 is significantly different to the standard national profile
 - you demonstrate that you were impacted by data issues that were outside of your control
 - it is less than £25,000

All providers

32. You can ask for an increase to your 2015 to 2016 funding allocation for adult apprenticeships or 19 to 24 traineeships by sending a [growth and virement request form](#) to providerperformancemanagement@sfa.bis.gov.uk at either of the performance-management points. Those points are set out in Table 8 and Diagram 1 of Annex B.
33. You must send your [growth and virement request form](#) to the email address above by the deadlines shown in Table 9 of Annex B. We will not accept any forms that are sent after the

deadlines or to a different email address.

34. You must not request growth funding for a subcontractor if:
- it would take the total value of subcontracts that the subcontractor holds to deliver education and training funded by us to £100,000 or more, and
 - the subcontractor is not on the [Register of Training Organisations](#)
35. The growth and virement request form will set out further information about how we assess your request. We will increase your funding allocation if funds are available and if:
- you are listed on the [Register of Training Organisations](#) and have successfully completed the capacity and capability questions
 - you have a good track record
 - you can prove there is demand from employers or learners
 - you are not under notice for Failure of Inspection, Financial Health or Financial Control
 - you are not under notice for Minimum Standards in the type of provision for which you want the increase
 - we are confident that awarding an increase to your contract value is a good use of public funds

16 to 18 Apprenticeships and Traineeships

This section applies to all providers with a 16 to 18 funding agreement. We continue to manage the delivery of 16 to 18 apprenticeships on behalf of the Education Funding Agency (EFA).

We also continue to manage the delivery of 16 to 18 traineeships on behalf of the EFA for providers that are not funded by them.

36. Your 2015 to 2016 funding agreement will state the maximum value of 16 to 18 traineeships, including discretionary bursary funding, you can deliver from your overall 16 to 18 apprenticeship contract value. You can use 16 to 18 traineeships funding to fund 16 to 18 apprenticeship delivery. You can request to use 16 to 18 apprenticeship funding to fund 16 to 18 traineeship delivery.
37. You must fund Trailblazer apprenticeships (led by employers to develop concise and clear standards for apprenticeships) from your existing apprenticeship funding allocation or contract value. This includes any additional incentive payments that you need to pass to employers.
38. We will pay you on the basis of your actual delivery each month up to your contract value for the financial year. We will calculate the value of your actual delivery using the latest validated ILR and EAS data you provide.
39. We will measure your performance against a standard national profile (see Table 4 of Annex A) at the performance-management points. Those points are set out in Table 8 and Diagram 1 of Annex B.
40. We will reduce your contract value if your performance against the standard national profile for the period in question is outside our published tolerance levels. The tolerance levels that we will apply at the performance-management points are set out in Table 5 of Annex A.
41. 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.
42. We will apply the reduction unless:
- your delivery pattern in 2014 to 2015 is significantly different to the standard national profile
 - you demonstrate that you were impacted by data issues outside of your control
 - it is less than £25,000
43. We will not make an automatic payment for delivery over your funding allocation.
44. If your performance against the standard national profile is outside our published tolerance levels, we will not agree an increase to that contract value unless we have also agreed that:
- your delivery pattern in 2014 to 2015 is significantly different to the standard national profile
 - you demonstrate that you were impacted by data issues that were outside of your control
 - it is less than £25,000
45. We will consider requests to move funding from 16 to 18 apprenticeships into 16 to 18 traineeships at the performance-management points (as set out in Table 8 and Diagram 1 of Annex B). You will need formal agreement from us before transferring any funding.
46. You can ask for an increase to your 2015 to 2016 contract value for apprenticeships and traineeships or to move funding ('vire') within your contract value by sending a [growth and virement request form](#) to

providerperformancemanagement@sfa.bis.gov.uk at either of the performance-management points. Those points are set out in Table 8 and Diagram 1 of Annex B.

