

Adult Skills Budget Funding Requirements 2011/12

Version 1.1

August 2011

Changes in Version 1.1

Listed below are the main changes in version 1.1 of the 2011/12 Adult Skills Budget Funding Requirements.

Change number	Original paragraph v1	New Paragraph v1.1	Type of Change
1.	29	29	Reworded
2.	32 - 36	32 - 38	Clarification
3.	106	106	Reworded
4.	-	121 - 122	Additional information
5.	130	133	Additional information
6.	-	191	New information

Contents

	Page
Section 1 - Executive Summary	1
Section 2 - Funding for 2011/12	3
Funding	3
Eligibility of Individuals	4
Eligibility for Funding	4
Learner Charges and Fees	5
Funding Rates	7
Threshold	7
Data	7
Achievement	8
Workplace Learning – Small and Medium Sized Enterprises (SMEs)	8
Workplace Learning – Large Employers	9
Section 3 - Principles of Funding Learning	11
Evidence Requirements	11
Electronic Evidence	12
Learning Agreement	13
Learner Reviews	14
Learning Aim	15
Section 4 - Eligibility	17
Ineligible Provision	17
Job Seekers Allowance and Employment and Support Allowance (Work Related Activity Group)	19
Freedom to Deliver Skills for Employment and Growth	20
Job Outcome Incentive Payments	20
The Unit Offer - 2011/12	22
Unit Delivery Trials	22
Foundation Learning Curriculum	23
Progression Funding	24
Learners with Learning Difficulties and/or Disabilities	24
Access to Higher Education	25
Prince’s Trust Programme	25
Funding for the Prince’s Trust programme: unemployed learners.....	26
Funding for the Prince’s Trust programme: employed learners	26
TUC Learning aims	26
Ministry of Defence – Enhanced Learning Credits	26
Joint Investment Programme (JIP)	26
Background and Policy Introduction	27
Joint Investment Programme Funding Principles	27
Eligibility	27
Provision	27
Employer Contribution	27
Data Monitoring	28
Evidence Requirements	28
Inappropriate Behaviour	28
Section 5 - Additional Learning Support	30
Defining the Principles of Use for Additional Learning Support Funding	30
Exceptional ALS (eALS) - Claims Above £19,000	31
Claiming Additional Learning Support	32

Section 6 - Basic Literacy, Numeracy and ESOL Provision.....	33
Funding Basic Literacy, Numeracy and ESOL Provision.....	34
Basic Literacy, Numeracy and ESOL Assessment.....	36
Skills Check.....	36
Initial Assessment for Literacy, English language and Numeracy Needs.....	37
Skills for Life Assessment Tools.....	37
Diagnostic Assessment.....	38
The Learning Journey.....	38
ESOL Provision.....	39
Funding Embedded Basic Literacy, Numeracy and ESOL Provision.....	39
Unfunded or Ineligible Learners Taking Adult Literacy, Numeracy and Language (ESOL) Learning aims.....	40
Functional Skills.....	40
Section 7 - Sub-contracting Requirements.....	41
Responsibility and Limits of Sub-contracted Provision.....	41
Second Level or Further Sub-contracting.....	41
Sub-contractors Submitting to ACTOR.....	42
Distribution of Income between Lead Providers and Sub-contractors.....	43
Due Diligence Process for Proposed Sub-contractors.....	43
Mandatory Terms for Inclusion in the Lead Providers' Sub-contractors Contractual Documentation.....	44
Section 8 - Area Costs Uplift by Region.....	46

Section 1 - Executive Summary

1. This document forms part of the Contract/Funding Agreement between the Provider and the Chief Executive of Skills Funding (Chief Executive) in the delivery of classroom and workplace learning provision. It can only be varied in writing by the Chief Executive or by those that are authorised to do so. Any amendment to these requirements will explicitly state that it has that authority.
2. The document sets out the way in which the Skills Funding Agency (the Agency) will fund classroom and workplace learning provision, except Apprenticeships, through the Adult Skills Budget in 2011/12. A separate document, [2011/12 Funding Requirements for Apprenticeships](#) specifies requirements that only apply to Apprenticeships.
3. There are changes from 2010/11 and these have been announced in [Further Education – New Horizon, Investing in Skills for Sustainable Growth](#) November 2010 and the [Skills Funding Agency Guidance Notes](#). These requirements change significantly the guidance previously issued in 2010/11 by the Agency on Adult Learner Responsive and Employer Responsive provision.
4. To simplify these requirements the single term 'Providers' will be used instead of a constant reference to colleges, training organisations and employers. The individual type(s) will only be used where the requirements apply only to that specific type(s) of Provider.
5. The Adult Skills Budget is broken down in two sub-categories to ensure learning takes place in an appropriate context. These are:
 - Classroom learning
 - Workplace learning.
6. Workplace learning is defined as:
 - Any learning aim predominantly delivered within the work place and in connection with the learner's occupation or employer's business
 - An Apprenticeship Framework (all levels)
 - Basic Skills in Literacy and Numeracy delivered to an employed learner supported¹ by their employer.
7. For funding purposes, all learning not defined as workplace learning is treated as classroom learning.
8. The Agency will continue to confirm for funding for Qualifications and Credit Framework (QCF) learning aims that make up the core offer. The Agency is continuing to focus funding on unit based and credit bearing qualifications in the QCF. For 2011/12 the list of qualifications confirmed for funding will be updated on a monthly basis and the Learning Aim Reference Application

¹ 'supported' meaning paid time off work, access to learning during working time or delivered in the employer's premises in work time

(LARA), will be updated accordingly thereafter. More information can be found on the Agency's website on the Agency's funding confirmation process for qualifications.

9. During 2011/12 the Agency will also continue to support unit delivery in order that Providers can begin to offer the flexibilities of the QCF and so realise the benefits of a unit and credit framework for employers and learners.
10. Providers should be aware that the Agency is taking forward work to manage down the amount of non regulated provision which is funded where appropriate provision either currently exists in the QCF, or where it is clear that provision can be redeveloped to meet the requirements of the QCF. By July 2012 it is the intention that non regulated provision will continue to be funded only where it is clear that it would not meet the requirements of a regulated framework; in the main the Agency would expect this to be predominantly non-formal non vocational provision. Where there is vocational provision being delivered outside of a regulated framework, the Agency intends to cease funding for new starts on this from 31 December 2011.
11. The funding methodology used in 2010/11 has been retained in 2011/12. Details can be found in the 2010/11 Funding Requirements and in related documents on the Agency's website.

Section 2 - Funding for 2011/12

12. The Agency will reform the funding of 19+ learning in 2012/13 based on the principles of fairness, shared responsibility and greater freedom:
 - Fairness means supporting those in need, including prioritising young adults; the unemployed on active benefits; and those without basic literacy and numeracy skills
 - Shared responsibility acknowledges that employers and citizens must join the Government in taking responsibility for ensuring their own skills needs are met
 - And greater freedoms will be realised through greater accountability to citizens, employers and communities rather than Government.
13. The funding through the Adult Skills Budget will enable Providers to decide how their communities are best served. The provision that the Provider delivers must be appropriate to the learner and employer needs and must meet the approval and assessment methodology and requirements set down by the appropriate awarding organisation. The Provider must ensure that they engage with communities in developing provision that best meets the needs of individuals, employers and others in the community.

Funding

14. 2011/12 will be a transitional year for funding. To open up all classroom and workplace delivery to all Agency Providers, work is required to change the processes and systems of funding. This includes the ILR, data collections and the funding calculation. Some of this can be achieved in 2011/12. However, for some processes and systems this will take longer and will not be available until 2012/13.
15. Therefore, in 2011/12 the funding of Adult Skills will remain different for colleges and training organisations.
16. For colleges, funding will be similar to 2010/11. Provision will need to be identified as classroom (previously known as Adult Learner Responsive) and workplace (previously known as Employer Responsive). Each type of provision will have a separate funding calculation. In 2012/13 this will be replaced by a single funding calculation.
17. Colleges together with any Local Authority, specialist designated institution, Sixth Form College or higher education institution will be paid on profile each month for all provision, except 16-18 Apprenticeships, and will be reconciled in November 2012 to actual delivery in 2011/12.
18. All other organisations will be paid on actuals for their Adult Skills Budget apart from those organisations who were in receipt of an Adult Learner Responsive allocation paid on profile for 2010/11 and have opted to continue to receive the classroom learning element of their Adult Skills Budget on profile as part of transitional arrangements.

19. To facilitate opening up of all Adult Skills provision to training organisations, all learning aims will be replicated in the workplace section of the LARA, in addition to those that are already listed. Each aim will have a listed value. This will enable training organisations to offer the full range of workplace and classroom provision. Training organisations will therefore send a single workplace dataset of ILR data to the Agency which will include both workplace and classroom learning. In order to identify classroom learning funded in the Employer Responsive dataset all training organisations must use the code 125 in ILR field Learning Delivery Funding and Monitoring code (LearnDelfAMCode). A single funding calculation will be used to fund all aims delivered by training organisations that is the same as the 2010/11 Employer Responsive funding calculation.

Eligibility of Individuals

20. There are changes to eligibility of individuals to government funding. These changes can be found in the companion document [2011/12 Learner Eligibility and Contribution Rules](#).
21. It is important that all Providers are aware of the rules on eligibility. These should not be confused with eligibility to state funding and the right to live or work in England. For example, an individual may have some rights to work in England, such as an individual on a student visa, but not to government funding for education or skills training.
22. Providers must also not confuse the eligibility of an individual to state funding and the eligibility of an individual to be funded by the Agency. For example, a individual aged over 25 with a degree, who is a UK resident and settled in the UK for 3 years or more is eligible for state funding. However, this individual would not be eligible for Apprenticeship funding.

Eligibility for Funding

23. An eligible individual will fall in to one of three categories for funding:
 - Fully funded
 - Co-funded
 - Unfunded.
24. The [2011/12 Learner Eligibility and Contribution Rules](#) define which individuals fall into each category. However, this is not just about the prospective learner and their personal and employment circumstances but also about the aim they wish to follow. There has been significant change in 2011/12 from 2010/11 in those eligible for full funding. Providers must ensure that they correctly identify learners in order that the correct amount of funding is claimed.
25. Changes to eligibility for fee remission will apply from 1 August 2011, to new learners only, learners re-taking an aim or existing learners starting a new aim or programme. This will apply to any new aim started in 2011/12 even if the aim had been previously recorded in the learner's Learning Agreement.

