



Education & Skills
Funding Agency

Adult education budget: funding and performance management rules

Version 2

For the 2018 to 2019 funding year (1 August 2018 to 31 July 2019).

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

June 2018

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 rules for the 2018 to 2019 funding year (1 August 2018 to 31 July 2019). 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). Section 101 of the Apprenticeships, Skills, Children and Learning Act 2009 allows for funding to be subject to conditions in this way.
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:
 - 3.1 local enterprise partnerships
 - 3.2 relevant mayoral combined authorities in anticipation of the proposed devolution of functions related to the AEB from 2019 to 2020
 - 3.3 the Greater London Authority (GLA) in relation to the proposed exercise of AEB functions by the GLA on behalf of the Secretary of State from 2019 to 2020
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. All information, including hyperlinks were correct when we published this document.
7. The ESFA reserves the right to make changes to these rules.

How this document can help you

8. We have divided this document into three sections that contain the general funding requirements , AEB specific funding rules and payment and performance mangement rules.
9. Each section may include:
 - 9.1 the context of the rule in a box, and/or
 - 9.2 the rule itself as a numbered paragraph
10. We have included a [glossary](#) to explain technical terms.
11. We have included a summary of changes to explain new policy rules and amendments that differ from 2017 to 2018.

Understanding the terminology

12. The term 'we' refers to the Secretary of State for Education, acting through the ESFA, an executive agency of the Department for Education.
13. 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.
14. We use the term 'funding agreement' to include:
 - 14.1 financial memorandum
 - 14.2 conditions of funding (grant)
 - 14.3 contract for services
 - 14.4 conditions of funding (grant) – employer
15. We use the terms 'individual' and 'learner' to cover those whose provision is funded by us.
16. 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.
17. If we refer to qualifications, either these will be from the Regulated Qualifications Framework (RQF) or an Access to Higher Education Diploma recognised and regulated by the Quality Assurance Agency (QAA).
18. 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.
19. 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

20. You can contact us through our Business Operations Service Desk at SDE.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

21. These funding rules apply to all learners starting new learning aims on or after 1 August 2018. The only exception is for individuals continuing their learning from the 2017 to 2018 funding year.
22. You must not transfer funding between the following ring fenced budgets:
 - 22.1 adult education budget
 - 22.2 19+ apprenticeships
 - 22.3 apprenticeship grant for employers (AGE)
 - 22.4 loans bursary fund
 - 22.5 advanced learner loan facility

23. 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

24. 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.
25. To be funded by us, on the first day of learning a learner must be:
 - 25.1 aged 19 or older on 31 August within the 2018 to 2019 funding year if the learning aim is not a traineeship, or
 - 25.2 starting a traineeship on or after 1 August of the academic year in which they have their 16th birthday
26. The age of the learner on 31 August in the funding year determines whether the learner is funded through the ESFA's [AEB 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).
27. 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.
28. 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.
29. A learner's eligibility will not change during the learning aim or programme.
30. 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 they start.
31. If an individual starts a learning aim or programme and is not eligible for funding, we will not fund their learning while they remain ineligible.
32. You must not fund a learner who is unable to complete a learning aim in the time they have available. Any learner, of any age, must be able to achieve the learning aim or programme of study within the time they have available.

Eligibility for funding

33. Providers must make sure an individual is eligible before claiming funding for them.
34. Individuals will be eligible for funding if the learning is taking place in England and they:
 - 34.1 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
 - 34.2 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

35. The European Economic Area (EEA) includes all the countries and territories listed in [Annex A](#).
36. The eligibility of individuals who do not meet the requirements in paragraph 35 is stated below.
37. 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.
38. 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.
39. You can find further information on eligibility from the [UK Council for International Student Affairs](#).

Non-EEA citizens

40. 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

41. 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.
 - 41.1 Refugee Status.
 - 41.2 Discretionary Leave to Enter or Remain.
 - 41.3 Exceptional Leave to Enter or Remain.
 - 41.4 Indefinite Leave to Enter or Remain.
 - 41.5 Humanitarian protection.
 - 41.6 Leave Outside the Rules.
 - 41.7 Section 67 of the Immigration Act 2016 Leave
 - 41.8 The husband, wife, civil partner and child of any of the above in subparagraphs 41.1 to 41.6.
42. 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

43. Asylum seekers are eligible to receive funding if:
 - 43.1 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

- 43.2 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
- 44. An individual who has been refused asylum will be eligible if:
 - 44.1 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
 - 44.2 they are granted support for themselves under section 4 of the Immigration and Asylum Act 1999, or
 - 44.3 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

- 45. 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’.
- 46. 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.
- 47. This table shows the eligibility for family members if:
 - 47.1 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, or
 - 47.2 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

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

Persons granted stateless leave

49. A person granted stateless leave is a person who:
- 49.1 has extant leave to remain as a stateless person under the immigration rules (within the meaning given in section 33(1) of the Immigration Act 1971); and
 - 49.2 has been ordinarily resident in the UK and Islands throughout the period since the person was granted such leave
50. A stateless person must:
- 50.1 be ordinarily resident in the UK on the first day of the first academic year of the course; and
 - 50.2 have been ordinarily resident in the UK and Islands throughout the three-year period preceding the first day of the first academic year of the course
51. Certain family members are also eligible under this category:
- 51.1 the spouse or civil partner of a person granted stateless leave (and who was the spouse or civil partner of that person on the leave application date), who is ordinarily resident in the UK on the first day of the first academic year of the course, and who has been ordinarily resident in the UK and Islands throughout the three-year period preceding the first day of the first academic year of the course; or
 - 51.2 the child of a stateless person or of the stateless person's spouse or civil partner (and who was the child of that stateless person or the child of the stateless person's spouse or civil partner on the leave application date), was under 18 on the leave application date, is ordinarily resident in the UK on the first day of the first academic year of the course, and has been ordinarily resident in the UK and Islands throughout the three-year period preceding the first day of the first academic year of the course
52. "Leave application date" means the date on which a persons granted stateless leave made an application to remain in the UK as a stateless person under the immigration rules (within the meaning given in section 33(1) of the Immigration Act 1971).

Individuals who are not eligible for funding

53. 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:
- 53.1 those who are here illegally

- 53.2 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
- 53.3 non-EEA citizens who are in the United Kingdom on holiday, with or without a visa
- 53.4 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
- 53.5 individuals who are ordinarily resident in the Channel Island or the Isle of Man, unless they are also ordinarily resident within England
- 53.6 those whose biometric residence permit or residence permit imposes a study prohibition or restriction on the individual

Learners in the armed forces

- 54. 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.
- 55. 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

- 56. 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

- 57. Wales, Scotland and Northern Ireland have their own funding arrangements. You must develop arrangements with the relevant devolved administration if you are planning to deliver a significant quantity of learning to learners who do not live in England.
- 58. You must not actively recruit learners who live or work outside of England.
- 59. 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.
- 60. For learning delivered at an employee's workplace, we will fund individuals whose main employment or normal place of work is in England.
- 61. We will fund individuals who live in Scotland, Wales and Northern Ireland who require learning, and work for a UK based employer, who deliver training only in England. We do not expect these numbers to be significant. Providers who are close to the borders can deliver learning to learners who do not live in England, who fall within their catchment area.

What we fund

62. 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.
63. You must not claim funding where a learner only sits or resits a learning aim assessment or examination and no extra learning takes place.
64. You must not claim funding for any provision you deliver to a learner whose learning is taking place outside England.
65. 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.
66. You must not enrol individuals on learning aims or programmes eligible for AEB funding at the same time as any new apprenticeship they start, funded from an employer's digital account or government-employer co-investment.
67. 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.
68. 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

69. 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 full funding for their learning. Direct costs include any essential activities or materials without which the learner could not complete and achieve their learning.
70. 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

71. A learner must be in learning for a minimum number of days between their learning start date and learning planned end date before you can earn funding, including learning support. You can access this information in the [Adult education budget: funding rates and formula 2018 to 2019](#) on GOV.UK.
72. This does not apply where the learner achieves the learning aim.

Recognition of prior learning

73. 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:
 - 73.1 reduce the funding amount claimed for the learning aim by the percentage of learning and assessment the learner does not need

- 73.2 follow the policies and procedures set by the awarding organisation for delivery and assessment of the qualification
- 73.3 not claim funding if the prior learning meets the full requirements of the awarding organisation to achieve the learning aim
- 74. 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.
- 75. You must not use prior learning to reduce funding for English and maths qualifications up to and including level 2.
- 76. If a learner enrolls on an advanced subsidiary (AS) level qualification followed by an A level, you must reduce the funding claimed for the A level to take account of the prior study of the AS level and record this in the 'Funding adjustment for prior learning' field in the ILR. You can access [ILR information](#) on GOV.UK.