47. You must send your [growth and virement request form](#) to the email address above by the deadlines shown in Table 9 of Annex B. We will not accept any forms that are sent after the deadlines or to a different email address.
48. You must not request growth funding for a subcontractor if:
 - it would take the total value of subcontracts that the subcontractor holds to deliver education and training funded by us to £100,000 or more, and
 - the subcontractor is not on the [Register of Training Organisations](#)
49. The growth and virement request form will set out further information about how we assess your request. We will increase your funding allocation if funds are available and if:
 - you are listed on the [Register of Training Organisations](#) and have completed the capacity and capability questions successfully
 - you have a good track record
 - you can prove there is demand from employers or learners
 - you are not under notice for Failure of Inspection, Financial Health or Financial Control
 - you are not under notice for Minimum Standards in the type of provision for which you want the increase
 - we are confident that awarding an increase to your contract value is a good use of public funds

Community Learning

This section applies to all providers with a Community Learning funding agreement.

50. You will be paid on the standard national profile shown in Table 6 of Annex A.
51. You must provide a final funding claim setting out your actual spend against your funding allocation for the 2015 to 2016 funding year in October 2016. You must make your funding claims in line with the [Funding Claims 2015 to 2016 Guide](#), which will contain more information on the claim process, evidence needed and audits.
52. We will review the actual spend in your final funding claim against the ILR data you provide.
53. We will not apply an automatic year-end tolerance or automatic payment for delivery over your funding allocation to your final funding claim. For any under-delivery, we will make a year-end adjustment to your funding allocation and you must pay back any unspent funds. We will confirm the value of funding you must pay back in your reconciliation statement.

24+ Advanced Learning Loans Facility

This section applies to all providers that have a loans facility.

54. To manage the loans budget we will use information from the Student Loans Company on loans commitments (approved loans).
55. You can ask for an increase to your loans facility by sending a [Loans Facility and Bursary Adjustment Request Form](#) to 24plusall-facilityrequests@sfa.bis.gov.uk at any time up until 30 September 2016.
56. You can also use the [Loans Facility and Bursary Adjustment Request Form](#) to request a facility if you do not have one. You must have an ASB funding agreement with us.
57. When considering whether or not to increase your loans facility, we will consider your current performance, your track record and the amount of funding available nationally.
58. We will respond to these requests within two working days. This process, set out in Diagram 3 of Annex C, is open to you until 30 September 2016 and there is no specific timetable.
59. We will review delivery against the national loans budget. We will only reduce your loans facility if there is a risk that the demand for loans may exceed the national budget.
60. We will contact you if we need to reduce your loans facility. We will focus first on providers that have delivered small values of loans-funded activity.

Discretionary Learner Support and 24+ Advanced Learning Loans Bursary

This section applies to all providers with a Discretionary Learner Support (DLS) or Loans Bursary funding agreement. The Loans Bursary fund is used to provide both learner support and learning support. If you deliver in a high cost area, you will automatically earn area uplift costs that are funded from your Loans Bursary fund.

Providers funded through a grant

61. You can use your combined DLS funding allocation and Loans Bursary funding allocation to support grant-funded learners and learners funded through a loan.
62. You will receive your DLS and Loans Bursary funding allocations in three stages (that is you will receive 'profile' payments):
 - for DLS you will receive 49.5% in August, 24.75% in January and 25.75% in April
 - for loans bursary you will receive 50% in August, 25% in January and 25% in April
63. You must provide the following two funding claims, giving details of the amount of DLS and Loans Bursary funding you have used:
 - the mid-year funding claim (February 2016)
 - the final funding claim (October 2016)

Where appropriate, you must also provide a forecast of your spending for the rest of the year.

64. You must make your funding claims in line with the [Funding Claims 2015 to 2016 Guide](#), which will contain more information on the claim process, evidence needed and audits.

65. At the end of the year we will compare the amount of DLS and Loans Bursary funding you have used to support learners against your combined DLS and Loans Bursary funding allocations.
66. We will not apply an automatic payment for spending over your combined funding allocation and you must pay back any unspent funds. We will confirm the value of funding you must pay back in your reconciliation statement.
67. We will use information from the latest validated ILR and EAS data you provide to review your actual spend on learner and learning support and area cost uplift for learners funded through a loan.
68. If we have evidence that you have not completed your ILR data correctly, we may reduce your funding allocation.

Providers funded through a contract

Discretionary Learner Support

69. You can only use your DLS funding allocation to support learners who are not funded through a loan.
70. You will receive DLS funding in three stages (that is, you will receive 'profile' payments): 49.50% in August, 24.75% in January and 25.75% in April.
71. You must provide the following two funding claims, giving details of the amount of DLS funding you have used:
 - the mid-year funding claim (February 2016)
 - the final funding claim (October 2016)

Where appropriate, you must also provide a forecast of your spending for the rest of the year.

