**Funding Summary - April 2017**

**Appendices;**

1. Extension of existing apprenticeship contracts for delivery to non-levy employers

**Introduction**

The end of April has been overshadowed by the sectors reaction to the non-levy allocations which extends existing ESFA contracted providers contracts through to 31st December 2017. Many appear to have misunderstood that learners enrolled up to 30th April 2017 will be fully covered by the ESFA and that the allocations notified are simply for non-levy starts from 1st May to 31st December.

The non-levy ITT was apparently oversubscribed at £1.6bn for £440m of funding available, however it is not clear if this is the reason for the delay in allocating contracts or the mess of the RoATP process, where many existing quality providers failed the process.

Purdah will not help getting clarity on a number of outstanding issues of which the most concerning is clearly the lack of funds for non-levy employers.

Another worrying trend is the number of providers being issued notices of concern by the ESFA, if you combine this with the major providers going out of business then capacity in the sector is being seriously jeopardised.

35 providers given “notice of concern” for breaching minimum standards - The Approach to Intervention document states for training providers: “We will identify the colleges and other training organisations that have failed to meet minimum standards in apprenticeships or classroom and workplace provision. We will then decide whether to intervene formally.” It adds: “If we issue a notice of serious breach, it will set out the conditions necessary to continue to receive public funds. Failure to meet the conditions in the notice will lead to contract termination.”

**Procurement for apprenticeship training in smaller employers**

The Education and Skills Funding Agency (ESFA) has carefully considered the applications made in response to the recent procurement for apprenticeship training provision for non-levy-paying employers.

This procurement was markedly oversubscribed, a sign of the significant level of interest from the training provider market in the apprenticeship reforms. In response, ESFA intends to pause the current competition. This will allow us to review our approach to ensure that we achieve the right balance between stability of supply and promoting competition and choice for employers. It is important that we fully consider how best to achieve these outcomes in a way that achieves the best value for employers and apprentices as we move to a fully employer-led system.

We will undertake further engagement with the market to clarify our approach, and ensure that this meets the government’s wider objectives of securing stability in the market, good sectoral and geographical coverage of provision, and a market which meets the skills needs of employers. We will issue further guidance shortly.

In order to maintain stability in the system through the start of the next academic year, in the interim period we will extend existing contracts held by all current providers until the end of December 2017. To maintain our quality standards, current providers with extended contracts will be able to undertake new starts on those contracts provided they are on the Register of Apprenticeship Training Providers. The ESFA will notify providers of specific arrangements shortly so that amended contracts are in place ahead of 1 May.

This will not affect training provision for existing learners. Extending existing providers contracts means employers can be confident in taking on new apprentices without disruption over the months ahead.

**Apprenticeships: common funding rules - Apprenticeships: common funding and performance-management rules 2016 to 2017 V5**

*The rules have simply been updated to include for the non-levy extension to December 31st 2017. Within the document all that has changed is the 4th paragraph within the box on page 8 -*

*“Funding for apprentices that start their learning with non-levy paying employers between 1 May and 31 December 2017 will be added to current contracts.”*

*B43 replaces 3 paragraphs in V4 – “For starts before 1 May 2017, you must fund the delivery of both apprenticeship frameworks and apprenticeship standards from your apprenticeship funding allocation or contract value. For apprenticeship standards, this includes any additional incentive payments that you must pass to employers.”*

The rules apply to all providers of education and training who receive apprenticeship funding from the Skills Funding Agency (SFA). These are the funding rules for all apprenticeship frameworks and standards, including those delivered by higher education institutions.

This suite of documents and the principles and rules they contain are part of the terms and conditions of funding and must be read with the other contract documents.

**Adding apprentices to the apprenticeship service**

Providers on the Register of Apprenticeship Training Providers (RoATP) offering levy-funded apprenticeships from 1 May can now add apprentices in the apprenticeship service.

Beforehand, you need to ensure:

* your super user has registered in IDAMs
* the contract authoriser has signed the ESFA apprenticeships funding agreement on the Skills Funding Service
* you have a contract for service with each employer, as per the Apprenticeship funding and performance management rules 2017 to 2018

The first time an employer asks you to add or approve apprentices on the service, you must confirm you’ve agreed to train their apprentices.

For technical support with ESFA systems, including IDAMS, please contact our Service Centre.

**Funding calculation 2016 to 2017: technical document**

We will shortly publish the main funding calculation rulebase for the 2016 to 2017 funding year on the funding rates section on GOV.UK.

The document covers how funding is calculated for the adult education budget and apprenticeship frameworks that started before 1 May 2017.

This is a technical document and includes the rulebase (a collection of one or more connected rules) that performs the funding calculation. There is no separate programming code to implement the logic.

Please share this with your data manager and management information system supplier.