Breaks in learning

- 77. 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.
- 78. We will not fund a learner during a break in learning.
- 79. 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.
- 80. 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

- 81. 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.
- 82. If you and any subcontractors want to continue to be listed on the Register you must successfully complete the Register, refresh, and update your information when we ask you to. If you fail 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:
 - 82.1 be listed on the Register
 - 82.2 be invited to tender
 - 82.3 be able to increase contract value through growth cases
- 83. 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

84. 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.
85. 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.
86. 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.
87. You must not subcontract to meet short-term funding objectives.
88. You must only use delivery subcontractors:
 - 88.1 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
 - 88.2 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
 - 88.3 if you have robust procedures to ensure subcontracting does not lead to the inadvertent funding of extremist organisations
89. 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

90. If you have not previously subcontracted provision we fund, you must get our written approval before awarding a contract to a delivery subcontractor and keep evidence of this. You can find details about [seeking written approval](#) on GOV.UK.
91. When appointing delivery subcontractors you must avoid conflicts of interest and you must:
 - 91.1 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
 - 91.2 not award the contract without our written permission
 - 91.3 keep as evidence both your request and our reply
92. 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.

93. 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.
 - 93.1 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.
 - 93.2 We will place restrictions on your future use of AEB delivery subcontractors if this occurs.
94. 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 you use a delivery subcontractor who 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.
95. 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.
96. 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.
 - 96.1 If Ofsted has rated your leadership and management as inadequate.
 - 96.2 If you do not meet our [Minimum Standards](#).
 - 96.3 If the outcome of your annual financial health assessment we carry out is inadequate, unless we have provided written permission in advance.

Entering into a subcontract

97. 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..
98. You must not award a subcontract to any organisation if:
 - 98.1 it has an above-average risk warning from a credit agency
 - 98.2 it has passed a resolution (or the court has made an order) to wind up or liquidate the company, or administrators have been appointed
 - 98.3 its statutory accounts are overdue
99. 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.
100. You must have a legally binding contract with each delivery subcontractor that includes all the terms set out in paragraph 103.
101. You must have a contingency plan in place for learners in the event that:
 - 101.1 you need to withdraw from a subcontract arrangement

- 101.2 a delivery subcontractor withdraws from the arrangement
- 101.3 a delivery subcontractor goes into liquidation or administration
- 102. You must make sure that the terms of your subcontracts allow you to:
 - 102.1 monitor the delivery subcontractor's activity
 - 102.2 have control over your delivery subcontractors
 - 102.3 monitor the quality of education and training provided by delivery subcontractors
- 103. 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:
 - 103.1 provide assurance on the arrangements to manage and control your delivery subcontractors
 - 103.2 comply with any guidance issued by us
- 104. 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

- 105. You must make sure your delivery subcontractors:
 - 105.1 meet the requirements set out in our funding rules
 - 105.2 provide you with ILR data so your data returns to us accurately reflect your subcontractor's delivery information
 - 105.3 give us, and any other person nominated by us, access to their premises and all documents relating to ESFA provision funded by the AEB
 - 105.4 give you sufficient evidence to allow you to:
 - 105.4.1 assess their performance against Ofsted's Common Inspection Framework
 - 105.4.2 incorporate the evidence they provide into your self- assessment report
 - 105.4.3 guide the judgements and grades within your self- assessment report
 - 105.5 always have suitably qualified staff available to provide the education and training we fund through the AEB
 - 105.6 co-operate with you to make sure there is continuity of learning if the subcontract ends for any reason
 - 105.7 tell you if evidence of any irregular financial or delivery activity arises; irregular activity could include, but is not limited to:
 - 105.7.1 non-delivery of training when funds have been paid
 - 105.7.2 sanctions imposed on the delivery subcontractor by an awarding organisation
 - 105.7.3 an inadequate Ofsted grade

- 105.7.4 complaints or allegations by learners, people working for the delivery subcontractor or other relevant parties
- 105.7.5 allegations of fraud
- 105.8 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
- 105.9 do not use our funding to make bids for, or claims from, any European funding on their own behalf or on our behalf
- 105.10 do not use payments made as match funding for ESF co-financing projects

Monitoring

- 106. You must manage and monitor all of your delivery subcontractors to ensure that high-quality delivery is taking place that meets our funding rules.
- 107. 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:
 - 107.1 include whether the learners exist and are eligible
 - 107.2 involve direct observation of initial guidance, assessment, and delivery of learning programmes
- 108. The findings of your assurance checks must be consistent with your expectations and the delivery subcontractor's records.

Second-level subcontracting

- 109. 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

- 110. You must provide a fully completed subcontractor declaration by the dates we will give you. This will be at least twice during the 2018 to 2019 funding year. If you do not make the declaration on time, we will suspend your payments. If you do not subcontract, you must still provide a nil return to confirm this.
- 111. You must also update your subcontractor declaration if your subcontracting arrangements change during the year.

Distributing income between you and your delivery subcontractors

- 112. You must review your delivery subcontracting fees and your governing body or board of directors and your accounting officer must sign charges policy and this.
- 113. You must publish your delivery subcontracting fees and charges policy on your website before entering into any subcontracting agreements for the 2018 to 2019 funding year.
- 114. 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.

115. As a minimum, you must include the following in your delivery subcontracting fees and charges policy.
 - 115.1 Your reason for subcontracting.
 - 115.2 Your contribution to improving your and your delivery subcontractor's quality of teaching and learning.
 - 115.3 The typical percentage range of fees you retain to manage delivery subcontractors, and how you calculate this range.
 - 115.4 The support delivery subcontractors will receive in return for the fee you charge.
 - 115.5 If appropriate, the reason for any differences in fees or support provided to different delivery subcontractors.
 - 115.6 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.
 - 115.7 How and when you communicate and discuss your policy with current and potential delivery subcontractors.
 - 115.8 Timing for policy review.
 - 115.9 Where you publish your policy.
116. You must also tell us the actual level of funding paid and retained for each of your delivery subcontractors in 2018 to 2019. 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.
117. You must include the following in your published AEB delivery subcontractor fees and charges.
 - 117.1 Name of each delivery subcontractor.
 - 117.2 The [UK Provider Reference Number](#) of each delivery subcontractor.
 - 117.3 Contract start and end date for each delivery subcontractor.
 - 117.4 Funding we have paid to you for AEB delivery by each delivery subcontractor in that funding year.
 - 117.5 Funding you have paid to each delivery subcontractor for AEB delivery in that funding year.
 - 117.6 Funding you have retained in relation to each delivery subcontractor's AEB delivery for that funding year.
 - 117.7 If appropriate, funding each delivery subcontractor has paid to you for services or support you have provided in connection with the subcontracted delivery.

Match funding requirements relevant to the adult education budget

We procure and manage contracts for ESF-funded provision on behalf of local enterprise partnerships that meets local needs. This includes matching the ESF contract value to other similar funding and learners, which we report to the ESF Managing Authority in England.

This means any learning funded by us becomes part of the ESF programme, and the ESF programme rules apply and will be subject to our ESF compliance checks and external audit.

118. You must not use the payments that we make as match funding for any ESF projects with any co-financing organisation or Managing Authority direct bids.
119. You must return complete ILR data, including contact details such as telephone numbers, and you must only return 'not knowns' in exceptional circumstances. In particular, you must ensure data for employment status prior to starting, household situation, prior attainment and destination is returned, as these are important for match funding. If the information is not provided, or 'not known', or is not available, then you must use 'learner has withheld this information'.
120. You and your subcontractors must follow the retention of documents, 'publicity' and horizontal themes rules and provide evidence as detailed in the [ESF 2014 to 2020 funding rules](#).
121. You and your subcontractors must follow the evaluation, surveys and annual implementation reporting rules in the ESF 2014 to 2020 funding rules.
122. You must keep to the rules of the ESF programme or you will break the conditions of your contract and this could result in us recovering funds. This includes keeping to the eligibility evidencing rules in the 'learner file' section of this document.

Evidence

123. 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

124. The learner file must contain evidence to support the funding claimed and must be available to us if we need it.
125. Evidence in the learner file must assure us that the learner exists.
126. The learner must confirm information they provide is correct when it is collected.
127. If the time spent in learning is short, the level of evidence in the learner file would reflect this.
128. Where you hold information centrally, you only need to refer to the source.
129. If applicable, the learner file must confirm the following.