72. You must make your funding claims in

line with the [Funding Claims 2015 to 2016 Guide](#), which will contain more information on the claim process, evidence needed and audits.

73. We will not apply an automatic tolerance or automatic payment for spending over your funding allocation to your final funding claim. For any underspend we will make a year-end adjustment to your funding allocation and you must pay back any unspent funds. We will confirm the value of funding you must pay back in your reconciliation statement.
74. If we have evidence that you have not completed your ILR returns correctly, we may reduce your funding allocation.

Providers funded through a contract or a loan facility conditions agreement

24+ Advanced Learning Loans Bursary Fund

75. You must only use your Loans Bursary Fund to support learners funded through a loan.
76. We will pay you a fixed rate each month for eligible learners within your contract value or bursary funding allocation. The rates for learner support and learning support are shown in the [Funding Rates and Formula](#). We will calculate the value of funding using the latest validated ILR and EAS data you provide.
77. You can request an increase to your Loans Bursary Fund using the process set out in paragraphs 55 to 59. Any increase to your 24+ Advanced Learning Loans Bursary Fund contract value will depend on the funding available nationally and your track record. You can request a change at any time up until 30 September 2016.
78. We will review your actual spend, using the latest validated ILR and EAS data you provide, at the performance-management points. Those points are set out in Table 8 and Diagram 1 of Annex B. We may reduce your funding

allocation in line with your loans facility if we have evidence that you will not use your full funding allocation.

European Social Fund

This section applies to all providers with a European Social Fund (ESF) contract.

2014 to 2020 programme

Over the next few months we will procure the following ESF 2014 to 2020 programme-funded education and training services:

- Programmes for the unemployed (IP1.1).
- Support programmes for young people (IP1.2).
- Active inclusion (IP1.4).
- Skills support for the workforce (IP2.1).
- Skills support for employers (IP2.2).

We will provide more information on the performance-management arrangements when it is available.

Offenders' Learning and Skills Service

This section applies to all providers with an Offenders' Learning and Skills Service (OLASS) funding agreement.

To manage delivery of offender learning, prisons are grouped into clusters and offenders can transfer between prisons in the same cluster. Each cluster is then grouped into a 'unit of procurement' (unit). Providers have contracts to deliver education and training to one or more units.

Your OLASS contract will show the contract value for each unit for the 2015 to 2016 funding year.

tolerance for under-delivery or automatic payment for delivery over your contract value to your final funding claim. For any under-delivery, we will make a year-end adjustment to your contract value and you must pay back any unspent funds. We will confirm the value of funding you must pay back in your reconciliation statement.

79. You will be paid on the standard national profile shown in Table 7 of Annex A.
80. We will calculate the value of your actual delivery using the ILR and EAS data you provide for each prison, cluster and unit. We will provide this data to local governance boards at the performance-management points for them to review performance. Those points are set out in Table 8 and Diagram 1 of Annex B.
81. We will not reduce your OLASS contract value during the year unless there are exceptional circumstances, agreed with the local governance board. Local governance boards can redistribute funding within a unit of procurement at their discretion; they must inform us of any changes, but do not need our agreement.
82. You must provide a final funding claim setting out your actual spend against your funding allocation for the 2015 to 2016 funding year in October 2016.
83. We will review the actual spend in your final funding claim against the ILR and EAS data you provide.
84. We will not apply an automatic year-end

Apprenticeship Grant for Employers

This section applies to all providers with an Apprenticeship Grant for Employers (AGE) facility. AGE helps businesses, which would not otherwise be in a position to do so, to recruit young people (16- to 24-year-olds) through the apprenticeship programme by providing grants of £1,500 for each apprentice to eligible employers.

Your AGE facility contract is for the 2015 to 2016 financial year, which ends 31 March 2016.

The combined authorities in Greater Manchester and Sheffield City took control of their respective AGE budgets from 1 April 2015. The West Yorkshire combined authority took control of its AGE budget from 1 August 2015. AGE facilities for the 2015 to 2016 financial year do not include apprenticeship starts for employers based in those areas from those dates.

Similar programmes may be introduced for other cities or localities that would affect AGE facilities; we will announce these when they are confirmed.