**Apprenticeship accountability statement**

*This includes the following - “HEFCE will regulate the quality of degree apprenticeships (level 6 and 7),” whilst Ofsted “will inspect the quality of apprenticeship training provision from level 2 to level 5”, with “joint working” between the two organisations where this overlaps at Level 4 and/or 5 and the standard contains a prescribed HE qualification.*

The roles and responsibilities of all organisations involved in regulating apprenticeships.

At the centre of the Apprenticeship reform programme is the aim to improve the quality of all apprenticeships, and therefore the long term employability and prospects for apprentices, as well as supporting the nation to fill its skills gaps and reach its productivity potential. Key changes that will lead to increased quality include basing all apprenticeships on new standards (which have been developed by employers), which set out the knowledge, skills and behaviours each apprentice needs to have to be fully competent in the role, and a single end point assessment to test full competence, rather than a number of small assessments throughout the apprenticeship.

This document sets out the responsibilities of each organisation with a role in the reformed apprenticeships system. It has been agreed by the Permanent Secretary, the Institute for Apprenticeships, the Education and Skills Funding Agency, Ofsted, Ofqual, HEFCE and QAA. It will be amended in future to reflect policy changes, for example the introduction of technical education qualifications, the change to the Institute for Apprenticeships’ remit from 2018, and the creation of the Office for Students in 2018. We expect to publish the first revision in autumn 2018.

This document provides assurance that an agreed framework is in place within which these bodies are clear about their respective accountabilities in relation to the apprenticeships programme, so that the Government’s objectives to raise apprenticeship quality are met and to secure value for money.

<https://www.gov.uk/government/publications/apprenticeship-accountability-statement>

**AELP receive welcome clarification on standards completion payments**

Following queries from AELP to the SFA regarding the wording of guidance relating to the 20% “completion” element payable on standards, we have received some welcome clarification from officials.

This makes clear that for standards, “the provider is eligible for the completion payment when an element of the end point assessment has been taken regardless of the outcome (our italics).... simply registering the candidate with an Apprenticeship Assessment Organisation is not acceptable. The apprentice must have taken some EPA activity, although we recognise, as you have pointed out, that there can be more than one activity within an EPA, progression to some of which could be dependent on being successful in a previous element.”

In simple terms, the completion element for standards is payable as long as some form of EPA activity has actually been undertaken by the Apprentice. (For frameworks, providers need to be in receipt of a full apprenticeship framework certificate from FISSS.)

**Apprenticeship service bulk upload specification**

Technical documents for the apprentice bulk upload facility for training providers to use in the apprenticeship service.

The apprenticeship service allows employers to create a digital account and use it to pay for apprenticeship training using funds from their apprenticeship levy.

The apprenticeship service holds details of an employer’s apprentices.

These details can be added individually or through a bulk upload process. The specification document and sample file contain details of the bulk upload facility available to training providers.

**Issuing certificates for apprenticeship standards: reminder**

A reminder that training providers must share accurate and relevant information with Apprentice Assessment Organisations (AAOs) for certification to take place.

Certificates for apprenticeship standards will be requested by AAOs from the ESFA and the ESFA will notify training providers when an apprentice has passed their end-point assessment.

Training providers must record end-point assessment achievements promptly in the individual learner record. Please note that this process only applies to apprenticeship standards.

On 1 January 2017 the Education and Skills Funding Agency took over responsibility for issuing certificates for apprentices achieving an apprenticeship standard.

**Prevent duty compliance workshops for independent training providers and new apprenticeship providers.**

The Department for Education is running 3 free workshops on prevent duty compliance, in Manchester, Birmingham and London on the 13, 14, 15 June from 10am to 3pm.

The workshops have been created principally for apprenticeship providers and independent training providers, particularly those new to prevent.

Sessions will provide strategic and practical support for organisations implementing prevent, as well as the opportunity to hear from Ofsted, the Education and Training Foundation and FE/HE prevent coordinators.

For more information, contact Anthony.rodgers@education.gov.uk.

**Advanced Learner Loans – Launch of 2017 to 2018 application service**

The 2017 to 2018 application service will be available from 15 May. This is for learners who wish to start eligible qualifications from 1 August 2017 funded with a loan.

We have updated the learning and funding information letters. You must issue these to learners, including for offenders in custody, who are considering funding their qualification with a loan. We have also published guidance on how to complete the letter.

Registration has now opened for the Student Loans Company provider events in April/May 2017.

These events are an opportunity to share knowledge and gain an insight into the operational policy, systems and resources of the programme. More details can be found on their website.

For more information, please email [advancedlearnerloans@sfa.bis.gov.uk](mailto:advancedlearnerloans@sfa.bis.gov.uk).

**Updated provider data self-assessment toolkit**

We have released an updated version of the provider data self-assessment toolkit (PDSAT) for the 2016 to 2017 funding year on the PDSAT section of GOV.UK.