- 129.1 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.
 - 129.2 Your assessment and evidence of eligibility for funding and a record of what evidence the learner has provided.
 - 129.3 All initial, basic skills and diagnostic assessments.
 - 129.4 Information on prior learning that affects the learning or the funding of any of the learning aims or programme.
 - 129.5 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.
 - 129.6 A description of how you will deliver the learning and skills and how the learner will achieve.
 - 129.7 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.
 - 129.8 Support needs identified, including how you will meet these needs and the evidence of that.
 - 129.9 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.
 - 129.10 A learner's self-declarations as to what state benefit they claim.
 - 129.11 A learner's self-declarations on their status relating to gaining a job.
 - 129.12 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.
130. The learner file for a traineeship must contain evidence of:
- 130.1 a formal interview and feedback to the learner, where there is a vacancy
 - 130.2 an exit interview, written feedback, and evidence of the time spent on, and activities performed during, work placements, when there is no vacancy
 - 130.3 progression to a defined positive outcome within six months
131. 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.
132. 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

- 133. 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.
- 134. 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.

135. 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

136. 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.
137. You must have evidence that the learning took place and the learner was not certificated for prior knowledge.
138. Where the learning is certificated, you must follow your awarding organisation's procedure for claiming the relevant certificate(s) and ensure the learner receives them. You must evidence this has happened in the learner file.

Leaving learning

139. 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

140. You must accurately complete all ILR fields as required in the [2018 to 2019 ILR Specification](#), even if they are not required for funding purposes.
141. The ILR must accurately reflect the learning and support (where applicable) you have identified, planned and delivered to eligible individuals. You must not report inaccurate information that would result in an inflated claim for funding.
142. 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.

Self-declarations by learners

143. All self-declarations must confirm the learner's details and describe what the learner is confirming for requirements set out in this document.
144. 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, and/or
- first full qualification at level 2 for individuals aged 19 to 23, and/or
- first full qualification at level 3 for individuals aged 19 to 23

145. If an individual meets the legal entitlement eligibility criteria, you must not charge them any course fees.
146. Eligible learner's exercising their legal entitlement, must be enrolled on qualifications from the:
- 146.1 [2018 to 2019 list of qualifications in the level 2 and level 3 legal entitlement and/or](#)
- 146.2 [2018 to 2019 list of qualifications in the English and maths legal entitlement](#)

Local flexibility

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

Local flexibility provision either is fully or co-funded, depending on the learner's prior attainment and circumstances. Please refer to the 'level of government contribution' table on page 23 and paragraphs 149 to 191 for learner eligibility. Where appropriate for the learner, you can deliver local flexibility provision alongside a legal entitlement qualification.

147. 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 relevant legal entitlement list set out in paragraph 146.
148. 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:
- 148.1 paragraph 178.2.2 and 179, for individuals aged 19 to 23, and
- 148.2 paragraph 180 to 181 or 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 (excluding English and maths) (First full level 2 must be delivered as part of the legal entitlement)	Fully funded* (first and full)	Fully Funded	Co-funded+
Learning to progress to level 2	Fully funded^ (up to and including level 1)	Fully funded	Co-funded+
Level 3 (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#	Fully funded (including 16- to 24-year-olds##)	N/A	N/A
English for Speakers of Other Languages (ESOL) learning up to and including level 2	Co-funded+	Fully funded	Co-funded+
	Fully funded – unemployed		
Learning aims up to and including level 2, where the learner has already achieved a first full level 2 or above	Co-funded+	Fully funded	Co-funded+
	Fully funded – unemployed		

*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.

+ Low Wage flexibility may apply, refer to paragraph 151

Definitions used in the adult education budget

Unemployed

149. For funding purposes, we define a learner as unemployed if one or more of the following apply.
- 149.1 They receive Jobseeker's Allowance (JSA), including those receiving National Insurance credits only.
 - 149.2 They receive Employment and Support Allowance (ESA) and are in the work-related activity group (WRAG).
 - 149.3 They receive Universal Credit, and earn either less than 16 times the appropriate age-related rate of the national minimum wage / national living wage a week, or £338 a month (individual claims) or £541 a month (household claims) and Jobcentre Plus determine as being in one of the following groups.
 - 149.3.1 All Work-Related Requirements Group.
 - 149.3.2 Work Preparation Group.
 - 149.3.3 Work-Focused Interview Group.
 - 149.4 They are released on temporary licence, studying outside a prison environment, and not funded by the Ministry of Justice.
150. Providers may also use their discretion to fully fund other learners if both of the following apply. The learner:
- 150.1 receives other state benefits (not listed in paragraph 149) and earns either less than 16 times the appropriate age-related rate of the national minimum wage / national living wage a week, or £338 a month (individual claims) or £541 a month (household claims)
 - 150.2 wants to be employed, or progress into more sustainable employment, they earn either less than 16 times the appropriate age-related rate of the national minimum wage / national living wage a week, or £338 a month (individual claims) or £541 a month (household claims) and you are satisfied the learning is directly relevant to their employment prospects and the local labour market needs

Learners in receipt of low wage

151. You may fully fund learners, who are employed and cannot contribute towards the cost of co-funding fees. You must be satisfied the learner meets both of the following:
- 151.1 is eligible for co-funding, and
 - 151.2 earns less than £15,736.50 annual gross salary
152. You must have seen evidence of the learner's gross annual wages in these circumstances. This could be a wage slip within 3 months of the learner's learning start date, or a current employment contract which states gross monthly/annual wages. Please note this is not an exhaustive list, but must support your decision to award full funding to an individual who would normally be eligible for co-funding.

153. You must use LDM code 363 and FFI code 1 to claim full funding for learners who meet the requirements set out in paragraph 151.

Full level 2

154. Level 2 is the level of attainment which, is demonstrated by:
- 154.1 a General Certificate of Secondary Education in five subjects, each at grade C or above, or grade 4 or above, or
 - 154.2 Technical Certificate at level 2 which meets the requirements for the 2018, 2019 and 2020 16 to 19 performance tables
155. If a learner, aged 19 to 23 has achieved a level 2 qualification that was, at the time they started, or still is, classed as a full level 2, any subsequent level 2 qualifications will be co-funded. Please contact qualifications.esfa@education.gov.uk if you need advice on a previous qualification's designation.
156. 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 [legal entitlement](#), the individual will be deemed to have achieved their first level 2 and/or level 3 qualification.

Full level 3

157. Level 3 is the level of attainment which is demonstrated by a:
- 157.1 General Certificate of Education at the advanced level in two subjects
 - 157.2 General Certificate of Education at the AS level in four subjects
 - 157.3 QAA Access to Higher Education (HE) Diploma at level 3
 - 157.4 Tech level; or applied general qualification at level 3, which meets the requirements for the 2018, 2019 and 2020 16 to 19 performance tables
158. 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 may apply for an [advanced learner loan](#) (provided the qualification is designated for funding, and subject to learner eligibility conditions), or pay for their own learning. Please contact qualifications.esfa@education.gov.uk if you need advice on a previous qualification's designation.
159. For new linear AS and A levels where a learner enrolls on an AS qualification and continues with further study to take the A level qualification in the same subject, you must record both the AS and A level in the ILR. The AS learning aim will be funded separately to the A level learning aim.

Eligible qualifications

160. Where you deliver regulated qualifications and/or their components, you must ensure they are eligible for AEB funding and available on [the Hub](#).
161. Certain qualifications that meet statutory employer requirements or a licence to practise are eligible for unemployed learners that meet the criteria in paragraph 149. You can find more information about [these qualifications](#) in the Qualification Eligibility Principles document on GOV.UK.

162. Before delivering a component, you must check with the awarding organisation they provide a learner registration facility and the learner can achieve it alone or as part of accumulating achievement towards a qualification.
163. We will make available further information on qualifications that are eligible for 2018 to 2019 in early 2018.

Non-regulated learning

164. Where you deliver non-regulated learning you must ensure it is eligible for funding. Such learning could include:
 - 164.1 independent living skills or engagement learning supporting adults to operate confidently and effectively in life and work
 - 164.2 locally-commissioned and/or locally-developed basic knowledge and skills needed to access technical qualifications
 - 164.3 employability and labour market re-entry
 - 164.4 locally-commissioned and/or locally-devised technical education short courses (also known as taster sessions)
 - 164.5 community learning courses
165. The eligibility principles we apply to non-regulated learning are as follows.
 - 165.1 It must not be provision linked to UK visa requirements.
 - 165.2 It must not be provision linked to statutory employer requirements (including a licence to practise) unless there is an agreed concession in place.
 - 165.3 It must not be vendor-specific provision, linked to a particular employer or commercial system.
 - 165.4 It must not be learning, for example, 'induction to college', that should be part of a learner's experience.
 - 165.5 It must not be a non-regulated version of a regulated qualification.
 - 165.6 It must not be above notional level 2 (that is, at notional levels 3 or 4).
 - 165.7 At notional level 2 it must focus on technical provision.
166. Where you are delivering non-regulated learning you must ensure you have appropriate and robust quality assurance processes in place. For instance 'The Recognising and Recording Progress and Achievement (RARPA) Cycle'. Further [information on RARPA](#) is available from the Learning and Work Institute.

