Document reference: E

Skills Funding Agency

Funding Rules 2016 to 2017
Summary of Changes

Version 3

July 2016

Of interest to providers and employers

Introduction

1. We have published the Funding Rules for 2016 to 2017 on GOV.UK. This year we have taken a different approach to presenting the funding rules to reflect the plans for the devolution of skills and reform of apprenticeships. This has provided an opportunity to review and rationalise our current funding approach and the way we present the funding rules.

2. In this document, 'providers' refers to colleges, other training organisations and employers who act as training providers.

3. This year we have produced a suite of funding rules documents that providers and other stakeholders can access in various ways.

Key features

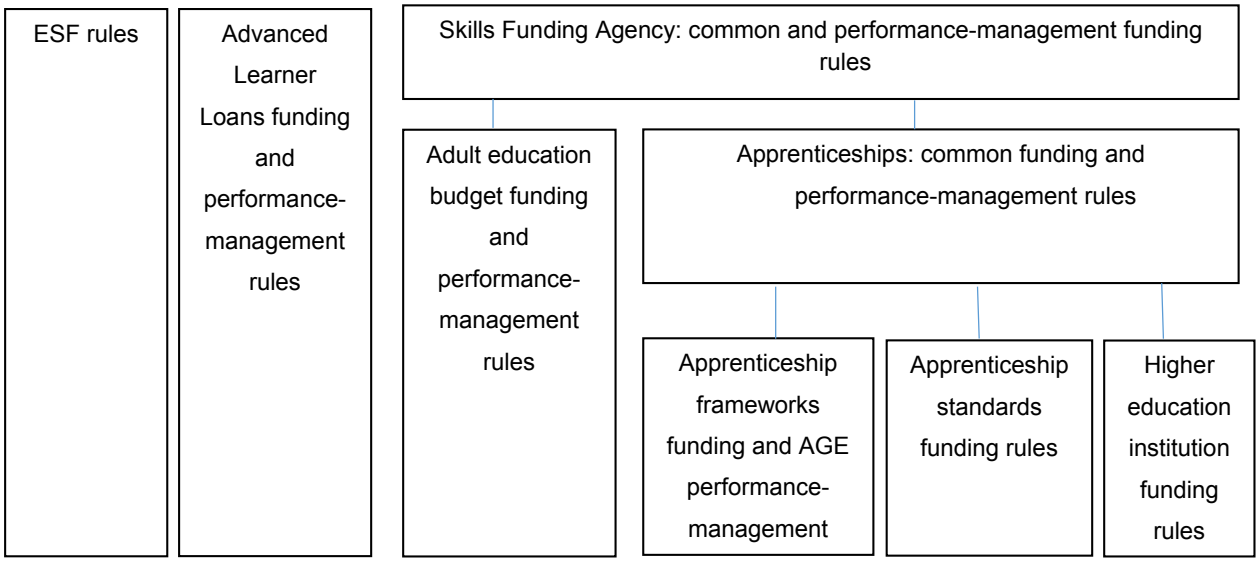
4. We have removed unnecessary duplication from the funding rules.

5. We have a single document that sets out the rules to follow for all Skills Funding Agency (SFA) provision.

6. We have published separate funding rules for each programme (for example apprenticeships). This includes funding rules common to all apprenticeships, regardless of whether providers are delivering frameworks or standards.

7. Providers must read each document together with the other relevant documents in the suite, as shown in the diagram below. For example, if you deliver provision funded through the Adult education budget (AEB), you need to read the documents, 'SFA: common and performance-management funding rules' and the 'Adult education budget funding and performance-management

rules'. If you only deliver provision funded through Advanced Learner Loans, you only need to read the 'Advanced Learner Loans funding and performance-management rules'.



8. You can find out more about the new AEB in the Adult Education Budget Changing Context and Arrangements for 2016 to 2017.

9. This suite of documents and the rules they contain are part of the terms and conditions of funding; you must read them with the other contract documents.

10. We no longer include programme rules for the European Social Fund (ESF) within this suite of documents, as these have already been published.