26. Learners continuing an aim or aims from 2010/11 will continue to receive the fee remission as established in 2010/11. **This only applies to continuing aims or programmes.** For example, a learner progressing from an Intermediate Apprenticeship to an Advanced Apprenticeship is 'continued' learning and not 'continuing' and, therefore, the changes would apply to the new programme.
27. A learner eligible for full fee remission on enrolment for an aim or programme shall be eligible for the whole of the aim or programme, even if their circumstances change. This also applies to those learners who start an aim co-funded. Learners transferring aims, at the same level, within a funding year, retain their eligibility to full or co-funding as established at the start of the original aim. Providers must not 'technically' withdraw and re-start a learner in order to change from co-funding to full funding where the learner circumstances change.
28. For eligible individuals, that are unfunded, Providers are free to deliver aims but this must be at the full cost to the learner or their employer. Providers must be mindful that the charges levied must take into account that facilities may have been funded from the public purse and that an appropriate value for using these facilities is charged. The delivery of 'full cost' activity must not disadvantage those learners being funded by the Agency. An unfunded learner cannot be funded for a learning aim that they start unfunded, but funding becomes available within the Provider allocation or that the individual becomes eligible to be funded at a later date.
29. The Agency is responsible for securing education for individuals aged 19 years or more, including learners aged 19-24 with Additional Learning Support (ALS) needs up to and including £5,500 in year. This will include individuals who have a Learning Disability Assessment (LDA) where the Agency is funding on behalf of the YPLA which has the legal responsibility for funding individuals up to 25 with an LDA. The YPLA will fund on behalf of the Agency all learners aged 19 or more but not 25 years of age with ALS needs above £5,500 in year who do not have an LDA.
30. The duties of Local Authorities, the YPLA and the Agency are not affected by this arrangement which is being used solely to allocate funds to Providers.
31. The Agency's aim is to move to a position whereby the funding position mirrors the statutory responsibilities by September 2012, and as such Providers are encouraged to ensure that they record whether or not a learner has a Learning Difficulty Assessment (LDA) in place when they complete the ILR.

Learner Charges and Fees

32. The 2009/10 LSC Funding Guidance set out the policy on fees and charges (known as the Adult Entitlement):

"41 The Learning and Skills Act 2000 has been amended by the Education and Skills Act 2008. This legislation now gives eligible adult learners (those who have attained the age of 19) a legal entitlement to expect the following.

- (a) *No tuition fees shall be charged to learners aged 19 or over studying towards their first full Level 2 vocational qualification.*
- (b) *No tuition fees shall be charged to learners aged 19 or over but under 25 studying towards their first full Level 3 qualification.*
- (c) *No tuition fees shall be charged to learners aged 19 or over studying towards Level 1 literacy and/or entry Level 3 numeracy qualifications. In addition, eligible learners accessing Level 1 literacy or entry Level 3 numeracy will not have to pay fees in respect of assessment or examination.”*
33. This policy will continue, as it did in 2010/11, to be the Agency’s policy in 2011/12.
34. Providers must note that the Education and Skills Act 2008 Part 3 paragraph 4B subsection 8 states:
- “*“tuition fees”, in relation to a course, means—*
- (a) *the fees charged in respect of the course by the person providing it, and such fees in respect of other matters relating to the course (such as undergoing a preliminary assessment or sitting an examination) as may be specified in regulations made by the Secretary of State.”*
35. Therefore, the Agency would expect learners studying learning aims covered by the Adult Entitlements, not to be subject to any fees or charges related to their course.
36. In addition, we expect fully-funded provision delivered to learners in receipt of Job Seeker’s Allowance (JSA) or Employment and Support Allowance (Work Related Activity Group) (ESA (WRAG)) in classroom learning not to be subject to any fees or charges related to their course.
37. During 2011/12 providers can continue to use their discretion in the charges they make to other learners that are fully funded, for example Progression Funding (as detailed in the 2011/12 Learner Eligibility and Contribution Rules).
38. Learners not in receipt of full funding are expected to pay a personal contribution where they are undertaking classroom learning. The employer is expected to make a contribution towards the costs of workplace learning. The funding paid to a Provider will be reduced by the expected contribution.
39. Where workplace learning is co-funded, the learner’s employer must make a contribution towards the costs of learning. The learner cannot make this contribution unless they are self-employed and therefore act as both learner and employer.
40. Providers must ensure that when a learner starts learning that the learner and their employer, if workplace learning, are aware of contributions that they may have to pay including course fees, registration, examination and assessment charges during the time spent following the aim.

41. Providers must also ensure that all learners are aware of their Fees and Charging Policy.
42. Fee remission must be checked at the start of each aim. Where more than one aim is taken in a funding year then eligibility must be checked at the start of each aim, unless they are part of an Apprenticeship Framework which is checked at the start of the Framework. Once the contribution status is established for a learning aim, then eligibility for that level of funding will not change for that learning aim, even if the learner's circumstances change. It will apply for the whole of the time following that learning aim even where it crosses funding years.

Funding Rates

43. The Agency will continue to use Standard Learner Number (SLN) as the basis of funding aims in 2011/12.
44. The National rates per SLN for 2011/12 are:

Workplace Learning excluding Apprenticeships	£2,615
Classroom Learning	£2,615
16-18 Learner Responsive	£2,920

45. A maximum of 1.75 SLN per learner per year will be applied to all classroom learning. For learners aged 19+ who started their programme aged 16-18 ('19+ continuing learners') and for who responsibility of funding transfers from the YPLA to the Agency, from one funding year to the next, the 16-18 funding model will continue to apply and so a cap of 1.56 SLN will be applied.

Threshold

46. A threshold applies to all learning based on the actual start date and the planned end date as set out in the learner's ILR. In order for a learner to be funded they have to be still in learning on the threshold day. Where the Learning Start Date and Learning Actual End Date is the same date then the number of days in learning is 1. Therefore, a learner who does not commence a learning aim must not be reported in ILR data.

Planned number of days in learning	Threshold days
<14	1
=>14 and <168	14
=>168	42

Data

47. Providers must ensure that the data collected from a learner and reported to the Agency is accurate and timely. It is therefore important that Providers quality assure their data collection policy. This would include internal quality assurance systems that are followed not only by the Provider but also by any sub-contractors that they work with. Providers must be able to show that data quality and accuracy is a key management function. Failure to do so will lead to the withdrawal of funding.

48. The Learner Information Suite (LIS), found on the [Data Service](#) website, must be used regularly to check the quality of the data. It is also used to produce reports.
49. The Provider Data Self-assessment Toolkit (PDSAT) is another important piece of software available to all Providers. It works by analysing data exported from the Learner Information Suite (LIS) and producing a series of PDSAT reports. The PDSAT gives Providers a toolkit to enable them to perform their own funding analysis. It must be used regularly by all Providers. Further information can be found on the [Data Service](#) website.
50. Further reports are available from the Data Collection portal and are generated when the Provider sends data to the Agency. These reports must be used by the Provider to check the accuracy of data and modifying data prior to a further return.

Achievement

51. The positive objective of a learner starting a learning aim is achievement. The funding rate associated with any aim includes the costs of certification. Therefore, when a learner completes and achieves their aim the Provider must apply to the awarding organisation for the achievement certificate.
52. In 2010/11 each funding model (Adult Learner Responsive and Employer Responsive) treated achievement differently on the ILR. The process for 2011/12 will continue this difference until the ILR can be changed for 2012/13.
53. Therefore, in workplace learning the Provider will continue to report the date of achievement on the ILR. This value is the date on which the Provider is certain that the learner has passed their learning aim. For Providers with postal verification this is the date the Provider submits information to the awarding organisation on achievement.
54. In classroom learning² the Provider is not required to report the achievement date but an outcome indicator on the ILR. This must be reported in the funding year in which the learner completes learning. For example, it may be when the learner takes their last assessment and/or examination and not when the result of the assessment and/or examination is known. Where training organisations are delivering classroom learning through Employer Responsive data they will need to report the achievement date but this would be based on the classroom learning method rather than the workplace method.
55. Providers have up to three months from the date of achievement in order to have evidence available for audit on achievement.

Workplace Learning – Small and Medium Sized Enterprises (SMEs)

56. In the context of Agency funding for workplace learning an SME is an organisation with less than 250 employees. This total must contain all

² Classroom learning reported through the Employer Responsive dataset will require the achievement date.

employees, whether full or part-time, including parent and subsidiary companies regardless of location. For public organisations it is the relationships between the entities that are important to consider. For example, a local authority school, library or central works department would be considered as part of the whole local authority.

57. Providers must use the Employer Data Service (EDS) in identifying an SME. If the Aggregated Ultimate Employees field in EDS shows that the employer has less than 250 employees and is confirmed by the knowledge of the Provider then this is sufficient evidence to show that the employer is an SME. If, however, the Provider finds that the information is incorrect on EDS then a simple signed statement from the employer confirming the number of employees must be generated.
58. In 2011/12 only individuals, employed by an SME, that have already attained Level 2 or higher will be funded in workplace learning for a Level 2 learning aim.
59. In 2010/11 the Agency published lists of eligible Learning Aims that would be funded as 'repeat' Level 2 and 3. These lists are only applicable to learners who started prior to August 2011. They are not used for new workplace learning learners in 2011/12.

Workplace Learning – Large Employers

60. In 2011/12, as in 2010/11, there will be an up front 25 per cent rate reduction for all 19+ workplace learning provision delivered to and by large employers, that is, those with 1,000 or more employees. This will be applied to all 19+ apprentices, and will include apprentices already on these programmes as well as new apprentices joining.
61. The reduced rate will also apply to employers participating in the Joint Investment Programme. It will not apply to classroom learning.
62. Private sector employer information will be derived from the information they supply to Companies House, which is replicated on the EDS database. This will include all those who directly employ more than 1,000 employees, including all parent and subsidiary companies that are defined by Companies House as being part of the same group.
63. The list will be produced in July 2011 and will remain static for the whole of 2011/12. Additional names and workplaces will NOT be added or removed from the list during the year. The list will be updated on an annual basis.
64. Providers will use the unique employer number in ILR field Employer Identifier (Empld) in order to identify the employer. This ILR field is mandatory for all workplace learning provision. This will be compared to the list of large employers (including all workplaces) and where applicable a reduction will be applied automatically in the funding calculation. For Temporary Agency Workers the code that is used in ILR field Employer identifier (Empld) will be the one relating to the employer to which the learner is on hire and not that of the Employment Business.

65. In the case of the public sector we will use the same rationale as for the private sector, that is, where the organisation has more than 1,000 employees they will receive a reduction to the rates paid for learning.
66. Information held on public sector organisations and the size of their workforce, is very variable. The Agency has therefore taken a cautious approach to defining public sector employers for 2011/12. This will include all central government and public sector defence organisations, for example. The Army, Royal Navy and Royal Air Force, as well as all local authorities. Other public sector organisations will be identified by desk research from information already held in EDS. Inclusion in this large employer list does not confirm eligibility for funding and Providers must refer to 2011/12 Learner Eligibility and Contribution Rules.
67. Charities, schools, colleges and universities will be excluded from the reduction in funding.
68. The large employer rate is being applied to all Ministry of Defence (MOD) and in order to simplify the arrangements with the MOD the following Employer Reference Numbers (ERN) must be recorded in ILR field Employer Identifier (Empld) regardless of locations or whether through a direct contact or delivered to the MOD by a college or training organisation. This includes both new starts in 2011/12 and carry over learners from 2010/11.

MOD Service	ERN
Army	154231517
Royal Navy	900523387
Royal Air Force	155146343

69. In addition all Providers who are contracted by the National Employer Service (NES) will be given a single ERN to use for all provision.
70. A full list of all ERNs identified as large employers will be published on the Data Service website. It is not possible due to commercial reasons to publish the names of organisations.