Learning in the workplace

167. We will fund learning in the workplace where a learner has a statutory entitlement to full funding for:
 - 167.1 English and/or maths up to and including level 2 (paragraph 171), and/or
 - 167.2 a first full level 2 (paragraph 178.1.1), or
 - 167.3 a first full level 3 qualification (paragraph 178.1.2)

What we will not fund

168. We will not fund any:
- 168.1 learning aim delivered at an employee's workplace, and is either relevant to their job or their employer's business, unless:
 - 168.1.1 it is statutory entitlement learning stated in paragraph 167
 - 168.1.2 we have confirmed a national level concession that responds to a significant negative economic impact for a specific industry
 - 168.2 work placement or work experience, unless it is delivered as part of a traineeship, or the Prince's Trust programme
169. You must not use your AEB allocation to deliver provision to learners in custody. [The Ministry of Justice](#) funds prison education in England. Please note you can use your AEB to fund individuals released on temporary licence as set out in paragraph 149.4.
170. 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

171. 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.
- 171.1 GCSE English language or maths.
 - 171.2 Functional Skills English or maths from Entry to level 2.
 - 171.3 Stepping-stone qualifications (including components, where applicable) in English or maths approved by the Department for Education and ESFA.
172. 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.
173. You must not enrol individuals on qualifications, which are not necessary for progressing towards a GCSE or Functional Skill level 2.
174. You must not fund an apprentice for English or maths from the AEB.
175. 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 171.
176. You must:
- 176.1 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
 - 176.2 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

- 176.3 enrol the learner on a level above that at which they were assessed and be able to provide evidence of this
 - 176.4 deliver ongoing assessment to support learning
 - 176.5 record the evidence of all assessment outcomes in the learner file
177. 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)

178. We will fully fund 19 to 23-year-olds, including individuals who are employed, on the day they start the following learning.
- 178.1 Qualifications defined within the legal entitlement that are a learner's:
 - 178.1.1 first full level 2, and/or
 - 178.1.2 first full level 3
 - 178.2 Local flexibility provision:
 - 178.2.1 up to and including level 1 to support progression to a first full level 2, and/or
 - 178.2.2 level 2 for those who already have a full level 2 if they are unemployed
179. We will co-fund provision up to, and including, a level 2 for learners who have already achieved a full level 2, or above, who are employed. The low wage flexibility may apply, refer to paragraph 151.

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

180. We will fully fund individuals aged 24 or older on the day they start provision up to, and including, a level 2, if they are unemployed, set out in paragraphs 149 to 150.
181. We will co-fund all other learners aged 24 years and older for provision up to, and including, a level 2. Where learners are employed the low wage flexibility may apply, refer to paragraph 151.

English for Speakers of Other Languages (ESOL)

182. We will fully fund individuals aged 19 and over on the day they start their ESOL learning aim where they are unemployed, set out in paragraphs 149 and 150.
183. We will co-fund all other individuals aged 19 and over on the day they start their ESOL learning aim. Where learners are employed the low wage flexibility may apply, refer to paragraphs 151 to 153.
184. Providers offering ESOL qualifications may need to deliver additional learning to individual learners that incurs additional cost above the qualification rate. You can access information on this in the [Adult education budget: funding rates and formula 2018 to 2019](#) on GOV.UK.

Learners with learning difficulties or disabilities

185. We will fund learners with learning difficulties or disabilities as set out in the Apprenticeships, Skills, and Children and Learning Act 2009, section 111.
186. 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 an identified learning difficulty or disability who have previously had an Education, Health and Care Plan (EHC) plan and have reached the age of 25.
187. 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.

Learners with an Education, Health and Care Plan

188. To access provision and support costs you must inform us before the start of the 2018 to 2019 funding year where a learner:
 - 188.1 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
 - 188.2 will reach the age of 25 in the funding year, where their EHC plan is not extended by their local authority to allow them to complete their programme of learning
189. The learner must:
 - 189.1 have an EHC plan that confirms their needs could only be met by the training organisation they are, or were, attending
 - 189.2 continue to make progress on the programme of learning as set out in their EHC plan
190. If a learner has an EHC plan, you must report this in the 'Learner funding and monitoring' fields in the ILR.
191. 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 provide 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, and
- English, maths or ESOL, where necessary

Providers can also offer a flexible element as set out in paragraphs 209 to 212

We fund traineeships for 16- to 18-year-olds (and 19- to 24-year-olds with an EHC Plan) through the ESFA's [young people's funding methodology](#). We fund traineeships for 19- to 24-year-olds through the ESFA's [AEB funding methodology](#). The rules that apply to each age group are set out in the following section and 16 to 18 specific are made clear.

192. 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:
- 192.1 they are unemployed, set out in paragraph 149, and
- 192.2 they have little or no work experience and are focused on employment, an apprenticeship or the prospect of this, and
- 192.3 they have been assessed as having the potential to be ready for employment or an apprenticeship within six months

Core Offer

Work preparation training

193. You must plan to deliver both the work preparation training and work placement in order to claim traineeship learning aim funding.
194. If work preparation training leads to a qualification, you must offer the qualification from an Ofqual-regulated awarding organisation.
195. 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.
196. 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.
197. For 16- to 18-year-olds, qualifications must be approved on [the Hub](#) for 16 to 18 funding in the 2018 to 2019 funding year.

Work placement

198. 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.
199. You must report the employer's details in the ILR within four weeks of the traineeship start date.
200. 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.
201. 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).
202. The employer must offer at the end of each work-placement, (which you must evidence), either:
 - 202.1 a formal interview for a job or apprenticeship vacancy, plus feedback
 - 202.2 an exit interview, written feedback and evidence of the learner's time and activities during the work-placement
203. 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

204. You must assess all 16 to 18 and 19 to 24 learners for English and maths in order to claim traineeship funding, in line with paragraph 176.
205. 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 171.
206. For 16- to 18-year-olds, you must follow both of the following:
 - 206.1 conditions of funding set out in [16 to 19 study programmes](#)
 - 206.2 English and maths conditions set out in [16 to 19 funding: maths and English condition of funding](#)
207. You can continue to fund a learner to complete their English and maths qualifications beyond completion of their work-preparation training and work-placement.
208. You must support learners to achieve English for speakers of other languages (ESOL) qualifications, where necessary.

Flexible element

209. We fund the flexible element in line with the general funding and AEB eligibility rules set out in this document.
210. 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.

211. 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.
212. For 16- to 18-year-olds, qualifications must be approved on [the Hub](#) for 16 to 18 funding in the 2018 to 2019 funding year.

Traineeship programme duration

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

Outcomes

214. The following are recognised outcomes if they are achieved and evidenced within six months of completing the traineeship.
 - 214.1 An apprenticeship start that meets the minimum qualifying days evidenced by ILR records or a self-declaration by the learner.
 - 214.2 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.
 - 214.3 Progression to another English or maths qualification, which is a level higher than that, achieved in the traineeship.
 - 214.4 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:
 - 214.4.1 meets minimum qualifying days (set out in paragraph 71), or
 - 214.4.2 a learner self-declaration they are studying a level 2 or level 3 qualification at least 150 guided learning hours
215. 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 253 for this combined rate.

Support funding

216. Learning support for traineeships is available as set out in paragraphs 235 to 241. 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 this information in the [ESFA's 16 to 19 financial support for students](#) on GOV.UK.
217. Learner support for traineeships is available as set out in paragraphs 242 to 252. If you do not have a Learner Support allocation, you must follow these rules and claim learner support using the Earnings adjustment statement (EAS).