11. We have published a separate document for those higher education institutions delivering apprenticeships, as indicated in the diagram above.

12. We have highlighted the main changes from the funding year 2015 to 2016 in the table below. We highlight the changes made in Version 2 in yellow and Version 3 in blue

13. Note that this is not an exhaustive list of all the changes. You must refer to the main documents for the definitive rules which apply to all providers of education

and training who receive funding or who hold a loans facility and loans bursary fund agreement from the Secretary of State for Business, Innovation and Skills acting through the SFA.

14. If you have a specific query on the funding rules, you may wish to email servicedesk@sfa.bis.gov.uk.

Summary of main changes since Funding Rules 2015 to 2016

Skills Funding Agency: common and performance-management funding rules		
Section	**Paragraph Number**	**Change**
Rules diagram		We have renamed the Loans document to 'Advanced Learner Loans funding and performance-management rules'.
Introduction and purpose of the document	A1	We have clarified the subcontracting rules do apply to Advanced Learner Loans.
Understanding the terminology	A10.2	We have clarified what is meant by 'learning aim', including a definition and examples.
Principles of funding	A14	Budgets are ring-fenced and you must not vire between them.
Principles of funding	A15	You can vire between 16 to 18 apprenticeship and 16 to 18 traineeship budgets subject to formal agreement as set out in the performance-management rules.
Who we fund	A19	We have clarified what is meant by the age of the learner at the start of the programme.
Learners with learning	A26	We have removed the reference to Learning Difficulty Assessment (LDA) as by August 2016, existing LDAs will be phased out and

difficulties and disabilities		all young people with special educational need (SEN) should have their needs met through the new 0-25 system of SEN support to an Education, Health and Care (EHC) plan.
What we fund	A27	We have included qualification components here.
What we fund	A29	We have clarified that this includes distance learning delivered to learners outside England.
What we fund	A31.2	We are using the new grade structure of GCSE.
Qualifying days for funding	A33	Clarification that English and maths learning aims in apprenticeship standards are subject to qualifying days.
Recognition of prior learning	A35.1	If a learner has prior learning you must reduce the amount of funding claimed for the learning aim by the percentage of learning and assessment that the learner does not need.
Recognition of prior learning	A36 (A37 in v3)	We have removed the reference to ESOL.
	A36	We have added a rule that providers must assess whether a learner's prior vocational learning and achievement, outside of 5 years, is still valid.
Breaks in Learning	A38-A41 (A39 to A42 in v3)	We have included breaks in learning here and removed this section from the adult education budget rules, as they apply to all programmes.

Subcontracting	A46	We have clarified the definition of a sub-contractor and included Advanced Learner Loans to the education elements we fund.
Match funding requirements relevant to all programmes	A78 – A82	Any learning activity funded by us (except apprenticeship standards) becomes part of the European Social Fund (ESF) programme. This means the rules of the ESF programme also apply. We have included a link to the ESF programme rules to avoid duplication. We have clarified the requirements for correct information and not using 'unknowns' in data returns.
Learner file		We have changed the name of the learning agreement to learner file, based on feedback from the further education sector.
Eligibility for funding	A107 to A135	We have updated this section to clarify the rules on learner eligibility for funding, to reflect that the policy remains the same as in 2015 to 2016.
	Annex	We have added an annex to support the changes made for paragraphs A107 to A135.
Learners who live in Wales, Scotland or Northern Ireland	A119	You no longer have to contact us and get permission to recruit learners from outside of England.
Glossary	Full Level 3	We have updated this to include information about AS levels.

Apprenticeships: common funding and performance-management rules		
Section	**Paragraph Number**	**Change**
Starting an apprenticeship	B7	Change: You cannot claim funding for an apprentice where the individual is funded by another government department or agency.
Apprenticeship duration	B25	Change: In an apprenticeship standard, the end-point assessment must be taken after the minimum duration in learning has been met.
Apprenticeships payment and performance	Page 8	We have included the apprenticeship payment and performance management rules within the document.