Section 3 - Principles of Funding Learning

71. All Agency funded Providers must:
- ensure that multiple funding for provision is not claimed
 - ensure that duplication of provision in a learner's programme of study is avoided and, where this occurs because of an overlap in learning aim content, adjust the funding claimed to reflect the degree of overlap
 - for unlisted aims delivered through classroom learning, consider that guided learning hours (glh) are the key driver of costs incurred when determining the level of funding claimed
 - discuss with the Agency what funding should be claimed in circumstances where the calculation of funding results in a level of funding that is clearly well in excess of the costs incurred
 - only claim funding for learners assessed as eligible for Agency funding as stated in the companion document 2011/12 Learner Eligibility and Contribution Rules
 - only claim funding for learning aims that have been confirmed for funding by the Agency either before or on the same day the learner starts
 - note that assessment only or re-sitting a learning aim to better a grade is not funded.

Evidence Requirements

72. This section explains the minimum requirements for evidence that is required by the Agency in order for a Provider to receive funding. It builds on 3 principles:
- Eligibility
 - Existence
 - Activity.
73. It is the Provider's responsibility to ensure that sufficient and robust processes and systems are in place in order to meet these principles. The Agency will require a Provider to repay any funding where these principles cannot be met. However, the Agency recognises that bureaucracy is the enemy of efficiency and will lead to a disproportionate increase in back office costs. Therefore, the Agency will specify what must be done but not how. Providers must not use this as a licence to take short cuts but to develop innovative processes to meet the Agency's needs.
74. It is important that the learner and the Provider confirm that any data captured is correct. This is done by the Provider and the learner signing to confirm information is correct. It is the Provider's responsibility to ensure that this is sufficient to meet the needs of the auditors. This includes amendments and corrections made to documents.
75. Funding is solely driven by the ILR. However, the ILR is data and not evidence. It is therefore important that this data is collected correctly and can be evidenced as true. The Agency does not specify how the data must be

collected. However, an output from learner data, in the form of the Learning Agreement, must be created for all learners.

Electronic Evidence

76. Guidance Note 7 advised that from 1 August 2011 Providers will be able to hold evidence to support funding claims in an electronic format.
77. The term 'Electronic Records' may be applied to a range of systems and electronic platforms. This can include an archive of scanned documentation (for example, Learning Agreements) and online enrolment and data capture. In the case of the latter, a Provider is expected to have in place demonstrable procedures and policies to enable it to confirm learner existence and eligibility, including physical confirmation of existence and evidence in support of eligibility as necessary. In addition to the Funding Requirements, reference must be made to the 2011/12 Learner Eligibility and Contribution Rules.
78. The Agency does not require any Provider to use wholly electronic records and it may be that a Provider decides only to use electronic records for certain types of information or not at all. This is a business decision for each Provider. Each Provider will need to ensure compliance with current data protection legislation in protecting learner data.
79. In outlining the Agency's views on the use and acceptance of electronic records, Providers are reminded that these are set within the context of the contractual relationship between the Agency and its Providers and do not displace obligations to other agencies or regulators. For example, Providers delivering European Social Fund (ESF) funded programmes will need to demonstrate compliance with the relevant co-financing beneficiary guidance and requirements.
80. The European Commission supports the use of electronic records. More information can be found in the Electronic Signatures Regulations 2002 which European Social Fund Department (ESFD) use as the basis for now allowing electronic signatures and records.
81. The funding requirements for 2011/12 are clear that it is the Provider's responsibility to meet the minimum requirements for evidence and that these need to be sufficient for audit purposes. The Funding Requirements stipulate that the Agency will not be prescriptive on how Providers meet the minimum requirements. These broad principles are also applicable to the use of electronic records.
82. It is the responsibility of the Provider to establish adequate procedures that will ensure the completeness, accuracy and security of data for electronic records. Providers must be able to demonstrate that the procedures are operating satisfactorily, if required to do so by the Agency.
83. During 2009/10 and 2010/11, the Learning and Skill Council and the Agency undertook a pilot study using Paperless Systems Frameworks and Electronic Records with a view to providing certification for such systems. Following evaluation of the pilot it has been concluded that this approach will not be adopted and the Agency will not provide certification for paperless systems.

84. In undertaking its assurance work the Agency's Provider Financial Assurance team and appointed auditors follow testing programmes, which are readily accessible through the Agency's website and within the Provider Data Self-Assessment Toolkit. In all cases the auditors will test for compliance with the Funding Requirements, including minimum evidence requirements, and compliance with the Learner Eligibility and Contribution Rules.
85. The Agency will seek to be pragmatic and reasonable in its acceptance of evidence in support of funding; this will extend to the acceptance of scanned documentation that meets the minimum evidence requirements. The Agency retains the right to challenge electronic records and supporting procedures.

Learning Agreement

86. The Learning Agreement is vital in establishing the existence of the learner and enables the Provider to substantiate that the information supplied by the learner has been confirmed as correct by the learner. Signed copies, subject to the paragraphs 76 to 85 on electronic evidence, of the full Learning Agreement must be retained by the Provider and a copy given to the learner.
87. This document is also an on-going record of the learner in learning and must be updated as required and necessary. It is a requirement that the information contained in the Learning Agreement accurately matches the information sent to the Agency in the learner's ILR. Failure to do so will result in the funding associated with that learner being removed.
88. While recognising that different types of learners may require different approaches to advice and guidance, the Learning Agreement must provide confirmation that the following broad areas have been covered:
 - the learner's name and address
 - evidence, where appropriate, that the learner is eligible to receive Agency funding
 - entry requirements for each learning aim or programme within the learning, if appropriate
 - details of any assessments
 - the learning programme and expected learner outcomes, including start and planned end dates, aim reference numbers, awarding organisation and aim title and in respect of 'personalised learning programmes' full details of all the aspects of the learning to be undertaken for all learning aims
 - a description of how the learning will be delivered. For example, the total number of guided learning hours planned in each year for each learning aim (this includes both listed and unlisted provision) or the frequency of visits required if delivered on the employer's premises
 - where relevant, confirmation of the full personal contribution that the learner will have to make towards the cost of learning

- details of additional learning and learner support that will be provided for the learner
 - details of any further information in support of the learning aim.
89. If any provision for the learner is delivered by a sub-contractor, then the name of the organisation that is the main contract holder as well as the sub-contractor must be clearly identified and visible to the learner and their employer, if applicable. This must match the information returned to the Agency in the Provider's ILR in fields UK Provider Reference Number (2010/11 ILR reference A56) and Sub-contractor or Partnership UKPRN (2010/11 ILR reference A22).
90. A Provider must retain a Learning Agreement, as compliance evidence to support the funding claimed. While all learners funded by the Agency must have a Learning Agreement, the detail must be proportionate to the length of the learning programme. Learning Agreements may also be combined with other complementary documents to prevent any unnecessary document duplication, such as enrolment and induction material.
91. Providers must be able to evidence that they are delivering good-quality information, advice and guidance (IAG) to their learners through good retention and achievement levels. This must provide supporting evidence that any basic skills and additional learning and learner support needs have been properly identified and have led to good progression opportunities for the learners.

Learner Reviews

92. In all learning it is important that the learner is aware of their progress. Therefore regular reviews of learning must be carried out. This is important in evidencing activity and progression.
93. It is also important that a review is carried out to evidence that the learner is still in learning at the threshold date to qualify for funding. This review does not have to be carried out on the threshold date but if no evidence is available to show that the learner was not in learning on the threshold date and therefore withdrawn from learning an actual end date must be reported on the ILR so that no funding will be claimed.
94. In classroom learning this must be done and recorded in the Learning Agreement. It must be relevant to the mode of delivery and be able to demonstrate that the learner is continuing and progressing with their aim. For learning delivered in a physical classroom this must be corroborated by a register of attendance. For blended learning this could be a record of contact and review.
95. The Agency requires that the Provider must review learners in workplace learning within a maximum of 12 weeks of the learner's start date or the last review date. Regular reviews in workplace learning have demonstrated that the successful outcome is more likely. Providers must use their professional judgement in setting the frequency of review, but this must be within a 12 week window. This review must be a review of learning and not learning activity, although it is recognised that this may be taking place together. It

must be recorded separately. The learner's employer representative must be part of the review process.

Learning Aim

96. The Provider must ensure that they take into account the time restrictions in registering a learner and of claiming achievement certification. This is particularly important for a learner who takes a break in learning and returns at a later date to complete their studies.
97. Providers must take into account the learner's circumstances and environmental factors when enrolling a learner. The Agency considers where a learner will not have the reasonable opportunity of being able to achieve the learning aim as ineligible for funding. For example, a learner following a competency aim where the learner's job role is insufficient to be able to produce the required evidence of competence or where a learner indicates that they will be leaving the area before examinations can be taken.
98. The Agency does not fund learners where no learning takes place. This includes competency learning and basic skills aims where only assessment is undertaken in order to achieve or a learner re-sitting an exam in order to improve on a previously achieved grade (or failure).
99. For those aims which are unlisted in classroom learning the funding will be based on the planned guided learning hours entered on the ILR. Guided learning hours (glh) are defined as all times when a member of staff is present to give specific guidance towards the learning aim being studied on a programme. This definition includes lectures, tutorials and supervised studying in, for example, open learning centres and learning workshops. It also includes time spent by staff assessing a learner's achievements, for example in the assessment of a qualification with a primary purpose of occupational competence. It does not include time spent by staff in the day-to-day marking of assignments or homework, where the learner is not present or induction to the Provider or aim. It also does not include hours where supervision or assistance is of a general nature and is not specific to the study of the learners. The value reported in the ILR field is based on the planned activity and not the actual.
100. Providers must ensure that the glh is accurately reported in the ILR. Where planned glh for learners on classroom learning aims has been incorrectly reported, the Provider must revise their ILR return to show the correct glh value. This is not based on actual learning time of each and every learner but on the planned delivery. The planned and actual glh should be supported and evidenced by registers or similar documents. There must also be a strong correlation between planned hours of delivery reported and those hours actually on offer to learners on an unlisted aim. The Agency would not expect the ILR glh to be amended when:
 - The glh was planned to be delivered, however due to exceptional circumstances outside the Provider's control, the class was cancelled. Examples of this may include the Provider having to close due to bad weather, tutors being on strike or off sick or another reason why the Provider was closed. Auditors would expect to see evidence, such as the

register, that showed that the planned delivery was cancelled and the reasons for that cancellation

- For individual learners on an unlisted learning aim where they start late or complete early and the actual glh for that learner does not differ significantly from planned delivery, i.e. less than 20 per cent.

101. Funding for Adult Basic Skills aim(s) will not include repeat qualifications at the same level, that is, where there is no progression.

Section 4 - Eligibility

102. All learners have to be eligible for public funding. Details can be found in the 2011/12 Learner Eligibility and Contribution Rules. This guidance details whether an individual is eligible for public funding.
103. Providers are required to evidence and record details that all learners for whom they claim Agency funding are eligible.
104. Eligible adults³ to be funded by the Agency in that Funding Year must be either:
 - aged 19 years or older on the 31 August within the Funding Year in question in classroom learning, or
 - aged 19 years or older, when they start in workplace learning.
105. Learners funded by the YPLA that continue an aim or aims into the next funding year, where they are now classified as adult learner, will be funded at the respective Agency's 16-18 rate and will be subject to the YPLA Funding Requirements until the end of those aim or aims.
106. The Agency is responsible for securing education for individuals aged 19 years or more, including learners aged 19-24 with Additional Learning Support (ALS) needs up to and including £5,500 in year. This will include individuals who have a Learning Disability Assessment (LDA) where the Agency is funding on behalf of the YPLA, which has the legal responsibility for funding individuals up to 25 with an LDA. The YPLA will fund on behalf of the Agency all learners aged 19 or more but not 25 years of age with ALS needs above £5,500 in year who do not have an LDA.