Advertising traineeship opportunities

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

Community Learning

This section only applies to providers with a non-formula Community Learning allocation included in appendix 1 of their contract

The purpose of Community Learning is to develop the skills, confidence, motivation and resilience of adults of different ages and backgrounds in order to:

- progress towards formal learning or employment and/or
- improve their health and well-being, including mental health and/or
- develop stronger communities

Community Learning Courses are delivered and reported on the ILR under the following four delivery strands:

- **Personal and Community Development Learning** - learning for personal and community development, cultural enrichment, intellectual or creative stimulation and for enjoyment (in most cases not leading to a formal qualification)
- **Family English, Maths and Language** - learning to improve the English, language and maths skills of parents, carers or guardians and their ability to help their children
- **Wider Family Learning** - learning to help different generations of family members to learn together how to support their children's learning
- **Neighbourhood Learning In Deprived Communities** - supports local Voluntary and other third sector organisations to develop their capacity to deliver learning opportunities for the residents of disadvantaged neighbourhoods

Please note, non-formula Community Learning funding follows funding model 10.

Non-formula funding

219. Where applicable, your AEB allocation will include an amount of non-formula community learning funding. We state this value in your Appendix 1 of your contract. You must deliver non-formula funded community learning provision in line with the existing community learning objectives set out in [Annex B](#), up to this maximum amount.
220. Non-formula community learning funding is paid on a monthly profile, see [Annex D](#). You must 'attribute costs' for eligible learners, up to the value of your non-formula community learning allocation. This should include the cost of delivering learning and any support costs, in line with learner and learning support, paragraphs 235 to 253. You must record these costs in the learner's learning plan.
221. If we fund you through a grant or financial memorandum, you have the flexibility to use all, or some, of your non-formula community learning funding in line with the AEB formula-funded methodology (fund model 35), to meet local demand.
222. You can use this amount of non-formula community learning funding (stated in your Appendix 1) to deliver non-regulated provision that may be similar to community learning. If you do, you must:
 - 222.1 follow the AEB formula-funded methodology and submit ILR data under fund model 35

- 222.2 enrol learners following the AEB eligibility requirements set out on page 23 and paragraphs 149 to 191, you must not use your community learning local fee remission policy
223. If we fund your organisation through a contract for services, you do not have this flexibility, and we will reclaim unspent non-formula community learning funding at year-end.
224. You must not use non-formula community learning funding for learning that is eligible for funding through an advanced learner loan.

Pound Plus and local fee remission policy

225. **Pound Plus** - the 'Pound' represents the public pound, the 'Plus' is everything else that you can generate in addition to your non-formula community learning funding allocation, such as fee income, funding from other sources, resources in kind and other sources of revenue / sponsorship / volunteering.
226. You must have in place a 'Pound Plus' policy. You must invest Pound Plus fee income / savings for the people who most need, and can least afford, community learning provision.
227. **Local fee remission policy** - you must have in place and operate a fair and transparent community learning local fee remission policy that requires individuals to pay a course / tuition / joining fee, but also sets out clear eligibility criteria for those individuals who, due to their circumstances, qualify for either partial or total fee remission.
228. Your Pound Plus and Local Fee remission policies must be available on your website and/or in the venues you deliver community learning to eligible learners.

Partnership working

229. Partnership working underpins the community learning objectives and is critical to developing and delivering an effective community learning offer in a given locality.
230. You must engage and work closely with a wide range of relevant partners and stakeholders in your local area to help shape your community learning offer to engage specific groups. These could include specialist partners and voluntary and community sector (VCS) organisations.
231. We expect you to work with other providers in your local area, who may be in receipt of non-formula community funding. We expect you to develop a strategic, efficient community learning offer to reduce duplication of courses in a locality, and signpost learners to other partners as and when appropriate.

Prince's Trust Team Programme

The Prince's Trust Team Programme is a 12-week course designed to improve confidence, motivation and skills for eligible 16- to 25- year-olds. Each 'team' recruits a mix of 16- to 25-year-olds of different abilities and backgrounds, including employees sponsored by their employer. We fund the team programme. Providers in partnership with the Prince's Trust run, and manage it on a local basis.

232. In order to deliver the team programme, you must get approval from the [Princes Trust](#).
233. For eligible learners aged 19 to 25, we fund the team programme through the ESFA's [AEB funding methodology](#). Please also refer to the Princes Trust section in the [Adult education budget: funding rates and formula 2018 to 2019](#) document.
234. For eligible learners aged 16 to 19, the team programme is funded through the ESFA's [young people's funding methodology](#).

Support funding

The AEB's over-arching aim is to support as many eligible adult learners as possible to access learning. Some learners will need additional support to start or stay in learning.

Where you identify that a learner has a learning difficulty or disability, or a financial barrier, your AEB allocation enables you to claim learning support and/or learner support funding to meet the additional needs of learners.

Learning support

235. 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.
236. Learning support must not be used to deal with everyday difficulties that are not directly associated with a learner's learning on their programme.
237. You must:
 - 237.1 carry out a thorough assessment to identify the support the learner needs
 - 237.2 agree and record the outcome of your assessment in the learner file
 - 237.3 record all outcomes on the learner file and keep all evidence of the assessment of the needs, planned and actual delivery
 - 237.4 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
238. You can claim learning support at a fixed monthly rate if you report it in the ILR. You must use the EAS if your costs exceed this monthly rate and you must keep evidence of these costs. You can find details of how to make a claim in the [ESFA funding claims and reconciliation guidance](#).
239. You can claim learning support if learning continues past the planned end date and the learner needs continued support.

Exceptional learning support claims above £19,000

If a learner needs significant levels of support to start or continue learning and has support costs of more than £19,000 in a funding year, you can claim exceptional learning support (ELS).

Learners aged 19 to 24 who require significant levels of support should have an EHC plan provided by their local authority and, therefore, would access funding from their local authority.

240. You must submit ELS claims at the beginning of the learner's programme, or when you identify the learner requires support costs more than £19,000 in a funding year, by completing and sending the [ELS claims document](#).
241. To claim exceptional learning support for a learner aged 19 to 24 you must confirm why the individual does not have an EHC plan. This should be a letter or email from the learner's local authority stating the reasons(s) why the individual does not need an EHC plan.

Learner support

242. 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'.
 - 242.1 Hardship funding – general financial support for vulnerable and financially disadvantaged learners.
 - 242.2 20+ Childcare funding – for learners aged 20 or older on the first day of learning who are at risk of not starting or continuing learning because of childcare costs.
 - 242.3 Residential Access funding – to support learners where they need to live away from home.
243. You must not claim more than 5% of your total Learner Support final claim as administration expenditure. You must document your process for managing your administration costs over the current funding year and record, report and retain evidence on spending for each of the categories
244. You must:
 - 244.1 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
 - 244.2 assess and record the learner's needs, demonstrating the need for support
 - 244.3 report the appropriate Learner Support Reason codes in the 'Learner Funding and Monitoring' fields in the ILR
 - 244.4 complete a [mid-year funding forecast and a final claim](#)
 - 244.5 take into account the availability of other support for learners, for example from Jobcentre Plus
 - 244.6 make it clear to learners it is their responsibility to tell the Department for Work and Pensions about any learner support they are receiving from you, as learner support payments may affect their eligibility to state benefits

245. You must not use learner support funds for any of the following.
- 245.1 Essential equipment or facilities if the learner is eligible to full funding. However, these learners can get support funding for childcare, transport and residential costs.
 - 245.2 A learner in custody or released on temporary licence.
 - 245.3 A learner carrying out a higher education course or learning aims fully funded from other sources.
 - 245.4 To pay weekly attendance allowances or achievement and attendance bonuses.

Hardship

246. You can use hardship funds for the following.
- 246.1 Course-related costs, including course trips, books and equipment (where costs are not included in the funding rate), domestic emergencies and emergency accommodation.
 - 246.2 Transport costs (but not make a block contribution to post-16 transport partnerships or routinely fund transport costs covered in the local authority's legal duty for learners of sixth-form age).
 - 246.3 Examination fees.
 - 246.4 Accreditation fees, professional membership fees and any fees or charges due to external bodies.
 - 246.5 Your registration fees.
 - 246.6 Support provided by others, or by providing items, services or cash direct to the learner. This can be a grant or a repayable loan.
 - 246.7 To support learners on a traineeship including the work placement element.
247. In exceptional circumstances, you can use hardship funds with course fees for learners who need financial support to start or stay in learning.
248. 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

249. You can only use childcare funding to pay for childcare with a childminder, provider or childminder agency, registered with Ofsted.
250. You must not use childcare funding to:
- 250.1 fund informal childcare, such as that provided by a relative
 - 250.2 set up childcare places or to make a financial contribution to the costs of a crèche
 - 250.3 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](#)
251. You must not use childcare for those aged 20 years or older to top up childcare payments for those receiving 'Care to Learn' payments.

Residential access funding

252. You must:

- 252.1 set out the criteria and procedures for considering and agreeing applications for support from your residential access funds
- 252.2 give priority to learners who need accommodation and only pay for travel costs in exceptional circumstances

Job outcome payments

253. 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.