Apprenticeship frameworks funding and AGE performance-management rules		
Section	**Paragraph Number**	**Change**
Eligibility rules for apprentices on an apprenticeship framework	C6	We have removed the ability for an apprentice on an advanced level apprenticeship in sporting excellence to also receive funding from the Education Funding Agency (EFA).
Apprenticeship duration	C7	We have clarified that in this exception the minimum length of the apprenticeship is six months.

What is eligible to be funded?	C11	We have clarified the funding for apprentices who are subject to an Education, Health and Care Plan.
Extending the funding for apprentices aged 19 to 24	C14 - C16	This was previously called enhanced funding. We have changed the name to distinguish it from enhanced funding claimed by apprentices taking a break in learning.
Extending the funding for apprentices aged 19 to 24	C14 - C16	The age range for this funding is now up to 24-years-old to match legislation.
Extending the funding for apprentices aged 19 to 24	C14.2	Care leavers are a specific group that are eligible for this extended funding.
Extending the funding for apprentices aged 19 to 24	C14.3 - C14.6	Definition of a care leaver.
Extending the funding for apprentices aged 19 to 24	C15	Evidence requirements for a care leaver.
English and maths	C20	We have clarified that the funding rules apply equally to English and maths.
Apprenticeship learner support	C31 - C34	Clarification of policy.
Advanced apprenticeships in sporting excellence (AASE)	C34	We have confirmed that we and the EFA will continue to support students and apprentices on an advanced-level apprenticeship in Sporting Excellence if they are also engaged in other full- or part-

		time funded studies. This includes those who are described in the EFA's Funding Regulations as being on a full-time study programme. This clarification does not apply to any other apprenticeship framework and only applies until 31 March 2017.
Apprenticeship Grant for Employers (AGE)	C35 – C65	We have removed the section on employer incentives and added the section on the AGE.
Payment and performance management rules	C66 onwards	We have included the payments and performance management rules for AGE.

Apprenticeship standards funding rules

Section	Paragraph Number	Change
Apprenticeship: an example journey	/	Removed: we will include it in future employer guidance.
Table 1 Apprenticeship standards pilot funding model	/	New funding cap added.
Additional employer incentive payments	D33 – D37	New rules relating to additional employer incentive payments.

Apprenticeship standards	D57	We have clarified the rule about when the end-point assessment can be taken.
Apprentices with prior qualifications	D60	We have clarified the rules about apprentices with prior qualifications.
Assessment organisations and end-point assessment	D65-D68	New rules relating to assessment organisations and end-point assessment.
Care leavers aged 19 to 24	D81 – D84.3	Employers employing apprentices aged 19 to 24 and identified as a former relevant child (care leaver) as defined by the Children Act 1989 are eligible to claim the additional 16 to 18 employer incentive. Lead providers must hold evidence confirming eligibility for each apprentice through a self-declaration.
What is eligible for funding in an apprenticeship standard?	D88 – D89	We have clarified the rules about employers choosing to deliver training.
	D96	We have clarified the rule about paying for professional memberships and subscriptions.
Redundancy	D136 – D139	We have added rules about redundancy.
Additional rules for direct grant employers and	D166 – D170	We have added new rules for direct grant employers and training providers delivering

for training providers delivering apprenticeship standards to their own employees		apprenticeship standards to their own employees.

Adult education budget funding and performance-management rules		
Section	**Paragraph Number**	**Change**
Title of document		We have added the performance management rules in this document and have amended the title to reflect this.
Provision and individuals we fund	Box	The AEB will replace and combine all SFA participation and support funding (outside of ESF, Advanced Learner Loans and apprenticeships). Providers have the flexibility to deliver programmes of learning that can include a range of activities which may, or may not include, qualifications. However, where they are delivering the legal entitlements to a first full Level 2 or 3 for 19- to 23-yearolds, or English and maths entitlements for learners aged 19 or older, they must deliver the qualifications listed in the table