Ineligible Provision

107. Providers are reminded that not all learning aims are funded by the Agency. The definitive list of funded aims is held on LARA, which will be regularly updated by the Agency and the Data Service. Even if subsequently an aim is approved for funding then only learners starting on or after the Learning Aim Valid Start Date will be funded.
108. The Agency will currently not fund:
 - Company-specific learning aims
 - Vendor-certificated courses, unless they are approved aims or are embedded within and contribute directly towards the generic learning required to achieve an approved aim. Examples of vendor certificates include those of information technology companies that are specific to those companies' own products and services
 - Primary and advanced driving skills (for example, defensive driving) or piloting skills
 - Inward collaborative provision

³ There are different rules for Apprenticeships

- Any other learning aims that are considered to be fully funded from other sources
 - Specific stand-alone learning aims designed to meet employers' statutory or other responsibilities. These include:
 - first aid at work and first-aid provision below Level 2
 - any learning aim in health and safety, food safety and/or first aid
 - other health- and safety-related aims delivered as stand-alone provision for employers, for example manual handling, health and safety in the workplace
 - acquisition of a primary forklift truck or HGV or PSV licences
 - updating of learning aims to comply with health and safety regulations, for example Gas Safe registration renewal within a competency learning aim
 - membership of professional
 - ESOL delivered in the workplace
 - any aim prescribed as Higher Education in the Education (Prescribed Learning Aims of Higher Education) (Wales) (Amendment) Regulations 1998 and therefore the responsibility of the Higher Education Funding Council for England (HEFCE).
109. Learning aims are annually confirmed for a period of 12 months and funding will be available up to the end of the funding year or the operational end date of the qualifications, whichever is earliest. Each year, aligned to the publication of the skills investment strategy and in advance of the new funding year, the Agency will undertake a Strategic Review of the provision confirmed for public funding and will inform the sector of any changes to the funding status of learning aims in the January preceding the start of the new funding year. Where there are any in-year changes to the funding status of qualifications, the Agency will fund continuing learners enrolled on programmes before the Last Date for New Starts in order to enable them to complete. Where learners are enrolled onto a course leading to an aim nearing the end of its Last Date for New Starts, Providers are reminded that they are responsible for checking aim availability, final registration and certification end dates with the awarding organisation. The Agency will not fund aims that the learner does not have a reasonable chance of being able to complete and achieve.
110. Learning aims identified on LARA as ineligible for funding, that is, unfunded as opposed to unlisted, will not be funded.
111. Providers are reminded that funding should not be claimed for closed courses run for employees of large employers, where the learning being provided is highly relevant to core business activities. For this type of activity, the guidance on full-cost recovery courses is applicable, and Providers must subject provision to a fundamental test on the displacement of public funding before claiming funding for activity that was previously funded privately.
112. Where delivery of an aim has started and is not funded by the Agency, no funding can be claimed if the aim becomes funded or additional funds are made available to the Provider. Once a learner starts an aim unfunded they cannot be funded.

Job Seekers Allowance and Employment and Support Allowance (Work Related Activity Group)

113. In 2011/12 Providers will be able to use the Adult Skills Budget to deliver Qualifications and Credit Framework (QCF) units to the unemployed on Job Seekers Allowance (JSA) and Employment and Support Allowance (ESA) in the Work Related Activity Group (WRAG). The Agency will identify a wide range of units from within the QCF that will reflect the skills needs of local labour markets and help individuals looking for work.
114. The list of units that Providers may access to support the unemployed is available on the Agency website and the units are also listed on the Learning Aims Reference Application (LARA). Nearly 11,300 units have been identified as being in scope for this offer, alongside QCF Certificates and Diplomas which are already confirmed for funding and available for Providers to deliver. The Agency is currently in the process of confirming additional QCF Awards as part of the offer to support the unemployed and these will be made available before the end of August 2011.
115. The list of units encompasses Levels 1 to 4 of the QCF (with no unit having a credit value of over 15). Many of the units will be shared across a range of awarding organisations and reflect a range of purposes, including employability, preparation for further learning/training/employment and occupational competence. Providers are expected to deliver between 1 and 5 units. Providers are advised to contact the awarding organisations they are currently working with to confirm registration, assessment and certification arrangements.
116. The primary purpose of the unit offer is to facilitate an individual's move into employment. Therefore although all learners will be accumulating credit as part of the unit offer, not all of those learners will be seeking to 'convert' or transfer that credit immediately towards qualification achievement; it is important however that learners are awarded credit and this credit is recorded.
117. Providers will need to be flexible to reflect the needs of individuals claiming benefits, some of whom may be required to look for work alongside their learning, and to take any appropriate job that they are offered.
118. The Agency recognises that learners who are in receipt of JSA and ESA (WRAG) are actively seeking employment and may not achieve their learning aim which will affect Qualification Success Rates (QSR) and therefore the Minimum Levels of Performance (MLP). It must be noted that units of a learning aim are currently excluded from the calculation of the QSR. The Agency will work with the sector to review the approach to this policy and, as part of that, will ensure that concerns about the impact that taking unemployed learners could have on success rates (for example, if someone leaves a course to take up a job) will be taken into account. The Agency is keen that this does not discourage Providers from recruiting unemployed learners.

119. All Providers must work with their local Jobcentre Plus to prepare for the delivery of this flexible offer from the new funding year. Providers will need to consider the likely operational impacts of the roll out of Skills Conditionality as part of this work.
120. From August 2011, Jobcentre Plus will introduce Skills Conditionality in England meaning that individuals claiming active benefits can be mandated to training where a skills need is deemed to be the main barrier to employment by a Jobcentre Plus adviser. Colleges and training organisations delivering provision to learners required to attend as part of the conditions attached to claiming benefits will need to work closely with Jobcentre Plus to ensure a streamlined and efficient system is in place to help these individuals. Organisations handling information regarding JSA and ESA (WRAG) claimant's attendance at provision must engage with Jobcentre Plus locally to ensure they meet the information handling requirements of the Department for Work and Pensions. Where Providers have concerns over the legality of information sharing they should seek their own legal advice before deciding how they will respond. More information can be found on the [Department for Work and Pensions website](#)

Freedom to Deliver Skills for Employment and Growth

121. The Agency recognises that there are unemployed individuals who are in receipt of a state benefit (other than JSA or ESA (WRAG)), who want to enter employment and need skills training to do so. For 2011/12, at the discretion of the provider, they will be eligible for full funding for units and other learning aims that will help them enter employment.
122. These individuals will need to confirm that they are in receipt of a state benefit and they want to enter employment. This can be done using a self-declaration form to confirm that they are part of this eligible group, as it is recognised that more formal evidence would be difficult to obtain in a timely and cost effective manner.

Job Outcome Incentive Payments

123. All Providers have received a funding statement which highlights 2.5 per cent of their 2011/12 Adult Skills Budget funding allocation attributed to the achievement of job outcomes for learners – Job Outcome Incentive Payments (OIP).
124. For Outcome Incentive Payments, 2011/12 will be a transitional year for many Providers where the Agency is asking them to work with the sector in a different way and with new client groups, particularly unemployed clients.
125. Colleges will be paid for this provision as part of their combined payment profile therefore there is no further action required by colleges to receive this payment.

126. Training organisations will claim the Job OIP funding (calculated as 2.5 per cent of the Adult Skills Budget) through the Training Provider Statement (TPS) monthly throughout the year inline with the standard profile as published in Guidance Note 8. A reminder of which is presented below.

	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10	P11	P12
Adult Skills Budget	8.00 %	8.00 %	8.00 %	8.00 %	8.00 %	8.00 %	8.19 %	8.19 %	8.19 %	9.14 %	9.14 %	9.15 %

127. The 2.5 per cent for the OIP amount is shown in the final Funding Statement and should be used as the total OIP to be claimed. This amount will not change in year regardless of any variations to the individual MCV.
128. Training organisations will claim the Job OIP funding by entering details in the Authorised Claims section of the TPS in “Other Workplace Training” Box 17.
129. For all Providers the 2.5 per cent Job OIP fund will not form part of the in year performance management process. This will allow all Providers to set up the infrastructure required to deliver job outcomes to unemployed learners.
130. This fund is intended to remove some of the artificial barriers that have led to underreporting of job outcomes, and ultimately move to a position where the Agency is using match data to verify returns. The Agency has committed to developing a Memorandum of Understanding (MOU)/Protocol with Jobcentre Plus and sector representative bodies, agreeing roles and responsibilities for different parties in taking this forward.
131. The Agency expects the money to be used to define the key stakeholders in the locality and to make significant progress in engaging with them in preparing to develop a more formal offer in 2012/13. For example, the outcomes the Agency would expect would be: to develop resources/processes to improve engagement with Jobcentre Plus or employers to determine skills needs; develop destination tracking and reporting methods; additional support to help people find and apply for jobs; renting of more suitable delivery premises close to Jobcentre Plus premises; additional teaching capacity to help deliver more regular start dates for roll on roll off provision or smaller group sizes etc. The Agency will expect to see a statement of how the Job Output Incentive Payment funding has been used. The Agency will, in August 2011, issue further guidance.
132. If Providers do not wish to receive the OIP funds for 2011/12 then the Agency must be informed by 1 August 2011, so that the Agency can convert the 2.5 per cent Job OIP funds back into participation. If Providers choose not to participate during 2011/12 they will be disqualifying themselves from a Job Outcome Incentive Payment allocation in 2012/13. The Agency would however be prepared to discuss with individual Providers an option to pilot other outcomes.
133. Providers must capture all job outcomes from JSA and ESA (WRAG) learners and also those unemployed learners in receipt of a state benefit, where they want to enter employment and are fully-funded. The Agency will be working with the Information Authority to issue a definition of a job outcome in order for providers to accurately report job outcomes on the ILR. This will also be

included in further guidance in August 2011.

134. The Department for Business, Innovation and Skills (BIS) and the Agency will be involved in research into Job Outcome Incentive Payments. Plans are at an early stage, but the research will include exploring the impact on Providers and implementation issues, as well as assessing the effectiveness of incentive payments. The Department for Business, Innovation and Skills (BIS) and the Agency would like to encourage Providers to participate in the research should they be asked to do so. The results from this survey with the data collected from the ILR will inform the Agency's future policy for the Outcome Incentive Payments.

The Unit Offer - 2011/12

135. From 2011/12 the Agency is supporting the delivery of QCF units to a range of learners in a range of context. Unit delivery in 2011/12 is aligned to specific learner and provision aims and objectives and the units available will be those initially confirmed by the Agency.

136. For 2011/12 the unit offer will be:

- to unemployed learners on active benefits (JSA and ESA (WRAG)) - these will be fully funded
- as part of the Offenders' Learning and Skills Service (OLASS) offer - these will be fully funded
- as part of the unit delivery trials - these will be fully funded where the units are being delivered to learners seeking to access and/or progress through an entitlement or will be co-funded where either the Provider is seeking to deliver units to stimulate employer engagement or where learners are on inactive benefits and seeking to access employment. In all cases, only those Providers who have submitted and had confirmed an Expression of Interest will be able to deliver units as part of the unit delivery trials.
- as part of the Joint Investment Programme - these units will be co-funded
- Skills for Life units
- units for LLDD learners as part of their personalised learning programme including non-regulated units.