The PDSAT assists colleges and training organisations with their routine ILR data-checking procedures for data returns in 2016 to 2017.

This version includes the sampler, enabling users to select audit samples and output to a set of audit working papers.

For further information, please email pdsat.ESFA@education.gov.uk.

**Reviewing provider data self-assessment toolkit reports: user guide**

To support the publication of the provider data self-assessment toolkit (PDSAT) reports for the 2016 to 2017 funding year, we have published a user guide on the PDSAT section of GOV.UK.

The user guide assists colleges and training organisations to prepare for a provider risk and assurance review and with their routine ILR data-checking procedures in 2016 to 2017.

It highlights specific areas that we monitor during the 2016 to 2017 funding year. The monitoring plan is available on the Financial Assurance section of GOV.UK.

For further information, please email pdsat.ESFA@education.gov.uk.

**European Social Fund: supplementary data guidance**

We have updated our published guidance for the supplementary data collection for the European Social Fund (ESF) 2014 to 2020 programme.

The collection is for claiming and adjusting costs not collected through the individualised learner record. This is a technical document and sets out the principles and features of the collection.

Please share this with your data manager and management information system supplier.

**Funding guidance for young people 2017 to 2018 Funding regulations**

**Version 1.0 published April 2017**

*Not much change here, although we were all expecting confirmation of the resit policy for learners with a grade D GCSE in English and Maths which has not materialised.*

*However the guidance does state in Annex D “As indicated in the January 2017 Industrial Strategy Green Paper, the Government is reviewing provision of English and maths for students enrolled in the 16- 19 study programme. Any changes as a result of this review, including to align with wider technical education reforms will be communicated with institutions before the start of the relevant funding year”*

New and updated information for 2017 to 2018

We have made some small additions and updates to the guidance in the document Funding rates and formula and one change is also relevant to the guidance in this book.

* changes to planned hours. We have updated the policy for making changes to planned hours. If the planned hours for a student’s study programme change within the first 6 weeks, the institution must update the planned hours

**Funding guidance for young people 2017 to 2018 Funding rates and formula**

**April 2017 Version 1**

**New and updated information**

We have made the following additions and updates to this guidance document.

Student numbers: we have revised this section and added extra detail on how we calculate lagged student numbers.

Changes to planned hours: we have updated the policy for making changes to planned hours. If the planned hours for a student’s study programme change within the first 6 weeks, the institution must update the planned hours.

Disadvantage funding block 2: we have revised this section. We have changed our methodology so that we now use, ILR, school census, and HESA data to calculate block 2 funding.

Area cost uplift: we have revised this section so that it is clear how we calculate area cost uplift factors, by using either the delivery location of the institution’s provision or the institution’s head office location.

**16 to 19 Funding: how it works**

An overview of ESFA post-16 funding that may help institution staff and governors new to the further education sector is also available.

This page provides an overview of how we calculate post-16 funding. Further information can be found on our main collection page, for funding education for 16 to 19 year olds and our published funding guidance books.

https://www.gov.uk/guidance/16-to-19-funding-how-it-works?utm\_source=EFA%20e-bulletin&utm\_medium=email&utm\_campaign=e-bulletin&mxmroi=2305-17213-85192-0

**ESFA: supplementary data collection**

**ESFA: supplementary data collection guidance: version 2**

This document sets out how funding can be claimed and adjusted through the supplementary data collection, including contract deliverables in the 2014 to 2020 European Social Fund (ESF) programme. This data must be submitted alongside your individualised learner record (ILR) return.

It also provides a technical specification of the data collection requirements, for those who make data returns, implement data specifications and design information systems; including management information (MI) managers, software writers and suppliers.

We have amended paragraph 43 of this document to read - you can use this cost type for the Actual Costs (AC01) deliverable.

You must also refer to the ESF funding rates and formula document, which outlines the principles behind the ESF funding system.

**ESFA: supplementary data validation rules**

This document sets out the validation rules for the supplementary data collection, for those who make data returns, implement data specifications and design information systems; including management information (MI) managers, software writers and suppliers.

**ESFA: supplementary data collection example file**

This document is an example file for the supplementary data collection, in csv format. You must create a file for submission if required; this example file could be used as a template if you remove the sample data contained within it.

You must also refer to the supplementary data collection guidance and supplementary data validation rules, as found on this page.

<https://www.gov.uk/government/publications/sfa-supplementary-data-collection>

**2017 to 2018 legal entitlements offer**

The qualifications that will be available as part of the 2017 to 2018 legal entitlements offer have been published today:

* English and maths legal entitlement
* level 2 and level 3 legal entitlements for 19 to 23 year olds undertaking their first full level 2 and full level 3

In anticipation of future changes due to technical education reform and the functional skills reform, we have not made any new changes to these offers other than those already announced during 2016 to 2017.