85. Your AGE facility is the total value of grants available for you to support employers recruiting 16-to 18-year-old apprentices and 19- to 24-year-old apprentices.
86. Your 2015 to 2016 funding agreement will state the maximum value of AGE for 16- to 18-year-olds, and the maximum value of AGE for 19- to 24-year-olds, within your overall AGE facility.
87. You must not claim AGE for apprentices with employers based in Greater Manchester and Sheffield City whose start date is on or after 1 April 2015. You must not claim AGE for apprentices with employers based in West Yorkshire whose start date is on or after 1 August 2015.
88. We will pay you on the basis of your actual delivery each month. We will work out the value of your actual delivery using the latest validated ILR data you provide.
89. We will only pay you up to the maximum value of your AGE facility for each age group. You cannot move ("vire") between the two age groups. If your delivery is likely to exceed your AGE facility for either age group, you must request an increase to your AGE facility.
90. You can ask for a change to your maximum value of AGE for either age group by sending an [AGE Facility Adjustment Request Form](mailto:providerAGEfacilitymanagement@sfa.bis.gov.uk) to providerAGEfacilitymanagement@sfa.bis.gov.uk. If your current delivery is less than 75% of the facility for the age group for which you request an increase, you must explain why you need it. You can request a change at any time up until 30 June 2016.
91. You can also use the AGE Facility Adjustment Request Form to request an AGE facility if you do not have one. In this instance, you must already have a 16 to 18 apprenticeship funding agreement or an ASB funding agreement with us. You can request a facility at any time up until 30 June 2016.
92. When considering whether or not to increase your AGE facility we will consider your current performance, your track record and the amount of funding available nationally.
93. We will respond to these requests within two working days. This process, set out in Diagram 5 of Annex C, is open to you until 30 June 2016 and there is no specific timetable.
94. We will review delivery against the national AGE budget. We will only reduce your AGE facility if there is a risk that the demand for AGE may

exceed the national budget.

95. We will contact you if we need to reduce your AGE facility. We will focus first on providers who have delivered small values of AGE activity.

Annex A: Standard National Profiles and Performance-management Tolerances

The following tables refer to P1 through to P12. These represent the funding-year periods where P1 is August and P12 is July.

Table 1. Adult Skills Budget (ASB) standard national payment profile for providers funded through a grant

	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10	P11	P12
Apprenticeship monthly profile	12.56%	9.44%	9.56%	7.44%	5.60%	5.60%	5.20%	5.16%	12.56%	11.60%	9.60%	5.68%
Apprenticeship cumulative profile	12.56%	22.00%	31.56%	39.00%	44.60%	50.20%	55.40%	60.56%	73.12%	84.72%	94.32%	100.00%
Non-apprenticeship monthly profile	12.36%	9.29%	9.41%	7.32%	5.51%	5.51%	5.12%	5.09%	12.86%	11.88%	9.83%	5.82%
Non-apprenticeship cumulative profile	12.36%	21.65%	31.06%	38.38%	43.89%	49.40%	54.52%	59.61%	72.47%	84.35%	94.18%	100.00%

Table 2. Adult Skills Budget (ASB) standard national profile for providers funded through a contract

	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10	P11	P12
Apprenticeship monthly profile	8.18%	8.18%	8.18%	8.18%	8.18%	8.18%	8.19%	8.24%	8.19%	8.78%	8.78%	8.74%
Apprenticeship cumulative profile	8.18%	16.36%	24.54%	32.72%	40.90%	49.08%	57.27%	65.51%	73.70%	82.48%	91.26%	100.00%
Non-apprenticeship monthly profile	8.07%	8.07%	8.07%	8.07%	8.07%	8.07%	8.08%	8.11%	8.40%	9.01%	9.01%	8.97%
Non-apprenticeship cumulative profile	8.07%	16.14%	24.21%	32.28%	40.35%	48.42%	56.50%	64.61%	73.01%	82.02%	91.03%	100.00%

Table 3. Performance-management tolerances for apprenticeship ASB

Performance-management point	1	2
Month	December 2015	April 2016
Tolerance (percentage of cumulative profile to date)	6%	3%
Lower threshold for contract value adjustments	£25,000	£25,000