137. Outside of the above, the Agency will not support unit delivery on either a fully funded or co funded basis. Where a Provider wishes to deliver units they must ensure that the unit offer is part of one of the categories above.

138. As with all learning aims, Providers are able to deliver units to any individual on a full cost recovery (unfunded basis) outside the unit delivery trials.

Unit Delivery Trials

139. The Agency is continuing to work with Providers to support the flexibilities of the QCF and deliver the benefits of a unit based credit and qualification framework to employers and learners. Unit delivery trials have been ongoing in 2010/11 and have been extended to include training organisations. An evaluation of the 2010/11 Unit Delivery Trials will report in August 2011.

140. During 2011/12 the Agency will continue with unit delivery trials, as part of the unit offer to support the unemployed and the unit offer across the Offenders'

Learning and Skills Service. For 2011/12 the Agency will make available a range of units as part of the trials, building on the menu of units that Providers have been delivering during 2010/11. The Agency will also incorporate those units that were previously offered as part of the 'Qualify with a Business' (QwaB) initiative so that Providers can support provision focussed on enterprise and entrepreneurship.

141. The aim of unit delivery is to support Providers to be more responsive to individual and local needs, and offer the facility for a learner to undertake learning in small steps and to achieve incrementally, gaining the award of credit for units completed. Credit accumulated may be used to meet the achievement requirements of a qualification or may be transferred towards the achievement requirements of another qualification. The Agency is keen to support the development of a market for credit accumulation and transfer (CAT) as demand develops and also the deployment of the Personal Learner Record. In addition, the further expansion of unit delivery will also help the Agency better understand how funding and performance measures can better support the QCF, particularly in terms of how the Agency might include the award of credit as well as the award of qualifications in future refinement of success measures.

Foundation Learning Curriculum

142. Foundation Learning aims to help adults progress, ultimately to Level 2 and beyond by supporting progression through the achievement of an appropriate combination of aims from Entry Level and Level 1. This personalised approach will be built on a clear analysis of individuals' needs to ensure they receive the mix of skills that is right for them.
143. The overarching aims of the Foundation Learning Curriculum are to:
- support improved engagement, participation, achievement and progression through Entry Level and Level 1 towards an appropriate destination
 - bring coherence to programmes of study at Entry Level and Level 1 to support progression
 - ensure learners gain a minimum level and range of skills providing a sound foundation for further learning and employment
 - support the delivery of quality learning programmes that are personalised and appropriate to each learner's needs and which support social inclusion and social mobility. It should be designed to help learners and Providers develop personalised learning programmes to address the individual's learning and skills gaps by drawing from the following skills sets:
 - Personal and Social Development skills⁴
 - vocational training
 - basic skills in literacy, numeracy and ESOL (including Functional Skills in English and maths).
144. To allow for different starting points, aspirations and current knowledge and skills of adult learners, it is not mandatory for adults to undertake learning from each of the three skills sets.

⁴ Not available in workplace learning

145. The individual's initial assessment must make clear the areas that require learning and skills acquisition. For some adults this may be all three skill sets, for others it could be one or two of the skill sets only. The learning may also be at different levels, for example, Entry Level 3 for literacy and Level 1 for the vocational qualification.

Progression Funding

146. For 2011/12 Entry or Level 1 aims will be fully funded where a learner has an entitlement to a Level 2 qualification, in that they must have a highest prior attainment of Level 1 or below, but need a step up from basic skills in order to progress to Level 2.
147. The requirements for funding progression funding are:
- Learners are enrolled on either Entry or Level 1 aims
 - They do not need to be enrolled on a full Level 2 qualification but the Provider should be assured that the learner requires the additional step and can progress to Level 2
 - Full funding for a learning aim(s) will not include repeat qualifications at the same level, i.e. where there is no progression, unless it is part of a complementary personalised programme of learning
 - Basic Skills in literacy, numeracy and English for Speakers of Other Languages (ESOL) is not included in this entitlement as funding policy has already been established and set out in the Agency's Guidance Note 6
 - In 2011/12, this entitlement will be available to all ages. From 2012/13, this entitlement will be available to 19-23 year old learners only. Those learners aged 24 and over who have taken up the entitlement will continue to have full funding in 2012/13 only for those learning aims started in 2011/12
 - It is available under the terms of the Adult Skills Budget, for learning that takes place in either the classroom or workplace*.

*note Personal and Social Development and Entry Level vocational qualifications are not funded in the workplace.

Learners with Learning Difficulties and/or Disabilities

148. Investing in FE and skills training for learners with learning difficulties and/or disabilities (LLDD) remains a priority. This means making sure the right level of support is available so that colleges and training organisations must specifically consider the needs of these learners within their local communities when developing their business plans.
149. Where possible, the Agency expects programmes to include NQF/QCF units or full qualifications. However, there may be valuable provision that currently sits outside the NQF/QCF, particularly for those learners with the most severe and profound difficulties and disabilities. Therefore adults with learning difficulties and/or disabilities may have their personalised learning programmes created from this provision when no suitable alternative exists on a regulated framework.

150. Taken together, all the elements of a programme should enhance the employability of learners with learning difficulties and/or disabilities, by supporting their achievement of learning aims and independent living.

Access to Higher Education

151. The Agency recognises the significance of the Quality Assurance Agency (QAA) Access to Higher Education (HE) provision as an important means of widening progression into HE for underrepresented learners. The recent White Paper on Higher Education (Students at the Heart of the System, June 2011) reiterates the commitment to funding of Access to HE.

Prince's Trust Programme

152. The Prince's Trust 'Team' programme is for 16-25 year olds. It is a 12-week course which improves confidence, motivation and skills. A group of 12-15 young people led by a trained Team Leader, work together to bond as a team and carry out a range of tasks to benefit their local community. This offers the opportunity for young people to recognise their own learning and gain a nationally recognised qualification for their personal progress. 'Team' aims to recruit a mix of 16-25 year olds of different abilities and backgrounds, including employees sponsored by their employers. It successfully re-engages disaffected young people resulting in 70% of unemployed 'Team' members entering work, training or education within three months of completing. 'Team' is funded by the Agency, but is run and managed locally by Providers in partnership with The Prince's Trust.
153. In order to allow for the different numbers of hours that the programme is delivered in, depending on whether the learner is employed or unemployed, both learning aims (one for employed learners, one for unemployed learners) will be funded as unlisted provision in classroom learning. This means that the amount of funding is directly related to the number of glh delivered by the Provider.
154. The qualification will be funded as Adult Basic Skills, so will attract a programme weighting of 1.0.

Funding for the Prince's Trust programme: unemployed learners

155. It is expected that the programme will last for 12 weeks and 420 glh. Where this is the case, 420 must be reported in the ILR to generate the correct SLN values for 2010/11.

Funding for the Prince's Trust programme: employed learners

156. It is expected that the programme will last for 20 days and 90 glh. Where this is the case, 90 must be reported in the ILR to generate the correct SLN values for 2010/11.

TUC Learning aims

157. TUC learning aims will continue to be fully funded in 2011/12 for eligible learners, as they were in 2010/11.
158. Learners eligible for funding for TUC learning aims are Trade Union representatives.

Ministry of Defence – Enhanced Learning Credits

159. The Agency has been working with the Ministry of Defence in 2010/11 in order to simplify the funding of Armed Forces leavers who are eligible to be funded through the Enhanced Learning Credits process.
160. This allows eligible learners to be funded outside of the legal entitlements for a first full Level 3 learning aim. This activity must be in delivered classroom learning provision.
161. All eligible learners will be fully funded in 2011/12 for their first Level 3 learning aim. The age of the eligible learner does not preclude full funding.
162. The ILR must report the following information to identify Enhanced Learning Credits learners in ILR field Learning Delivery Funding and Monitoring (FAM) = 128.
163. Eligibility to full funding can be found in the 2011/12 Learner Eligibility and Contributions Rules.
164. The learner must also contact the Enhanced Learning Credits Administration Service who will confirm eligibility and send the Provider proof of this.

Joint Investment Programme (JIP)

165. The requirements detailed in this section relate to all Providers that receive Joint Investment Programme 2010 or Joint Investment Programme 2011 funding from the Agency.
166. All Joint Investment Programme Providers must comply with these requirements.

Background and Policy Introduction

167. The Joint Investment Programme (JIP) is designed to bring together public subsidy and private investment into joint investment plans to support training and skills development, in areas key to economic recovery and future growth. The ambition is to:
- provide a mechanism to support priority sectors and emerging industries
 - exploit the opportunities created by new technologies and markets
 - contribute to meeting the skills challenge of a low carbon economy.

Joint Investment Programme Funding Principles

168. Only those Providers with a JIP appendix to their contracts/agreements may deliver this specified JIP provision with Agency funding. JIP adheres to the general Funding Requirements set out for the Adult Skills Budget. JIP funds are restricted in their use and this funding is outside of this budget. Funding for this programme must only be used on agreed JIP provision and with agreed employers.
169. JIP allows a flexible provision offer which includes a range of units, qualifications and Apprenticeship frameworks. All funding rates for the Joint Investment Programme are published on LARA.

Eligibility

170. Learners must be eligible for Agency funding. General eligibility guidance can be found in the Learner Eligibility and Contribution Rules.
171. All qualifications and units delivered within a JIP are eligible for retraining and upskilling.

Provision

172. JIP funding is only available for an approved list of QCF qualifications/units and Apprenticeship frameworks which will be specified in each JIP Appendix in relevant Providers' contracts or funding agreements. Provision outside of this will not be funded by the Agency.
173. Where an aim is only eligible for delivery as part of a JIP, this will be indicated within the details of the aim on LARA.

Employer Contribution

174. Only employers engaged by the lead Sector Skills Council or Lead Organisation JIP contracted Provider are eligible to access provision funded through the JIP.
175. All JIP provision is co-funded. For JIP 2010 activity Providers must collect from each employer the 50 per cent contribution of the total funding rate for each learning aim for every learner. For JIP 2011 activity the level of employer contribution will be specified as part of the JIP contract appendix.

Employer contributions for both JIP 2010 and 2011 must be made in cash (typically invoiced). Providers must ensure they have robust systems in place to monitor, collect and evidence employer contributions. Providers are not allowed to offset the contribution based on other forms of 'in kind' activity.

176. Funded activity as part of a JIP activity is deemed as being within the remit of State Aid. Please refer to the [Agency's website](#) for further information and monitoring requirements.

Data Monitoring

177. For all JIP delivery a Special Projects Pilot (SPP) code must be reported in ILR field Learning Delivery Funding and Monitoring Codes (LearnDelFAMCode). The code will be specified in the contract appendix.
178. Providers must use the Employer Reference Number (ERN) value detailed in these plans in ILR field Employer Identifier (Empld).
179. Monitoring of JIP activity by the Agency Account Manager will be carried out in line with normal Adult Skills Budget activity and specifically State Aid requirements; however SSCs must also monitor and report on programme delivery. To achieve this, the Agency encourages SSCs to work in partnership with Providers.