		We have included a link to The Legal Entitlements document. We have amended the table to make it clearer. We have included IGCSEs in the English and maths box.
Definitions used in the AEB – Unemployed	E4	New definition of unemployed in line with the Department for Work and Pensions' benefit changes and to ensure we have a consistent definition across all AEB delivery. New definition of when providers may use their discretion to fund other learners. We have updated this to make it clearer.
	E9	We have clarified that certain qualifications that meet statutory employer requirements or are a license to practice are eligible for funding for unemployed learners.
	E5 (E10 in v3)	Throughout the document we have changed the reference to a Level 2 GCSE at grade C and Grade 4 (not 5). There is an explanation in paragraph E13.3.
	E6 (E12 in v3)	We have included AS levels in the definition of a full Level 3 and more information on Tech levels.
Eligible qualifications	E7 (E16 in v3)	We have included a link to the Hub to check eligible qualifications. We have renamed the section and added an additional section for eligibility of other provision.
Full Level 2 definition	E11	We have clarified the funding options for learners aged 19 to 23 who have previously achieved a full Level 2.

Full Level 3 definition	E13	We have clarified the funding options for learners aged 19 to 23 who have previously achieved a full Level 3.
A-levels	E14	We have clarified the entitlement to full funding where a learner, aged 19 to 23, has not achieved an A-level
A-levels	E15	We have moved this rule from E64 in v2
Eligible other provision	E10 (E19 in v3)	We have added this section for clarification.
What we will not fund	E12	New rule: we will not fund any learning aim delivered at an employee's workplace and relevant to either their job or their employer's business, unless the learner has an entitlement to full funding. Note it is no longer a requirement to record whether a learner is in classroom or workplace learning in the individualised learner record (ILR). We have amended this section to make it clearer.
	E21	We have amended this rule to make it clear we do not fund workplace learning unless in response to significant negative economic shock
	E23	We have added a rule about qualifications designed for End Point assessments for an apprenticeship standard.
/	/	Change: we have removed the entitlement to full funding for individuals who are trade union representatives aged 19 or older on the day they start Trade Union Congress (TUC) learning aims up to Level 3.

/	/	Change: we have removed the entitlement to full funding for individuals aged 24 or older on the day they start their first full Level 2 or 3 qualification (excluding apprenticeships), and who have left the British armed forces in the past 10 years after completing four or more years of service, or been medically discharged from the British armed forces due to an injury in active service, after completing basic training. We are reviewing the arrangements for ex-military learners in consultation with the Ministry of Defence. We will provide further details when they are confirmed.
English and maths for those aged 19 or older	E13 (E24 in v3)	We have clarified that this is part of their legal entitlement and included additional information around the grades for GCSEs.
Individuals aged 19 to 23 (excluding English, maths and ESOL)	E16.2	Change: we will fully fund 19- to 23-year olds on the day they start the following learning: provision, up to and including Level 2 for those who already have a full Level 2 if they are unemployed.
	E17	Change: if the learner has already achieved a Level 2 or above we will co-fund provision up to and including a Level 2.
	E24.1	We have added a reference to IGCSE.
	E24.3	We have removed the reference to a GCSE 'good pass' being a grade 5. We will confirm this at a later date so it aligns with definitions the Department for Education use.

Traineeships	E19 (E33 in v3)	We have reworded this to make it clearer who is eligible.
Learners with learning difficulties or disabilities	E24 – E27 (E38 to E42 in v3)	We have included information on reporting in the ILR and the responsibility of the provider to secure provision when a learner reaches the age of 25.
	E39	We have added a rule that clarifies non-regulated English and maths provision is fully funded for eligible learners aged 19 years and over with a significant learning difficulty or disability.
	E40	We have removed the reference to Learning Difficulty Assessment (LDA) as this- will be phased out and all young people with special educational need (SEN) should have their needs met through the new 0-25 system of SEN support to an Education, Health and Care (EHC) plan.
Traineeships – Provider eligibility and contracting	/	We have removed the rules on providers not being eligible to deliver traineeships if they are under notice from us for failing to meet our post-19 minimum levels of performance threshold or from the EFA for failing to meet their Minimum Standards.
Traineeships - flexible element - Traineeships for 19- to 24-year-olds	E53 (E67 in v3)	We have clarified how the flexible element is funded.
Continuing A-levels	E64 (in v2)	We have moved this rule to E15.