- 253.1 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.
- 253.2 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

This section includes the performance-management arrangements for:

- AEB block grants
- AEB contract for services (providers with an AEB block grant and contract for service should read both sections)
- 16 to 18 traineeships

We have changed our approach to how AEB contract values may be increased in-year, please ensure you read this section carefully.

Generic rules that apply to all delivery and contract types

254. This section sets out the principles by which we will manage your performance in the 2018 to 2019 funding year.
255. 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.
256. 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.
257. 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 quality standards, financial health, financial management and control, and your previous delivery against your contract, where this information is available.
258. 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 ILR and EAS data or to adjust your final funding claim.
259. You must submit your funding claims in line with the funding claims 2018 to 2019 guide which we will publish in autumn 2018. We will review the actual spend you submit in your final funding claim against the ILR and EAS data you provide.
260. In autumn 2018, we will use your 2017 to 2018 outturn to review your contract value for 2018 to 2019. We may increase or reduce your 2018 to 2019 contract value to a level that is line with your 2017 to 2018 outturn (increases are subject to affordability and providers meeting our track record criteria set out in paragraph 257).
261. You can voluntarily reduce your AEB funding allocation. If you want to do this please let your provider manager know before Friday 9 November 2018.
262. Your funding agreement will span two financial years:
- 262.1 August 2018 to March 2019: periods 1 to 8 of the 2018 to 2019 funding year
- 262.2 April 2018 to July 2019: periods 9 to 12 of the 2018 to 2019 funding year

- 263. You cannot vire funds between the AEB and 16 to 18 traineeships.
- 264. You cannot vire funds between funding agreements.
- 265. We may increase or decrease the number of performance-management points we operate, in line with delivery against the funding available for AEB.
- 266. The adult education budget will be devolved to Mayoral Combined Authorities (MCAs) and delegated to the Greater London Authority (GLA) from 2019 to 2020. This will change the way the budget is distributed and allocations are calculated. It will help to simplify future arrangements if learners you enrol complete their programmes by 31 July 2019 (where possible).

AEB block grant

- 267. Your AEB is allocated to you as a block grant for 2018 to 2019. We will make payments on the standard national profile as set out in Table 1 of [Annex D](#).
- 268. Your funding agreement will state the maximum amount of AEB provision you can deliver between 1 August 2018 and 31 July 2019. It will also state the maximum value of non-formula funded community learning we will fund (where applicable to you).
- 269. Your AEB block grant can be used to fund new starts and carry-in for adult skills, non-formula funded community learning (where applicable to you) and learner support.
- 270. 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 but please refer to the funding claims guidance for 2018 to 2019 (when published) for details:
 - 270.1 The mid-year funding claim.
 - 270.2 The year-end forecast claim.
 - 270.3 The final funding claim.
- 271. At the end of the 2018 to 2019 funding year we will apply a 3% reconciliation tolerance. Where your delivery of the overall AEB is at least 97% of your AEB block grant funding allocation, we will not make a year-end adjustment to your AEB block grant funding allocation and you will not have to pay back any unspent funds.
- 272. Our calculation of whether you have delivered 97% will only include delivery of non-formula funded community learning up to the value specified in your funding agreement (where applicable).
- 273. If you do not deliver 97% or above, we will confirm the value of funding you must pay back in your reconciliation statement.
- 274. We will fund up to 3% over-delivery. This means we will fund over-delivery up to 103% of your AEB block grant funding allocation, subject to you meeting our track-record checks (see paragraph 257). Any delivery you undertake above this level is at your own risk.
- 275. When calculating the 103%, we will include non-formula funded community learning delivery only up to the amount set out in your funding agreement but we will not include delivery over this amount. We will not pay any amount over the value of your non-formula funded community learning allocation set out in your funding agreement.

276. AEB block grants and AEB contract for services remain separate with different payment and performance-management arrangements. You cannot vire funds between the two. Please see the following section of these rules for the arrangements for your AEB contract for services (where applicable to you).

AEB contract for services

277. Your AEB contract for services can be used to deliver formula funded adult skills and learner support for new starts and carry-in learners that started after 1 November 2017.
278. Your funding agreement will state the maximum amount of formula funded adult skills provision and learner support you can deliver between 1 August 2018 and 31 July 2019.
279. Your contract for services 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. You must use LDM code 357 (Procured Adult Education Budget (AEB)) to record delivery under this contract when you submit ILR data. Please refer to the ILR specification for more information about using LDM codes.
281. 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.
282. We will pay you the learner support component on the standard national profile set out in Table 2 of [Annex D](#). We will reconcile this funding at the end of the year based on the funding claims you provide. 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. The funding claims you must provide are set out below but please refer to the funding claims guidance for 2018 to 2019 (when published) for details:
- 283.1 The mid-year funding claim.
 - 283.2 The year-end forecast claim.
 - 283.3 The final funding claim.
284. At the end of the funding year, we will fund up to 3% over-delivery. This means we will fund over-delivery up to 103% of your contract value, subject to you meeting our track-record checks (set out in paragraph 257). Any delivery you undertake above this level is at your own risk.
285. At the performance-management points, set out in [Annex C](#), we will use the information you provide in your funding claims, ILR and EAS data to measure your performance against a standard national profile, see [Annex D](#).
286. At the performance-management points, 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 C](#).
287. The reduction in your contract value will reflect some or all of the value of the under-delivery to date outside of the tolerance. We will not change this approach unless there are exceptional circumstances.

288. We will apply the reduction unless:
- 288.1 your actual delivery pattern in 2017 to 2018 is significantly different to the standard national profile
 - 288.2 you demonstrate you were impacted by data issues outside of your control
 - 288.3 the amount you are below profile is less than £25,000
289. We plan to extend contracts for the funding year 2019 to 2020 for traineeships and delivery in non-devolved areas only.

16 to 18 traineeships for all providers

290. 16 to 18 traineeships are subject to the funding rules and audit requirements set out in the [16 to 19 funding guidance for 2018 to 2019](#). The performance-management rules for 16 to 18 traineeships in this document only apply to providers that do not have 16 to 19 study programme funding.
291. You must not use your 16 to 18 traineeships funding to deliver 16 to 19 study programmes if you do not have a 16 to 19 funding agreement. Please refer to the [16 to 19 education market entry guidance](#) for more information on accessing 16 to 19 funding.
292. Your 2018 to 2019 funding agreement or contract will state the maximum value of 16 to 18 traineeships you can deliver, including any discretionary bursary funding.
293. Your contract will span two financial years.
- 293.1 August 2018 to March 2019: periods 1 to 8 of the 2018 to 2019 funding year
 - 293.2 April 2019 to July 2019: periods 9 to 12 of the 2018 to 2019 funding year
294. 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.
295. We will measure the performance of your 16 to 18 traineeship contract value against a standard national profile (see Table 3 of [Annex D](#)) at the performance management points. The performance-management point timetable is set out in [Annex C](#).
296. At the performance-management points, 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 C](#).
297. The reduction in your contract value will reflect some or all of the value of the under-delivery to date outside of the tolerance. We will not change this approach unless there are exceptional circumstances.
298. We will apply the reduction unless:
- 298.1 your actual delivery pattern in 2017 to 2018 is significantly different to the standard national profile
 - 298.2 you demonstrate you were impacted by data issues outside of your control
 - 298.3 the amount you are below profile is less than £25,000

Increases to your adult education budget contract value

299. We have maintained stability in allocation levels in 2018 to 2019. We have also committed to fund over-delivery of up to 3% at the end of the 2018 to 2019 funding year for all providers (subject to you meeting our track record criteria set out in paragraph 257). We are therefore changing our approach to increasing contract values.
300. In autumn 2018, we will review your 2018 to 2019 contract value against your 2017 to 2018 outturn. We will offer to increase your 2018 to 2019 contract value to a level that is line with your 2017 to 2018 outturn if funds are available (subject to you meeting our track record criteria).
301. If significant new funding becomes available in-year that would make a material difference to individual provider contract values, we will give all providers the opportunity to request growth. We will do this using the growth request process we have used in previous years and by applying the criteria at paragraphs 303.1 to 303.6. We will notify you in good time if we plan to launch a growth request process.
302. At the 2 performance-management points set out in [Annex C](#) we will recover funds from underperformance (from contracts for service). If, when recovered, the value is significant enough to make a material difference to individual provider contract values, we may recycle it to providers with the demonstrable capacity and capability to spend it in full. We will notify you if we intend to do this.
303. Funding recycled from underperformance may be offered to providers who meet the following criteria:
- 303.1 If you have an AEB block grant, you delivered at least 97% of your contract value in 2017 to 2018
- 303.2 If you have an AEB contract for service, you have delivered at least 97% of your new contract value in 2017 to 2018 and have delivered at least 97% of the standard national profile at the performance-management points
- 303.3 You have a good track record (see paragraph 257) including the accuracy of forecasts you have provided in the past (where applicable)
- 303.4 You are not under notice for failure of inspection or financial control
- 303.5 You are not under a notice to improve, additional conditions of funding or additional contractual obligations in relation to minimum quality standards for 19+ education and training
- 303.6 We have agreed you have an exceptional case if you do not meet the criteria at 303.1 and 303.2.
304. We will calculate the amount of additional funding offered to providers who meet the criteria set out in paragraph 303 using a nationally consistent methodology. We will confirm this methodology if and when we do recycle funds.