Qualifications already confirmed as part of the legal entitlements will continue to be available in 2017 to 2018 unless:

* they are legacy GCSES and international GCSEs in English and maths that will not be available for new starts or continuing learners from 1 August 2017
* at level 2 and level 3 they are not part of the single offer for 16 to 23 year olds

The single offer contains GCSES, AS and A Levels, Access to HE and 2018 and 2019 16 to 19 performance table qualifications. In addition to this, to provide stability we have retained for one further year the 2017 performance table qualifications where they are currently part of the 2016 to 2017 level 2 and level 3 legal entitlement offer.

The Hub will be updated shortly to reflect the legal entitlements offer.

**2017 to 2018 local flexibility offer**

We will be shortly updating the Hub with the regulated qualifications that will be available for delivery as part of 2017 to 2018 local flexibility offer. We will update the unit offer in May.

In anticipation of future changes such as devolution and technical education reforms there will be no changes to the local flexibility offer or the criteria that we apply to determine if the qualification is eligible for funding in 2017 to 2018.

Qualifications that are currently eligible for funding will continue to be so in 2017 to 2018 unless the qualification is no longer on Ofqual’s Register of Regulated Qualifications or has been withdrawn by the awarding organisation.

**College benchmarking tool**

We have published a financial benchmarking tool for colleges.

This tool helps colleges compare their financial performance in 2014 to 2015 and 2015 to 2016 with others in the sector.

Appendix 1

**Extension of existing apprenticeship contracts for delivery to non-levy employers**

We recently published news about the procurement exercise for apprenticeship training provision. I am writing to provide you with further details on the actions we will take to extend existing contracts held by eligible providers. A summary of actions is included at the end of the letter.

**Funding Allocations**

By 25 April we will confirm your allocations for funding starts to non-levy-paying employers through to December 2017. Your allocation will be for the full 8 months and you will have flexibility to use it over this period. We will issue separate allocations for 16-18 and adult apprenticeships. We will continue our simple approach to calculating your allocations, based on your delivery track record. All existing apprenticeship contract holders will be informed of their allocation so that once they enter RoATP they are able to deliver.

We will also confirm the value of Apprenticeship Grant for Employers (AGE) available to you through to the end of July 2017. These will be calculated using our previous allocation method.

Contract Variations

Before 28 April we will vary your existing contract to include funding for new starts from 01 May. These starts will be funded in line with the Apprenticeship Funding and Performance Management Rules 2017 to 2018 and Apprenticeship Technical Funding Guide for starts from May 2017. This means that the rules on co-investment will apply and funding will be calculated using the new funding bands.

To maintain stability through the transitional period we will continue to apply current subcontracting rules to the delivery of new starts to non-levy-paying employers through to December 2017. This is an extension of the existing subcontracting rules with the exception that all subcontractors must have entered the Register of Apprenticeship Training Providers (RoATP) to deliver during this period where they are delivering in excess of £100,000 of apprenticeship delivery.

We will send variations to those providers who have entered the RoATP and have an existing apprenticeship contract. We are currently assessing applications to RoATP following the recent re-opening. Results will be notified and published as early as possible in May 2017. As soon as existing providers enter RoATP they will be able to deliver to non-levy paying employers and will receive a contract variation.

We will vary contracts again in June to extend the contract duration into the 2017 to 2018 funding year and fund new starts until the end of December 2017. This variation will be issued as part of our annual contract cycle.

**Performance Management**

We will update our Apprenticeship Funding and Performance Management Rules 2017 to 2018 to reflect these transitional arrangements to contract extensions. Our performance management approach will focus on ensuring stability over this period. The rules will set out that we will continue to reduce contracts where performance is below our expectation.

**Summary of Actions**

|  |  |
| --- | --- |
| Action | Key Dates |
| All existing apprenticeship providers receive funding statement for new starts from 01 May 2017 to 31 December 2017 | By 25 April 2017 |
| Existing provider on RoATP receives contract variation to include funding for new starts from 01 May 2017 | Before 28 April 2017. Other existing providers will receive variations once they enter RoATP |
| SFA updates Apprenticeship Funding and Performance Management Rules 2017 to 2018 | Before 28 April 2017 |
| New apprenticeship funding system begins | 01 May 2017 |
| Outcome of recent re-opening of RoATP | May 2017 |
| First payment for new starts on or after 01 May 2017 | 15 June 2017 |
| Existing provider receives contract variation to extend the contract duration into the 2017 to 2018 funding year | End of June 2017 |

Your training provision for existing learners that start before 01 May is not affected by this.

We will continue to update you over the coming weeks. If you have any questions, please refer to your Provider Manager.

Yours sincerely,

Christopher Bradley

Deputy Director, Funding Policy Implementation