Evidence Requirements

180. Providers must meet the same evidence requirements as all other Adult Skills Budget provision.

Inappropriate Behaviour

181. Providers must not offer cash incentives to employers or apprentices to join Agency funded programmes.
182. The application of this principle is not always straightforward, and the particular circumstances of any payments by Providers to employers need to be considered. Many Providers have partnerships with employers where the employer provides premises or use of equipment for the training of their employees. In this situation payment for these services may be reasonable, either in cash or to offset an employer contribution to the costs of provision. However, where no service is provided by the employer, it is difficult to see the justification for payment, and the Agency would want to consider carefully the implications of this for the delivery of the service under contract.
183. Providers may have sources of income other than from the Agency, and the Agency is not in a position to constrain the use of this income. Nevertheless, it is expected that Agency funded Providers to be mindful of the overall impact on the reputation of the Agency and the Provider network when promoting their services. Accordingly, Providers must not be using Agency funds to make payments to employers that may be regarded as inducements to secure business.
184. An incentive can be made to apprentices to encourage retention and achievement where appropriate. This is a common practice across the sector

and takes many forms of which not all include cash payments. These must be clearly documented with the understanding by all parties why these payments are being made and when they would be made. However, the Agency does not see that 'signing up' or 'start' payments should be made to an apprentice or their employer under any circumstances.

Section 5 - Additional Learning Support

185. Additional Learning Support (ALS) is intended to enable disadvantaged learners to achieve their learning goal by providing funding, on top of programme funds, to help them overcome their barriers to learning. The funding is intended to be flexible and to help support learners who have a range of learning difficulties and/or disabilities.
186. ALS should meet additional learning needs for learners in classroom learning or Apprenticeships only. Details for ALS in Apprenticeships can be found in the 2011/12 Apprenticeship Funding Requirements. The details in this document only apply to classroom learning. ALS is not funded in workplace learning outside of apprenticeships.
187. As detailed in paragraphs 28 to 30 the YPLA will fund (provision and ALS funding) for all learners aged 19-24 years of age who are in receipt of high level ALS (above £5,500) in year either with or without a Section 140 or 139A Learning Difficulty Assessment. All other learners aged over 19 years of age will be funded by the Agency.
188. Learners who were funded by the YPLA and become the responsibility of the Agency on continuing learning aims will continue to receive ALS at the appropriate level based on the learner's circumstances.
189. The completion of individual ALS cost forms and the recording of actual ALS values on ILR returns are not mandatory for learners requiring under and including £5,500 of ALS, as the majority of the allocation is formula-driven. The requirement to ascribe costs to individual learners is still current but the method of apportionment and recording can be prescribed by the Provider. The thresholds for part-time and full-time learners' costs remain at £171 and £500 respectively. Below these thresholds the Provider must use funding from their participation budget to support learners and are not expected to use ALS funding.

Defining the Principles of Use for Additional Learning Support Funding

190. It is not intended that ALS should be used to deal with the everyday difficulties experienced by learners on their programmes or for supporting literacy, numeracy or language (ESOL) needs of learners enrolled on Skills for Life learning aims. The types of ALS provided for learners may include the following:
 - additional teaching, either to reduce class sizes as a result of learner characteristics (not learner demand) or to provide support in or out of the class
 - other specialist staffing where such support is necessary to enable a learner to achieve their learning goal, for example,
 - personal care assistant
 - mobility assistant
 - reader

- amanuensis
 - in-class support assistant
 - dedicated technician (for supply, maintenance and training in the use of equipment for learners with disabilities and/or learning difficulties)
 - specialist tutor (for example, teacher of the deaf, or teacher of learners with dyslexia)
 - communication support worker (for example, Braillist or support for deaf learners)
 - additional tutor support for counselling and guidance for individual learners that relate to their disability
 - personal counselling
 - material adaptation worker
 - educational psychologist or
 - speech therapist and/or a physiotherapist (the provision of such support must follow an assessment by an appropriately qualified person). Where speech therapy or physiotherapy is not identified in a learning agreement as necessary to enable a learner to achieve their learning aims and does not meet the definition of ALS, funding must be sought from the relevant health authority.
- transport between sites and to other off-site activities for learners with mobility difficulties, but not home-to-Provider transport.

191. Under the Equality Act 2010, all service providers are subject to the duty to make reasonable adjustments which ensure that disabled people are not put at a substantial disadvantage compared to other learners. Colleges and training organisations therefore have the responsibility to identify those reasonable adjustments necessary for learners with mental health problems. The Agency makes Additional Learning Support funding available to enable providers to meet the costs of such adjustments.

Exceptional ALS (eALS) - Claims Above £19,000

192. The learners likely to require eALS are individuals with significant support needs and there will be other agencies involved in their care and support. Such learners are unlikely to be planning to participate in learning without careful consideration of their needs and the capacity to meet them.
193. It is important that Providers secure approval in advance from their Agency Account Manager for learners whose ALS costs exceed £19,000 in a funding year. Providers should complete the *Additional Learning Support (ALS) Cost Form* (over £5,500) and send it to their Account Manager. In such cases, it will be necessary to demonstrate the need for such additional support. Following approval, the Account Manager will send a letter to the Provider confirming approval of the planned eALS expenditure (amounts over £19,000 - the first £19,000 of any learner's ALS funding should be recorded via the Provider's ILR returns and will need to be met from within the Provider's current ALS funding allocation).
194. Individual learning support needs may change during the programme and, if a review of a person's needs leads to a significant change in the support being offered to them further approval should be sought.

195. Payment for eALS for the funding year is retrospective and paid annually by 30 November each year. The payments to be made by this date will be for learners up to the end of July of the previous funding year.

Claiming Additional Learning Support

196. Colleges are paid on profile and will return, as part of their final claim, information on the amount of ALS used within a funding year.
197. Training organisations will be able to use Additional Learning Support to support classroom learning. This will be reported on the ILR using fields Additional Learning Needs and Additional Social Needs to generate monthly funding. Exceptional Additional Learning Support will also be available to support brief episodes of support. Details on how to claim either of these are detailed in the 2011/12 Apprenticeship Funding Requirements.

Section 6 - Basic Literacy, Numeracy and ESOL Provision

198. Improving the basic literacy, numeracy and ESOL skills of the nation continues to be a key priority for the Government and Providers should consider these skills needs in their local community when developing their business plans.
199. The Government's response to the Wolf Review on Vocational Learning included a commitment to make those aged 19 up to 24 years, who have not reached GCSE level in maths and English language, to be fully-funded in order to achieve this level. Therefore, maths and English language GCSEs will be fully-funded in 2011/12, where they are undertaken by learners aged 19 - 24 years. This is regardless of whether a learner has already achieved a full Level 2 qualification. In respect of apprentices, full funding will not be made available for GCSE maths and English language in an Apprenticeship framework. Apprentices who wish to take up this offer will be able to access it via the wider Adult Skills offer outside of their Apprenticeship programme.
200. In 2011/12 basic literacy, numeracy and ESOL covers and includes the following provision, which is all fundable through the Adult Skills budget: GCSEs:
- **GCSE in English Language** (A* - C = Level 2, D - G = Level 1)
 - **GCSE in Maths** (A* - C = Level 2, D - G = Level 1)

Key Skills (only when delivered as part of an Apprenticeship framework up to 30 September 2012):

- **Key Skills in Application of Number** (Levels 1 and 2)
- **Key Skills in Communication** (Levels 1 and 2)

Adult Basic Skills:

- **Certificate in Adult Literacy** (Entry Level, Level 1 and Level 2)
- **Certificate in Adult Numeracy** (Entry Level, Level 1 and Level 2)
- **Certificate in ESOL Skills for Life** (Entry Level, Level 1 and Level 2)⁵
- **Certificate in ESOL Skills for Life (speaking and listening)** (Entry Level, Level 1 and Level 2)⁵

Functional Skills:

- **Functional Skills qualification in English** (Entry Level, Level 1 and Level 2)
- **Functional Skills qualification in Mathematics** (Entry Level, Level 1 and Level 2)

⁵ Not funded in workplace learning

201. Increasingly, over a number of years, the Agency has sought to focus funding towards NQF basic literacy, numeracy and ESOL qualifications and Providers have made great strides in moving towards this provision. Providers must continue to shift to NQF provision.
202. It is important that literacy, numeracy and ESOL non-NQF provision at pre-entry and Entry Level is correctly coded to indicate that it is based on the national literacy and numeracy standards or pre-entry curriculum, and that learners are on courses that enable them to progress to the NQF qualifications.
203. The following class codes are used to record eligible non-NQF Basic Skills provision:
- CBSP0001 - Basic Literacy Course, Pre-entry Level
 - CBSP0002 - Basic ESOL Course, Pre-entry Level
 - CBSP0003 - Basic Numeracy Course, Pre-entry Level
 - CBSE0001 - Basic Literacy Course, Entry Level
 - CBSE0002 - Basic ESOL Course, Entry Level
 - CBSE0003 - Basic Numeracy Course, Entry Level
204. For full details of the class codes to be used refer to the ILR specification.
205. It is an expectation that learners will be given access to full qualifications to improve all aspects of their literacy, numeracy and ESOL skills. However, for those learners not intending to achieve, or unable to commit to the whole qualification at the point of signing their Learning Agreement units may be funded. The following class codes should be used to record eligible units, but only where the awarding body has designed their qualification to be delivered in units and therefore issued separate certification for each unit. Note: non-approved literacy, numeracy and ESOL units (ZUNE) are no longer fundable:
- ZUNAELIT - Entry Level, Literacy
 - ZUNA1LIT - Level 1, Literacy
 - ZUNA2LIT - Level 2, Literacy
 - ZUNAENUM - Entry Level, Numeracy
 - ZUNA1NUM - Level 1, Numeracy
 - ZUNA2NUM - Level 2, Numeracy
 - ZUNAEESO - Entry Level, ESOL
 - ZUNA1ESO - Level 1, ESOL
 - ZUNA2ESO - Level 2, ESOL

Funding Basic Literacy, Numeracy and ESOL Provision

206. As set out in the *Further Education – New Horizon, Investing in Skills for Sustainable Growth* the programme weighting uplift has been reduced to 1.0 for all basic literacy, numeracy and ESOL provision with the exception of the NQF Entry Level aims, Certificate in Adult Numeracy and Functional Skills qualification in Mathematics where it remains at 1.4, reflecting the need to build capacity to support more learners at this level. GCSEs in English and Maths will continue to be funded at a listed rate. The table below shows details of the uplifts applicable to each type of basic literacy, numeracy and ESOL provision.

207. The table below sets out the provision defined as basic literacy, numeracy and ESOL. It details the programme weighting applicable and identifies which provision is eligible for automatic fee remission.