Requesting an increase to your 16 to 18 traineeships contract value

305. At the performance-management points (set out in [Annex C](#)), we will consider requests to increase funding for 16 to 18 traineeships only.
306. 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.
307. 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.
 308. You must send a growth request form to provider.performancemanagement@education.gov.uk at the performance-management points.
 309. You must send your growth request form by the deadlines shown in [Annex C](#). We will not accept any forms that are sent after the deadline or to a different email address.
 310. By submitting a growth request form, you are confirming that you will fully utilise your existing allocation and all of the growth you have requested in the prescribed financial year split.
 311. The growth request form will set out further information about how we assess your request. We will consider increasing your 16 to 18 traineeship contract value if funds are available and if:
 - 311.1 you delivered at least 97% of your 16-18 traineeships contract in 2017 to 2018 if you have a 16-18 traineeships contract and an AEB block grant
 - 311.2 you delivered at least 97% of your 16-18 traineeships contract in 2017 to 2018 and have delivered 97% of the standard national profile at the performance-management point if you have a 16-18 traineeships contract but do not have AEB block grant (i.e. you have an AEB contract for service or do not have AEB funding)
 - 311.3 we have agreed that you have an exceptional case if you do not meet the criteria in paragraphs 311.1 to 311.2.
 - 311.4 you have a good track record (see paragraph 257) including the accuracy of forecasts you have provided in the past (where applicable)
 - 311.5 you can prove there is demand from learners and/or employers
 - 311.6 you can prove you have the capacity, capability and quality assurance arrangements to deliver the growth requested
 - 311.7 you are not under notice for failure of inspection or financial control
 - 311.8 you are not under a notice to improve, additional conditions of funding or additional contractual obligations in relation to minimum quality standards for 19+ education and training
 - 311.9 we are confident that awarding an increase to your funding allocation is a good use of public funds
 - 311.10 your growth request is credible based on your delivery to date
 - 311.11 we are satisfied that the value of any funds that you would subcontract will not cause you to breach our funding rules
 312. You must not request growth for a subcontractor if 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

313. 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 34.

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 - Community learning objectives

- Focus public funding on people who are disadvantaged and least likely to participate, including in rural areas and people on low incomes with low skills.
- Collect fee income from people who can afford to pay and use where possible to extend provision to those who cannot.
- Widen participation and transform people's destinies by supporting progression relevant to personal circumstances, e.g.
 - improved confidence and willingness to engage in learning
 - acquisition of skills preparing people for training, employment or self-employment
 - improved digital, financial literacy and/or communication skills
 - parents/carers better equipped to support and encourage their children's learning
 - improved/maintained health and/or social well-being
- Develop stronger communities, with more self-sufficient, connected and pro-active citizens, leading to:
 - increased volunteering, civic engagement and social integration
 - reduced costs on welfare, health and anti-social behaviour
 - increased online learning and self-organised learning
 - the lives of our most troubled families being turned around
- Commission, deliver and support learning in ways that contribute directly to these objectives, including:
 - bringing together people from backgrounds, cultures and income groups, including people who can/cannot afford to pay
 - using effective local partnerships to bring together key providers and relevant local agencies and services
 - devolving planning and accountability to neighbourhood/parish level, with local people involved in decisions about the learning offer
 - involving volunteers and voluntary and community sector groups, shifting long term, 'blocked' classes into learning clubs, growing self-organised learning groups, and encouraging employers to support informal learning in the workplace
 - supporting the wide use of online information and learning resources
 - minimising overheads, bureaucracy and administration

Annex C - Performance-management points

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

	Performance-management point 1	Performance-management point 2
Growth funding that can be requested	For periods 1 to 12 <ul style="list-style-type: none"> • 16 to 18 traineeships 	For periods 9 to 12 <ul style="list-style-type: none"> • 16 to 18 traineeships
Funding in scope for reductions	<ul style="list-style-type: none"> • 16 to 18 traineeships • AEB contract for services 	<ul style="list-style-type: none"> • 16 to 18 traineeships • AEB contract for services
Growth form published	30 November 2018	18 April 2019
Tolerance for under-delivery	6%	3%
Lower threshold for contract value adjustments	£25,000	£25,000
Growth requests to be received by	14 December 2018	3 May 2019
Delivery information using the latest validated ILR data you provide	6 December 2018	7 May 2019
Cases for increasing or reducing contract values reviewed by	11 January 2019	17 May 2019
Decision to approve or reject increases and reductions	Week commencing 18 January 2019	Week commencing 20 May 2019
Providers told the outcome of our performance-management process from	23 January 2019	Week commencing 27 May 2019

Annex D - Standard national profiles

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

Table 1: AEB block grant standard national profile

	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10	P11	P12
AEB block grant monthly profile	14.44%	8.58%	8.67%	7.08%	5.69%	7.44%	5.39%	5.36%	12.69%	10.21%	8.70%	5.75%
AEB block grant cumulative profile	14.44%	23.02%	31.69%	38.77%	44.46%	51.90%	57.29%	62.65%	75.34%	85.55%	94.25%	100.00%

Table 2: AEB contract for service standard national profile

We will use the adult skills profile for performance-management.

	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10	P11	P12
Adult skills monthly profile	7.93%	9.14%	9.44%	8.54%	6.67%	8.47%	8.38%	8.48%	8.32%	7.47%	8.63%	8.53%
Adult skills cumulative profile	7.93%	17.07%	26.51%	35.05%	41.72%	50.19%	58.57%	67.05%	75.37%	82.84%	91.47%	100.00%
Learner support monthly profile	50.00%	0.00%	0.00%	0.00%	0.00%	25.00%	0.00%	0.00%	25.00%	0.00%	0.00%	0.00%
Learner support cumulative profile	50.00%	50.00%	50.00%	50.00%	50.00%	75.00%	75.00%	75.00%	100.00%	100.00%	100.00%	100.00%

Table 3: 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.
AEB funding methodology	The funding methodology for individuals aged 19 and over, participating in AEB learning. You can access AEB funding methodology 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 is 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.
Continuers	Learners who commenced learning in a previous funding year and remain in learning as of 1 August 2018.
Community Learning	Helps people of different ages and backgrounds gain a new skill, reconnect with learning, pursue an interest, and learn how to support their children better, or prepare for progression to more formal courses / employment.
Components of regulated qualification	A subset of a qualification, which could be a unit.
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 and care (EHC) plan	An EHC plan replaces statements of special educational needs and learning difficulty assessments for children and young people with special educational needs. The local authority has the legal duty to 'secure' the educational provision specified in the EHC plan, that is, to ensure that the provision is delivered.
Employed	An individual who has a contract of employment. This does not include self-employed individuals.
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 funding to meet the costs of putting in place a reasonable adjustment for a learner who requires more than £19,000 in a funding year.
Flexible element	Within a traineeship, the elements that sit alongside the core elements to form the qualification.
Full level 2	The following qualifications are designated full at level 2: <ul style="list-style-type: none"> • a General Certificate of Secondary Education in five subjects, each at grade C or above, or grade 4 or above • a Technical Certificate at level 2 which meets the requirements for 2018 to 2019 16 to 19 performance tables
Full level 3	The following qualifications are designated full at level 3: <ul style="list-style-type: none"> • a General Certificate of Education at the advanced level in two subjects • a General Certificate of Education at the AS level in four subjects • a QAA Access to Higher Education (HE) Diploma at level 3 • a Tech level; or applied general qualification at level 3 which meets the requirements for 2018 16 to 19 performance tables
Full or co-funding Indicator (FFI)	Indicates whether a learning aim is fully funded or co-funded in Adult Skills or Other Adult Funding
Functional skills	Applied practical skills in English, maths and ICT that provide the learner with the essential knowledge, skills and understanding to enable them to operate effectively and independently in life and work.