Support Funding – Learner Support	E78	New rule: you cannot transfer funding between your AEB and your Loans Bursary Fund.
	E80	Change: we will cap administrative costs at 5% of the value of your Discretionary Learner Support (DLS) allocation for the funding year 2015 to 2016.

Advanced Learner Loans funding and performance-management rules		
Section	**Paragraph Number**	**Change**
Table under F10		We have amended the table to make it clearer. We have amended the table to make it clearer.
/	/	We have removed the exceptions from loans for trade union representatives studying TUC learning aims at Levels 3 and 4. Trade union representatives aged 19 or older on the day they started TUC learning aims up to Level 3 were previously entitled to full funding for these learning aims. These learning aims are now subject to the same eligibility rules on financial contributions as other AEB provision and we will no longer treat them as exceptions.

/	/	We have removed the exceptions from loans for ex-military personnel. Ex-military learners aged 24 or older on the day they started their first full Level 3 qualification were previously eligible for full funding. We are reviewing the arrangements for ex-military learners in consultation with the Ministry of Defence. We will provide further details when they are confirmed.
/	/	We have added the rules for offenders into the document.
Learner eligibility for loans	F14.1	Loans are now available to individuals aged 19 and older.
Learner eligibility for loans	F14.3	Loans are now available for approved learning aims at levels 3, 4, 5 and 6.
Learner eligibility for loans	F16 (F16.2 and F16.4)	We have added that you must check a learner's legal entitlement to full funding for a first full Level 3 before providing information on loans. Where a provider accesses direct AEB funding from us to deliver a first full Level 3 qualification to a learner who is aged 19 to 23, a learner cannot access a loan for the same qualification delivered at the same time.
Learner eligibility for loans	F16 (F16.2 and F16.3)	We have provided further clarification and on the circumstances under which a learner aged 19 to 23 can access AEB funding for a first full Level 3 qualification and when they can access a loan. We have added that if you are unable to offer a fully funded full

		Level 3 to learner who has a legal entitlement to one you must signpost the learner to the National Careers Service to obtain information about alternative providers.
Provider eligibility to receive loans payments from Student Loans Company (SLC), on behalf of learners	F18	Providers must not complete a loan application form on behalf of a learner, or influence a learner's decision on whether to apply for a loan.
Provider eligibility to receive loans payments from SLC, on behalf of learners	F21	We have clarified the definition of a subcontractor.
Provider eligibility to receive loans payments from SLC, on behalf of learners	F22 – F25 F21 – F24	Change: The rules for subcontracting provision funded by loans have changed. You cannot enter into any new subcontracting arrangements in 2016 to 2017. Any subcontracts already in place must have completed delivery by 31 July 2017. We have clarified the circumstances under which you can deliver subcontracted learning aims n 2016 to 2017 (F24.1 – F24.4)

Number of loans	F42 F40	Learners are entitled to access up to four loans, which they can now take out either one after the other, or simultaneously.
Advanced Learner Loans Bursary Fund	F84.3 F86.3	We have clarified that the loans bursary fund will fund area costs.
Advanced Learner Loans Bursary Fund	F88 F90	We have included the rule for claiming up to 5% of your loans bursary expenditure on learner support for administration costs.
Advanced Learner Loans Bursary Fund	F89.2 F91.2	Providers must not transfer funding between their Loans Bursary Fund and AEB.
Loans bursary funding rates	F104 – F108 F106 – F110	We have included a section on loans bursary funding rates.
Performance-management	F131 - F135	We have added the general principles which apply to our performance-management approach for provision funded with loans
Performance-management	F128 – F145 F136 - F153	We have included the performance-management rules for Advanced Learner Loans Facility and Loan Bursary Allocation in this document.

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