Table 4. Standard national profile for 16 to 18 apprenticeships and traineeships

	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10	P11	P12
16 to 18 apprenticeships and traineeships monthly profile	8%	8%	8%	8%	8%	8%	8.19%	8.15%	8.19%	9.14%	9.14%	9.19%
16 to 18 apprenticeships and traineeships cumulative profile	8%	16%	24%	32%	40%	48%	56.19%	64.34%	72.53%	81.67%	90.81%	100%

Table 5. Performance-management tolerances for 16 to 18 apprenticeships and traineeships

Performance-management point	1	2
Month	December 2015	April 2016
Tolerance (percentage of cumulative profile to date)	6%	3%
Lower threshold for contract value adjustments	£25,000	£25,000

Table 6. Standard national profile for Community Learning

	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10	P11	P12
Community Learning monthly profile	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.36%	8.33%	8.33%	8.33%	8.34%
Community Learning cumulative profile	8.33%	16.66%	24.99%	33.32%	41.65%	49.98%	58.31%	66.67%	75%	83.33%	91.66%	100%

Table 7. Standard national profile for Offenders' Learning and Skills Service (OLASS)

	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10	P11	P12
OLASS monthly profile	8.28%	8.28%	8.28%	8.29%	7%	8.29%	8.30%	8.34%	8.30%	8.89%	8.89%	8.86%
OLASS cumulative profile	8.28%	16.56%	24.84%	33.13%	40.13%	48.42%	56.72%	65.06%	73.36%	82.25%	91.14%	100%

Annex B: Performance-management Timetables

Table 8. Performance-management dates for ASB apprenticeships and 19 to 24 traineeships and for 16 to 18 apprenticeships and traineeships

Performance-management points	Timeline	
	1	2
Growth and virement request form to be received	20 November 2015	1 April 2016
Delivery information using the latest validated ILR data you provide	4 December 2015	6 April 2016
Cases for increasing or reducing contract values reviewed by	16 December 2015	20 April 2016
Decision to approve or reject increases and reductions	Week commencing 21 December 2015	Week commencing 25 April 2016
Providers told the outcome of our performance-management process by	8 January 2016	13 May 2016
Performance-management values published on our website by	26 February 2016	1 July 2016

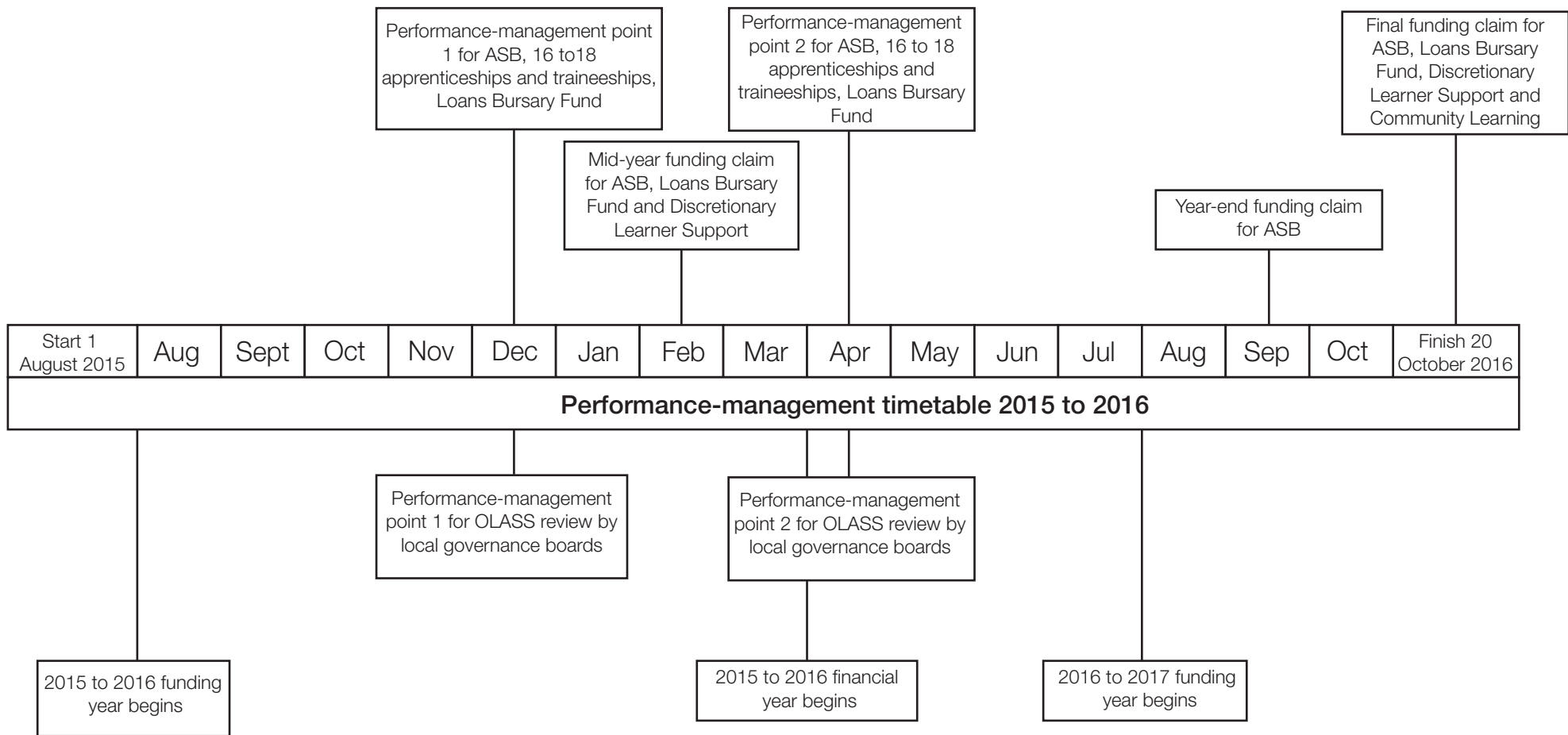
Table 9. Growth and virement request form availability