	Funded at programme weighting 1.4	Funded at programme weighting 1.0	Automatic fee remission
NQF Certificate in Adult Literacy			
Entry Level	x	√	√
Level 1	x	√	√
Level 2	x	√	√
NQF Certificate in Adult Numeracy			
Entry Level	√	x	√
Level 1	x	√	√
Level 2	x	√	√
NQF Certificate in ESOL Skills for Life			
Entry Level	x	√	x
Level 1	x	√	x
Level 2	x	√	x
GCSE English Language			
(A*-C) = Level 2	x	√	√ **
(D-G) = Level 1	x	√	√ **
GCSE Mathematics			
(A*-C) = Level 2	x	√	√ **
(D-G) = Level 1	x	√	√ **
Functional Skills learning aims in English			
Entry Level	x	√	√
Level 1	x	√	√
Level 2	x	√	√
Functional Skills learning aims in Mathematics			
Entry Level	√	x	√
Level 1	x	√	√
Level 2	x	√	√
Non-NQF pre-Entry and Entry Level literacy and numeracy learning aims (based on the national standards and curriculum for adult literacy and numeracy)	x	√	√
Non-NQF pre-Entry and Entry level ESOL learning aims (based on the national standards for adult literacy and ESOL curriculum)	x	√	X
Units of SFL qualifications (ZUNA) Literacy and numeracy	x	√	√
Units of SFL qualifications (ZUNA) ESOL	x	√	x

Key: √ = applies x = does not apply ** = For 19 – 24 classroom learners with and without a Level 2

Basic Literacy, Numeracy and ESOL Assessment

208. It is important that learners improve their skills to a level above their current attainment. They must not simply be accredited for prior knowledge.
209. To enrol a learner onto any programme to improve their basic literacy, numeracy and ESOL skills, all Providers must follow good practice in screening, initial and diagnostic practice to determine and evidence the appropriate course/qualification level the learner must be working towards. The outcome of the initial and diagnostic basic literacy, numeracy or ESOL assessment must be recorded on the learner's Learning Agreement.
210. If a learner's assessment outcome is that they are currently operating at Level 2 literacy, language or numeracy then they would not have a designated need and must not be enrolled onto basic literacy, numeracy and ESOL provision. If learners are assessed as operating at and having skills at Level 2, but they still need some support with certain aspects e.g. percentages or report writing then Providers must embed this learning into their other learning.
211. Improvement is defined by, and measured as, a learner moving up a level of attainment from, for example, Entry 3 to Level 1. A learner assessed as already having a majority of skills at, for example, Level 1, has a need for provision at Level 2 in order to achieve measurable improvement.
212. It is therefore expected that learners who, having been assessed as already having the majority of skills at one level, are not simply enrolled onto that same skills level and given a few hours of learning to achieve the qualification (at that level). They must be enrolled onto the next qualification level which will mean they have to learn new skills and progress from their original assessment. Where this does not happen the Agency will judge that this is ineligible provision and the funds have not been used for the purpose for which they were intended. We will require that all funding is returned to the Agency for this ineligible delivery.

Skills Check

213. At an early stage in the assessment process the learner must be screened for potential basic literacy, numeracy and ESOL skills through a Skills Check.
214. A Skills Check (or screening) is the way of identifying if a learner's basic literacy, numeracy and ESOL skills are already at Level 2 and/or if there is a need for a more detailed assessment by a literacy, numeracy or ESOL professional (this is not required if a learner has referred themselves to basic literacy, numeracy or ESOL provision).
215. The Skills Check process will not establish the learner's level but alert the assessor to some possible basic skills needs. Any learner indicating they have not already achieved at Level 2 must be referred on for more detailed assessment.
216. A skills check must be administered by a practitioner who has been trained to deliver Skills Checks and trained in the use of any particular tool used.

Initial Assessment for Literacy, English language and Numeracy Needs

217. Initial assessment is a holistic process where Providers can start to build up a picture of an individual's achievements, skills, previous learning experiences, goals and learning needs. Importantly an initial assessment must also identify the learner's basic literacy, numeracy and ESOL skill level using a tool that is based on the literacy and numeracy standards and core curriculum.
218. The outcome of the initial assessment must demonstrate the level at which the individual is currently operating at, to then inform which level they enrol onto. The results of the initial assessment and the level the learner is currently operating at must be recorded as evidence in a Learning Agreement.
219. The person undertaking the initial assessment will have a general indication of the learner's background, skills, confidence and goals, and also ensure that the learner is sufficiently comfortable or confident with the situation to be able to engage with the assessment tool with confidence. The initial assessment is often conducted on a 1:1 basis. It is important to remember that for many learners this may be their first encounter for many years with a learning organisation.
220. Initial assessment must be administered by a practitioner trained in the assessment tool and who is able to:
 - understand the whole assessment process
 - present it to learners in a positive and constructive way
 - use a variety of approaches appropriate to the individual learner and the context for learning
 - interpret results appropriately and give professional feedback to learners
 - recommend learning programmes
 - be able to refer learners for further expert assessment.
221. The decision as to which learning aim a learner is enrolled onto must be based on the needs of the learner and ensures they learn new skills. It must not be based on what other learners are doing or financial issues i.e. enrolling learners on a literacy programme when ESOL is more appropriate.
222. Funding follows learning; sole accreditation of prior knowledge and simply taking an end assessment will not be funded by the Agency i.e. when a learner is assessed, undertakes no learning or only a few hours and takes the national test. This is not appropriate as it does not support any learning.

Skills for Life Assessment Tools

223. The Agency does not endorse any particular Skills Check, initial or diagnostic assessment tools. However, we expect Providers to be using up-to-date tools which are based on the national literacy and numeracy standards and core curriculum. The Skills for Life core curriculum sets out the teaching and learning required for each level. The newly updated curriculum can be accessed via the [excellence gateway](#).

224. Providers must use initial assessment tools that place a learner's current skills level within the NQF/QCF levels. For example we require robust tools that state if a learner's current skills are at entry Level 1, Entry Level 2, Entry Level 3, Level 1 or Level 2. Tools that only state a learner is below a certain level, that is, below Level 1, are less robust and not appropriate.

Diagnostic Assessment

225. The Diagnostic Assessment will identify a learner's strengths and weaknesses and highlight any specific skills gaps. It helps provide a detailed learner profile against the standards and curriculum documents and must be used to inform and structure a learner's Learning Agreement to use as a basis for a programme of study.
226. The results may show a spiky profile of learning needs across the range of detailed areas for literacy, numeracy and ESOL. That is, following a literacy diagnostic assessment, they may have speaking and listening levels at Level 1, but reading and writing at entry Level 3. The assessor will have to decide the best level on which to enrol this learner based on the results. They have to ensure that the learner is increasing their knowledge and skills, and in the main move up a level of attainment from where they have been assessed. They will also need to consider the learner's attitude, confidence and ultimate goal.
227. Diagnostic assessment can take several hours and must be carried out as part of a learner's programme.
228. Diagnostic assessments must be carried out by staff that, in addition to having the skills required to undertake initial assessment, are able to use assessment outcomes to plan individual and group learning; monitor progress and use diagnostic assessment tools creatively and flexibly.

The Learning Journey

229. The learning journey must be a continuum and follow the processes outlined above. The Provider must also undertake on-going assessment of a learner's progress, provide constructive feedback and analysis of further assessment outcomes must continue throughout a learner's course or programme. This is called assessment for learning or formative assessment.
230. The initial and diagnostic assessment documentation and full process must be clearly evidenced for audit purposes. All documentation used as part of the assessment process must be available for inspection by the Agency and Audit as requested. Notes of any Skills Checks, assessments and conversations, including those which detail where the learner wishes to progress to, must be noted in a learner's Learning Agreement. This includes noting the outcome of conversations with the learner that affects what provision the learner finally enrolls onto.
231. Despite an assessor's best efforts, a learner may occasionally refuse the offer of improving their literacy, numeracy and ESOL skills. Providers must ensure this offer is noted in the Learning Agreement. However, if this learner continues with the Provider on to another qualification, the Agency would expect the Provider to keep an open door policy and return to the basic skills

needs at a later date, when appropriate. This may be particularly useful if a learner enrolls onto a competency qualification and struggles because of their lack of basic literacy, numeracy and ESOL skills.

232. In addition, if a Provider identifies basic literacy, numeracy and ESOL skills needs but for whatever reason does not offer this provision themselves and so refers the learner onto another Provider, the Agency also expects the Provider to note the outcome of the any assessment and record the referral on the learning plan.

ESOL Provision

233. ESOL provision delivered in classroom learning does not attract automatic full fee remission at any level. Learners will be expected to pay the assumed fee unless they are eligible for fee remission. Providers should refer to the [2011/12 Learner Eligibility and Contribution Rules](#) for further advice on fees and fee remission.
234. ESOL is not funded in workplace learning.
235. It is important that the ability to pay does not influence which learning aim a learner is enrolled onto. Learners should be enrolled onto the most appropriate learning provision that supports their level of skills, needs and aspirations. Initial assessment should identify this separately to a discussion of the learner's financial situation and any ability to pay fees.
236. The Agency does not expect to see ESOL learners being enrolled onto literacy provision when they would be better served through an ESOL qualification.
237. The Agency's auditors will look at a variety of evidence and documentation to gain assurance that literacy is being taught in literacy classes and ESOL in ESOL classes and that learners are following the correct provision according to their needs.
238. To place an ESOL learner onto literacy provision to simply attract full fee remission goes directly against government funding policy and could lead to the withdrawal of funding.

Funding Embedded Basic Literacy, Numeracy and ESOL Provision

239. Embedded teaching and learning is defined as: the development of literacy, language (ESOL) and numeracy with vocational and other skills.
240. There is no single learning aim recognised as an embedded basic skills learning aim, and the Agency does not recognise this concept for funding purposes.
241. An embedded approach requires two or more learning aims to be in place and recorded on the ILR; one for the vocational programme and the other for the additional literacy, language (ESOL) or numeracy programme.
242. Learners will be enrolled on both (or more of) these learning aims, and funding will be drawn down accordingly.

Unfunded or Ineligible Learners Taking Adult Literacy, Numeracy and Language (ESOL) Learning aims

243. The Agency does not fund stand-alone tests in adult literacy, numeracy or ESOL. Providers that offer stand-alone tests may charge candidates a fee for this service.

Functional Skills

244. Functional Skills in English, mathematics and ICT at Entry Level, Level 1 and Level 2 were rolled out nationally in 2010/11. These replaced the Key Skill learning aims in Communication, Application of Number and ICT from 1 September 2010 at Levels 1 and 2 delivered through the Adult Single Budget. To note, a further period of transition has been agreed to allow Key Skills to be funded (alongside Functional Skills) in Apprenticeship frameworks up to 30 September 2012.
245. ESOL qualifications have a current operational end date of August 2012 on the Ofqual register of regulated qualifications. There are sufficient 'Key Skills tests' which are used for levels 1 and 2 Skills for Life ESOL to last until the end of the accreditation period for Key Skills and Skills for Life qualifications in August 2012. As such, there are sufficient tests in place to continue until 2014. The Department of Business, Innovation and Skills has secured, from OFQUAL, confirmation to accredit and regulate revised Skills for Life ESOL qualifications beyond 2012.
246. Learners currently enrolled on pilot (QCF) Functional Skills Learning aims are required to undertake the (NQF) accredited Functional Skills assessments.