Funding agreement	The agreement between the Secretary of State for Education acting through the Education and Skills Funding Agency and providers who receive funding for education and skills training.
Funding Model (10 and 35)	Identifies the funding methodology we apply to submission of finalised ILR data. For AEB funding, Funding Model 10 and 35 are used, noting model 10 is non-formula funded (i.e. ILR data does not generate a funding rate and is paid on monthly profile) and model 35 is formula funded. Refer to 2018 to 2019 ILR Specification , for more information.
Funding year	The ESFA adult funding system operates on a funding year basis, which starts on 1 August and finishes on 31 July.
Guided learning	As defined by Ofqual: “The activity of the learner in being taught or instructed by – otherwise participating in education or training under the immediate guidance or supervision or – a lecturer, supervisor, tutor or other appropriate provider of education or training. For these purposes the activity of ‘participating in education and training’ shall be treated as including the activity of being assessed if the assessment takes place under the immediate guidance or supervision of a lecturer, supervisor, tutor or other appropriate provider of education or training.” You can find more information in the Ofqual General Conditions of Recognition September 2016 .
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 and completed EAS. You can also search all learning aims, components of qualifications, apprenticeship frameworks and standards along with their validity and funding details.
Individualised learner record (ILR)	The primary data collection requested from learning providers for further education and work-based learning in England. Government uses this data to monitor policy implementation and the performance of the sector. It is also used by organisations that allocate funding for further education.
Job outcome payments	Payments made for learners who are unemployed at the start of learning who cease learning to take up a job.
Learner 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 the learner exists, is eligible for funding, the learning to be provided, and

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.
Learning delivery monitoring (LDM)	A code used as part of the Individualised Learner Record (ILR) to indicate participation in programmes or initiatives.
Learning planned end date	The date entered onto the individualised learner record (ILR) when the learner is expected to complete their learning.
Local flexibility	Regulated qualifications, and or their components, and non-regulated learning that the ESFA funds, that is not part of the English and maths, or level 2 or level 3 legal entitlement offer. All regulated and non-regulated learning that is available for funding through the flexible local offer is listed on The Hub .
Low wage threshold	The 2017 Social Mobility Commission Report ' The Great Escape? Low pay and progression in the workplace ' defines low pay as hourly earnings below two-thirds of median hourly wage, excluding tips, commissions or other premium payments. For context, the low pay threshold taking this approach was £8.07 in 2016. This equates to an annual gross salary of £15,736.50, on assumption of a 37.5hr contract with paid statutory holiday entitlement. More information is available on GOV.UK .
Non-regulated learning	Learning which is not subject to awarding organisation external accreditation in the form of a regulated qualification. It may be designed, delivered and certificated by a provider or another organisation. This could include: <ul style="list-style-type: none"> • independent living skills and engagement learning • employability and work skills • labour market re-entry • technical education tasters • community learning

Non-formula community learning funding	Where applicable, providers receive a non-formula funded community learning allocation' as part of their AEB which is paid on a monthly profile. Submission of ILR data does not generate a funding value for the learning aim/s a learner participates on. Instead providers attribute costs up to the value of their non-formula community learning allocation. Providers submit community learning data through funding model 10 - Refer to 2018 to 2019 ILR specification , for more information.
Ofqual	The Office of Qualifications and Examinations Regulation, which regulates qualifications, examinations and assessments in England.
Personal learning record (PLR)	A database that allows individual learners access to their past and current achievement records. These can be shared with schools, colleges, further education training providers, universities or employers.
Recognising and Recording Progress and Achievement (RARPA)	The Learning and Work Institute have undertaken a consultation on the RARPA Cycle and have published updated RARPA Guidance . This comprises a clear framework designed to support learners through the learning process, identifying key outcomes. It provides a robust approach to quality control and improvement of non-regulated provision with a focus on self-assessment that supports standards acceptable to the Office of Standards in Education (Ofsted). You can access further information from The Learning and Work Institute .
Recognition of prior learning (RPL)	An assessment method that considers whether a learner can demonstrate that they can: <ul style="list-style-type: none"> • 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
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 an aggregated contract value of £100,000 or more in our non-apprenticeship supply chain. Organisations apply to enter the register by completing our market-entry pre-qualification process, which includes due diligence questions and testing of capacity and capability.
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.
Senior responsible person	For example, chief executive, managing director, principal or their equivalent.
Self-declaration	A process where the learner is able to confirm something through his or her own signature.
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 statutory entitlement to education and training allows learners to be fully funded who are aged: <ul style="list-style-type: none"> • 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, and/or • 19 to 23, if they study for a first qualification at level 2 and/or level 3
Study programme	Study programmes are for learners aged 16 to 19 and cover all levels up to level 3. Funding is for each learner, rather than for each qualification and can only have one core aim at a time.
Subcontractor	A separate legal entity that has an agreement with you to deliver any element of the education and training we fund. A separate legal entity includes companies in your group, other associated companies and sole traders. It also includes individuals who are self-employed or supplied by an employment agency, unless those individuals are working under your direction and control, in the same way as your own employees.
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 unique identifying number given to all providers by the UK register of learning providers.
Unique learner number	A 10-digit number used to match a learner's achievement to their personal learning record (PLR).

Work placement	A placement with an employer in a workplace setting as part of a traineeship.
Young people's funding methodology	The funding methodology for individuals aged 16 to 19 (and those aged 19 to 24 with an Education Health and Care plan). You can access young people's funding methodology on GOV.UK.

Summary of main changes since funding rules 2017 to 2018

314. We have highlighted the main changes from the funding year 2017 to 2018 in the table below.
315. Please note this is not an exhaustive list of all changes. You must refer to the main document for the definitive rules, which apply to all providers of education and training who receive funding from the Secretary of State for Education acting through the ESFA.
316. If you have a specific query on the funding rules, please email the SDE.Servicedesk@education.gov.uk or speak to your provider management manager/advisor.

Section	Paragraph	Change
Eligibility for funding	33 to 61	We have inserted 'persons granted stateless leave' as a new category in order to comply with our obligations under the UN Convention on Stateless Persons, and the Fees and Awards Regulations, which were amended in early 2018.
Eligibility for funding	41.7	We have inserted this sub-paragraph to reflect changes introduced by the Home Office for a new form of leave for children under section 67 of the Immigration Act 2016 (Dubs amendment).
What we fund	66	We have inserted a paragraph, to mirror a requirement in the apprenticeship funding rules that you must not enrol individuals on learning aims or programmes eligible for AEB funding at the same time as any new apprenticeship.
Subcontracting	96.3	We have updated this paragraph to strengthen our subcontracting arrangements to make it clear a provider must secure written permission to continue subcontracting if intervention standards are breached.
	110 to 111	We have updated the reporting of subcontracting by providers to strengthen our subcontracting arrangements. Subcontracting declarations are required at least twice yearly through the ESFA's Skills Funding Service, instead of by completion of a form. In addition, declarations must be updated if circumstances change during the year.
Definitions used in the adult education budget - unemployed	149 to 150	We have updated these paragraphs with correct (at the time of publication) individual and household claim values, supplied by the Department for Work and Pensions.
Individuals in receipt of low wage	151 to 153	We have added a new flexibility, to allow providers to fully fund learners who are employed with a wage below £15,736.50 who cannot contribute towards the cost of co-funding fees. For this document (v2) we have revised: <ul style="list-style-type: none"> paragraph 151.2 to make it clear that if an employed individual (working full or part-time) meets the criteria set out in paragraphs 151.1 and 151.2, regardless of the hours they work, or their hourly rate, the individual would be eligible, and

		<ul style="list-style-type: none"> paragraph 152 to align with the requirements set out in the Evidence section in this document
Learning in the workplace	167	We have inserted this paragraph to explain that we will fund legal entitlement qualifications delivered at a learner's workplace.
What we do not fund	169	We have revised this paragraph to explain that you cannot use your AEB allocation to fund learners in custody. We have agreed this with The Ministry of Justice, who fund prison education in England.
Community learning	Information box, paragraphs 219 to 231, and Annex B	We have inserted an information box and additional text that explains how non-formula community learning works, including Pound Plus, and local fee remission policy. This better explains community learning funding policy and means relevant community learning requirements and objectives are available in a single document.
Learner support	243	We have changed the basis to which you can claim the 5% admin fee. This must be claimed against your 2018 to 2019 learner support final claim and not your 2015 to 2016 learner support allocation.
Performance management	Section 3	We have revised Section 3 of the performance management rules changing our approach to how AEB contract values may be increased in-year; please ensure you read this section carefully.

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