Growth and virement request form			
Funding the change request will apply to	Change that can be requested	Published	Date to be received by
ASB apprenticeships and 19 to 24 traineeships	Growth requests for periods 1 to 12	6 November 2015	20 November 2015
16 to 18 apprenticeships and traineeships	Growth and virement requests for periods 1 to 12		
ASB apprenticeships and 19 to 24 traineeships	Growth requests for periods 9 to 12	16 March 2016	1 April 2016
16 to 18 apprenticeships and traineeships	Growth and virement requests for periods 9 to 12		

Table 10. Performance-management dates for ESF

To be confirmed.

Diagram 1. Performance-management timetable



Annex C: Performance-management Processes

Diagram 2. ASB and 16 to 18 apprenticeships performance-management process

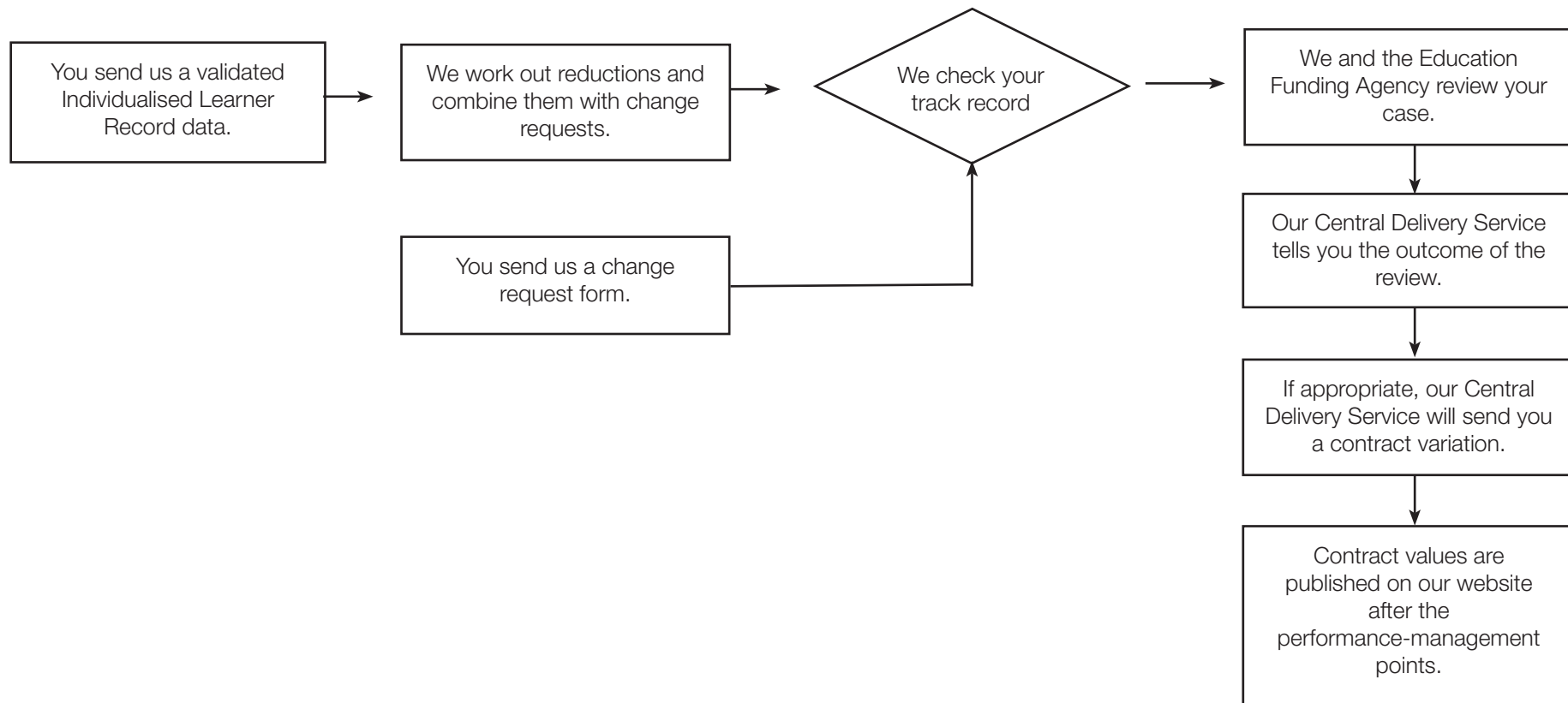


Diagram 3. 24+ Advanced Learning Loans performance-management process

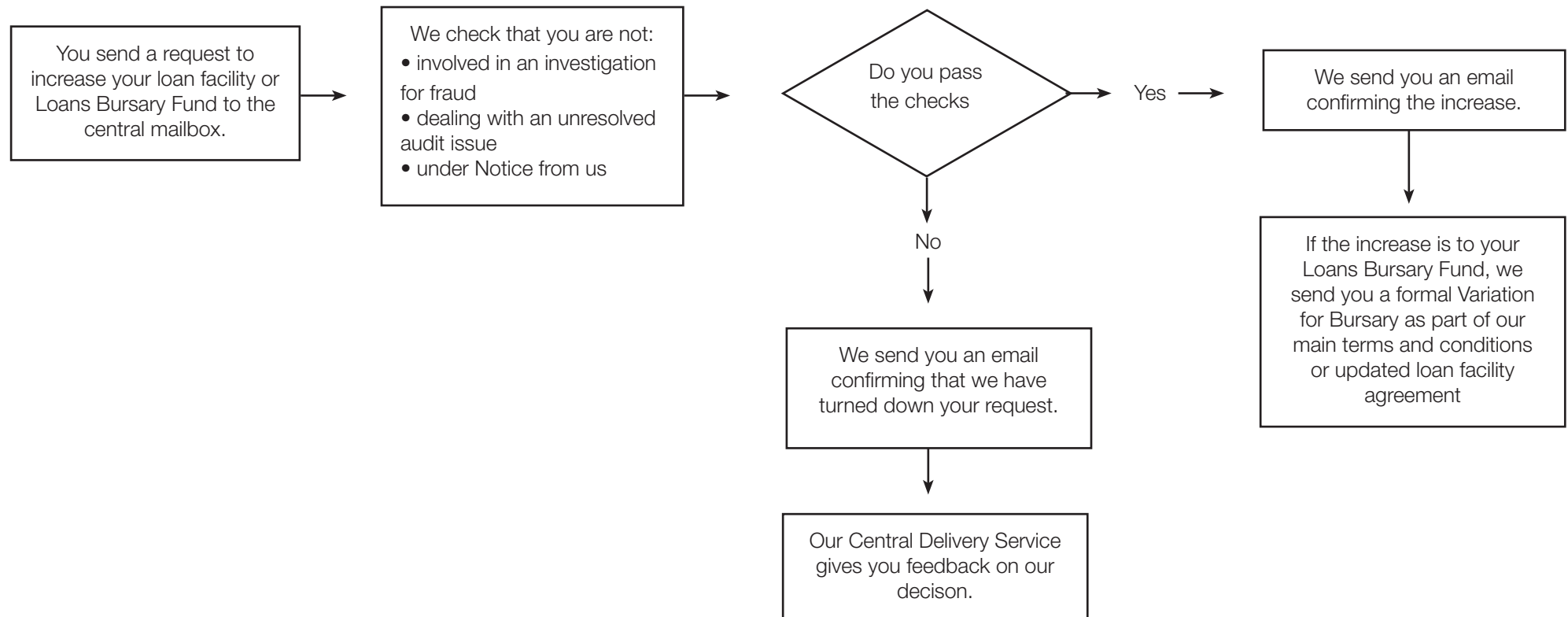
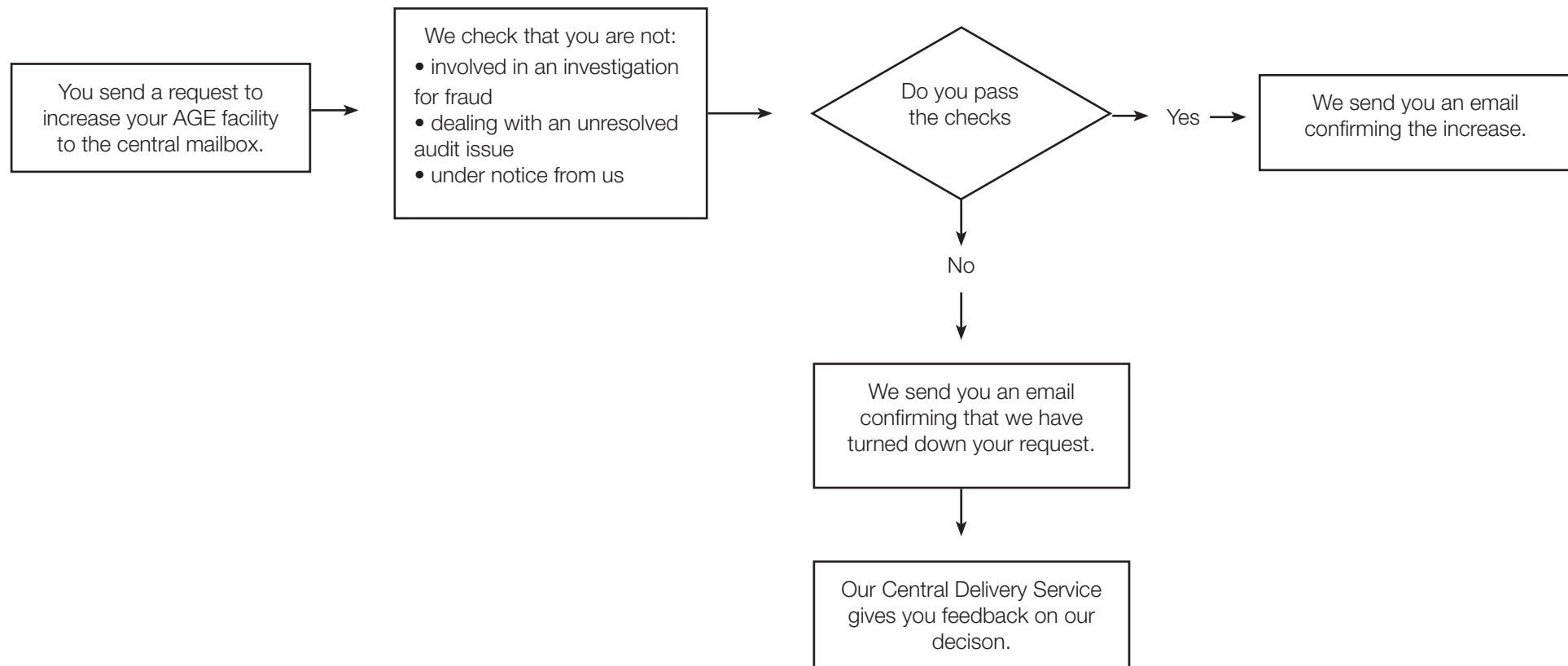


Diagram 4. ESF performance-management process

To be confirmed.

Diagram 5. AGE facility performance-management process



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