Section 7 - Sub-contracting Requirements

247. Before an organisation can receive funding from the Agency there must be a funding agreement in place. This agreement sets out the terms and conditions on which the Chief Executive is providing funding to that organisation. With the impact of the Minimum Contract Levels (MCL) there can be two ways in which Providers can have a direct legal relationship with the Chief Executive:
- as a single legal entity (college, private or public organisation or a sole trader)
 - with other legal entities on a joint and several basis.
248. The definition of a Lead Provider is the organisation or organisations (on a joint and several basis) that have a direct legal relationship with the Chief Executive either through a contract or other funding agreement.
249. The definition of a sub-contractor is any organisation that is not a Lead Provider and receives funds from the Chief Executive via one or more of the Lead Providers under a contract with a Lead Provider.
250. Lead Providers are solely responsible for the delivery of their contract/s whether or not they are delivered via a sub-contracting arrangement.
251. Sub-contracting significant levels of provision is associated with higher levels of risk. This is the case irrespective of whether the sub-contractor is one of the Lead Provider's own subsidiary companies, a joint venture company or an organisation that is independent of the Lead Provider. Higher levels of risk are also associated with significant levels of provision being delivered away from the Lead Provider's main site/s or outside its normal recruitment.

Responsibility and Limits of Sub-contracted Provision

252. The Lead Provider retains ultimate responsibility for all aspects of the provision that it has contracted with the Chief Executive to deliver, including any elements that it chooses to sub-contract. The Lead Provider must have a legally binding contract with each and all of its sub-contractors.
253. All Lead Providers and sub-contractors are required to be registered on the UK Register of Learning Providers (UKRLP).

Second Level or Further Sub-contracting

254. Second level or further sub-contracting is not permitted, unless the following requirements have been fully met to the satisfaction of the Chief Executive.
255. Any second level sub-contracting (that is, where the sub-contractor further sub-contracts to another legal entity) must be declared by Lead Providers on the Declaration of Sub-contractors form and further information will be requested prior to approval being made. Second level sub-contracting will only be allowed with express consent by the Chief Executive and then only in exceptional circumstances.

256. Responsibility for declaring and seeking consent for all second level sub-contracting rests with the Lead Provider.
257. Any Lead Providers that wish to enter into any third level sub-contracting should contact their Agency Account Manager. The Chief Executive will only consider requests in exceptional circumstances. The Chief Executive will expect any such requests to take account of value for money ensuring that most of the funding is used for delivery.

Sub-contractors Submitting to ACTOR

258. The requirement for all sub-contractors to be registered on ACTOR is under consideration.
259. The Declaration of sub-contractors form replaces Annex I: ILR Partner-provider details from LSC Funding Guidance 2008/09: ILR Funding Claims and Audit Returns (LSC, September 2008).
260. All Lead Providers are required as part of their contract to notify the Chief Executive via their Agency Account Manager if there is a significant change to the amount and/or nature of any sub-contracted provision from that already notified to the Chief Executive. This is particularly important in the cases of:
 - termination of contract (due to irregularities)
 - addition or removal of a sub-contractor
 - where the proportion of sub-contracting significantly increases
 - where the proportion of sub-contracting decreases
 - insolvency or administration of the sub-contractor
 - the sub-contractor being graded inadequate by Ofsted in any category relating to the organisation as a whole or received an inadequate grade in any sector-subject area/s containing subcontracted provision.
261. Under these circumstances the Lead Provider must inform the Chief Executive within ten working days of the initial notification detailing the action it is taking to protect the learners accessing programmes and/or provision through the sub-contractor.
262. Lead Providers must also complete the section on sub-contracting in their annual self-declaration on the Financial Management and Control Evaluation.
263. If there is any evidence of current or historic irregular financial or delivery activity with any of the sub-contractors that a Lead Provider is engaged with, it is the responsibility of the Lead Provider to undertake an investigation at their own cost and carry out any follow up actions, and this must be reported to their Agency Account Manager. Irregular financial or delivery activity could include but is not restricted to:
 - substantiated non-delivery of training when funds have been paid
 - sanctions imposed on the sub-contractor by the awarding organisations
 - inadequate grade for the sub-contractor by Ofsted
 - serious complaints and/or allegations by individuals working for the sub-contractor and/or learners and/or other relevant parties.
264. The Chief Executive may require such an investigation to be commissioned

at the Lead Provider's own cost and to the Chief Executive's satisfaction.

Distribution of Income between Lead Providers and Sub-contractors

265. The Chief Executive has a statutory duty to make best use of his resources when securing the provision of education and training, and therefore expects that the funding he provides is used for the benefit of the learner on their learning programme or provision. As such the amount of funding retained by Lead Providers for programmes and provision delivered in whole or in part by a sub-contractor must represent good value for money and reflect the actual costs incurred by each party in the delivery of the provision. It is unlikely that, for most programmes and types of provision, direct delivery costs would be less than 85 per cent of the full participation funding earned by the Lead Provider for the programme. For those co-funded learners at sub-contractors, the Lead Provider retains the responsibility for ensuring that the learner and/or employer contribution is collected.
266. The Chief Executive will monitor the payments to sub-contractors to ensure that sub-contracting represents good value for money and that there is sufficient funding being allocated for the delivery of high quality education and training.

Due Diligence Process for Proposed Sub-contractors

267. It is the responsibility of the Lead Provider to satisfy itself that the sub-contractor has been selected fairly and has the sufficient capacity, capability, quality and business standing to deliver the provision that is being subcontracted.
268. Lead Providers are to undertake their own due diligence.
269. The Chief Executive reserves the right to ask Lead Providers for additional evidence in support of its due diligence process.
270. The Chief Executive does not prescribe a recommended contract template for sub-contracts. It is a matter for the Lead Provider to take its own advice on the form of the sub-contract it enters into. However information is available from:
- the Office of Government Commerce – providing model terms and conditions of contract for services on its website
 - the Learning and Skills Improvement Service's Excellence Gateway – has guidance and best practice examples on sub-contract agreements and sub-contracting.

Mandatory Terms for Inclusion in the Lead Providers' Sub-contractors Contractual Documentation

271. All Lead Providers must ensure that their contracts with their sub-contractors include the following clauses:

- sub-contractors must comply with the Chief Executive's Funding Requirements
- if there is any evidence of current or historic irregular financial or delivery activity the sub-contractor must inform the Lead Provider. Irregular financial or delivery activity could include but is not restricted to:
 - Substantiated non-delivery of training when funds have been paid
 - Sanctions imposed on the sub-contractor by the awarding organisations
 - Inadequate grade for the sub-contractor by Ofsted
 - Serious complaints and/or allegations by individuals working for the sub-contractor and/or learners and/or other relevant parties.
- sub-contractors may not use the funding from the Chief Executive to make bids or claims from any European source of funding on its own behalf or on behalf of the Chief Executive without obtaining consent in writing from the Chief Executive that it may do so (such consent not to be unreasonably withheld)
- sub-contractors do not hold the right to use payments made under the Contract as match funding for European Social Fund Co-Financing Projects
- sub-contractor's contracts must include the clauses relating to ESF that exist in the Lead Provider's contract with the Chief Executive, even if the provision is not funded by ESF
- sub-contractors may not further subcontract provision (second level subcontracting) to other organisations without the consent of the Chief Executive via their Lead Provider in advance of entering into any arrangements
- sub-contractors must allow the Chief Executive, his staff and any other person nominated by him access to its premises and all documentation related to the delivery of provision funded by the Chief Executive
- all new sub-contract contracts from 25 March 2010 must include reference to pay the valid invoices of their sub-contractors within 30 days of the invoice date⁶. The contract should explicitly state the basis for payments and the evidence required in order to support those payments. These should align with the Chief Executive's requirements otherwise the Lead Provider may find itself contractually obliged to pay a sub-contractor, but unable to claim funding from the Chief Executive. Payment to a sub-contractor does not oblige the Chief Executive to pay the Lead Provider

⁶ This is to ensure compliance with the mandatory requirements set out in Procurement Policy Note – Requirement to include 30-day payment clause in new contracts – *Action Note 07/10, 25 March 2010 (Office of Government Commerce)*

- a clause imposing a requirement on the sub-contractor to ensure continuity of learning in the event that the subcontract is terminated for any reason
- sub-contractors must submit the data required by the Chief Executive on a timely basis. Sub-contractors need to supply the Lead Providers with sufficient evidence to allow the Lead Provider to adequately assess the performance of their sub-contractors against the Common Inspection Framework. It is expected that this evidence is included in the Lead Provider's self assessment report and contributes to the judgements and grades therein
- sub-contractors must have suitably qualified staff to deliver the provision
- sub-contractors must comply with the appropriate retention of documentation
- the Lead Provider must ensure that it has clauses in its sub-contracts to enable it to monitoring the activities of the sub-contractor, exercising control over, and making appropriate arrangements for, the quality assurance of all provision. Where the sub-contractor is also the approved assessment centre for the learning aims it delivers, the Chief Executive expects that the sub-contract will entitle the Lead Provider to receive copies of all reports by the centre's awarding organisations. These could include, but are not restricted to, External Verifier reports relating to sub-contracted learners and/or the programmes and provision on which they are registered with the awarding organisations.

Section 8 - Area Costs Uplift by Region

London A 1.20	London B 1.12
Camden	Barking and Dagenham
Greenwich	Bexley
Islington	Havering
Kensington and Chelsea	Redbridge
Lambeth	Barnet
Southwark	Enfield
Westminster	Waltham Forest
Wandsworth	Bromley
Hackney	Croydon
Tower Hamlets	Kingston upon Thames
Lewisham	Merton
Newham	Richmond upon Thames
Haringey	Sutton
Hammersmith	Brent
Fulham	Ealing
Hillingdon	Harrow
	Hounslow

Bedfordshire and Hertfordshire Non-fringe 1.03

Bedfordshire County Council	North Hertfordshire	Stevenage
Bedford	South Bedfordshire	Luton
Mid-Bedfordshire		

Berkshire, Surrey and West Sussex Fringe 1.12

Surrey County Council	Runnymede	Reigate and Banstead
Bracknell Forest	Slough	Tandridge
Crawley	Spelthorne	Waverley
Elmbridge	Surrey Heath	Windsor and Maidenhead
Epsom and Ewell	Woking	Mole Valley
Guildford		

Berkshire Non-fringe 1.12

Reading	Wokingham	West Berkshire
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Buckinghamshire Non-fringe 1.07

Aylesbury Vale	Milton Keynes	Wycombe
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Hampshire and Isle of Wight 1.02

Basingstoke and Deane	Isle of Wight	Portsmouth
East Hampshire	New Forest	Rushmoor
Eastleigh	Fareham	Winchester
Gosport	Southampton	Hart
Hampshire County Council	Test Valley	Havant

Cambridgeshire – 1.02

Cambridge	Huntingdonshire	South Cambridgeshire
East Cambridgeshire	Peterborough	Fenland

Hertfordshire and Buckinghamshire Fringe 1.10

Broxbourne	South Buckinghamshire	Watford
Chiltern	St Albans	Welwyn Hatfield
Dacorum	Three Rivers	East Hertfordshire
Hertsmere		

Kent and Essex Fringe 1.06

Basildon	Harlow	Thurrock
Brentwood	Sevenoaks	Dartford
Epping Forest		

Oxfordshire 1.07

Oxfordshire County Council	West Oxfordshire	Vale of White Horse
Cherwell	Oxford	South Oxfordshire

West Sussex Non-fringe 1.01

Adur	Arun	Worthing
Chichester	Horsham	Mid-Sussex

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