



A guide to making the most of the Single Adult Skills Budget

(updated April 2013)

Foreword

We are very grateful to the Learning and Skills Improvement Service (LSIS) for providing the support to develop this guide to the single Adult Skills Budget (ASB). We hope that the guide provides some useful information and planning tools for providers. The single ASB offers a number of opportunities for independent training providers (ITPs) to develop and extend their programme offerings and to ensure that their provision reflects the needs of learners, employers and their local communities.

The Association of Employment and Learning Providers (AELP) has worked closely with the Skills Funding Agency and other stakeholders to develop as flexible an offering as possible, but we are aware that this has to be balanced with a need to retain control over public funds. The ASB recognises the responsibility of providers to establish their own appropriate business processes to meet the requirements of the 2012/13 Funding Rules and we know that ITPs will respond to the new flexibilities and continue to drive even higher quality and more flexible provision.

Graham Hoyle OBE,
Chief Executive, AELP

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Introduction

When the single ASB was introduced it represented a significant change in the management of providers by the Skills Funding Agency (from here on referred to as 'the Agency'). The single ASB allows all providers to manage their adult budgets as a single line within which they can deliver:

- Apprenticeships
- standalone vocational qualifications
- classroom-based programmes
- PfU.

The concept was to reduce the number of separate budget lines and to give training providers more flexibility in the way that their funding budgets are spent. It has resulted in a number of areas of flexibility in funding, but it has also made ITPs more responsible for their delivery and for ensuring that they are balancing the needs of their employers and learners with the priorities set by government.

This guide sets out the current policies and the proposals for 2012/13, as we move towards a simplified funding system in 2013/14. It also explains how you, as ITPs, can use the flexibilities in the single ASB to deliver programmes that meet the needs of a wide range of learners and employers. It is intended to build confidence in the use of the budget flexibilities throughout the ITP community.

For a number of years, a key objective of both governments and training provider representative bodies has been to simplify the further education sector Funding Rules, to ensure that providers have flexibility to deliver the programmes that better meet the needs of their customers and learners. Clearly, this objective has had to be balanced by the need to address government priorities and ensure that government funds are utilised effectively. In recent years, there's been a great deal of progress in moving towards freedoms and flexibilities for providers, and an equalisation of the policies affecting ITPs and colleges. There is still some way to go, but proposals for changes in 2013/14 will create a much more flexible and equal environment for all providers.

Every provider is different and there is no 'blueprint' for using the new flexibilities. However, this guide and its associated case studies will encourage you to respond to the needs of your own communities, and support you to develop more flexible delivery programmes over the 2012/13 contract year. As an ITP, not only do you have to follow the Funding Rules, you also have responsibility for the quality and effectiveness of your delivery, which has to meet the requirements of the new Common Inspection Framework.

Policy background

The desire to simplify the further education system has been a key element of government policy for many years. Despite genuine attempts to free up the system, it wasn't until the introduction of the single ASB two years ago that ITPs were given the opportunity to be more flexible in their approach to delivering government-funded provision.

The establishment of a single ASB enabled all providers to deliver the full range of programmes funded by the Agency, including classroom-based programmes and PfU. This was a major step forward and was welcomed by all providers. However, many ITPs who previously delivered either Train to Gain (TtG), Apprenticeships or both, felt that they had little flexibility within their ASB funding allocation, as they were required to switch most of their former TtG allocation to Apprenticeship delivery. As a consequence, use of the new flexibilities has been slower than might have been expected.

The flexibilities and freedoms are set out in several important documents, in particular *New Challenges, New Chances* issued by the Department for Business, Innovation & Skills in 2011:

“We will build on the increased freedoms and flexibilities already given and introduce a timetable of further simplification over the next two-to-three years, recognising that we have already made a number of changes which have reduced bureaucracy in the system. This will give colleges and training organisations the space to operate in a market environment and respond more effectively to the needs of their customers. Working with the sector, we have identified that the assurance processes used to monitor performance and incentivise continuous improvement are excessive. We will address this by ensuring that providers offering a quality learning experience receive only minimal external scrutiny and intervention.”

It's important to understand that greater flexibilities and freedoms for providers are just a means to an end. The underlying goal is not just to make the system easier for you, but to give you the necessary freedoms and flexibilities to meet the needs of your customers - particularly learners, employers and your local communities. Rather than maintaining the status quo by delivering the same programmes as in the past, you have a duty to utilise the flexibilities to ensure that your provision meets the needs and priorities of learners and employers, and offers the highest standards of teaching and learning.

Key Fact

The first measures to be implemented in a long-term plan to increase flexibility include:

- reduction in target setting
- removal of the annual activity statement
- single account management
- more automated contract management system
- streamlined audit approach
- single ASB.

The introduction of the single ASB is a fundamental change in programme management. This will be built on in 2013/14, when even more significant changes to the funding system will confirm the flexibilities that have been introduced in the last two years. The details of the funding simplification in 2013/14 are still being developed, but it's likely that the flexibilities established during this contract year will be reinforced by the changes in 2013/14.

Update

The 2013/14 funding simplification will bring the two different systems of payment for grant funded providers and contract funded providers together. This will improve the transparency of the funding system and emphasise the fact that funding should be focused on the learner and employer, and not reflect the different types of providers. The 2013/14 Funding Rules support the continued development of the funding flexibilities established in the ASB.

Contract issues and rules

For 2012/13, the Agency has developed a new set of Funding Rules, which can be found on the Agency website at:
http://readingroomskillsfundingagency.bis.gov.uk/sfa/funding_rules_-_version_3_-_30_july_2012.pdf

This document consolidates a number of documents that covered the 2011/12 contract. For the first time it also includes clear rules on the evidence requirements; this should give you more confidence to take advantage of the flexibilities within the rules. Misunderstandings about the evidence required for audit purposes is often a barrier to providers taking full advantage of the flexibilities.

The key documents covering the requirements for providers are the Funding Agreement and the Funding Rules. You must meet the requirements set out in these documents. In 2012/13, there are some changes to the contract; as you can see below, many of these changes refer to the management of sub-contractors.

- Lead providers must remain fully responsible for all learners covered by their sub-contractors. They have to be sure that the selection, on-going management and monitoring of their sub-contractors is fully compliant with the Funding Rules and the contract.
- Lead providers and sub-contractors must complete effective due diligence before entering into a delivery contract.
- As there is a huge variety of relationships between leads and sub-contractors, there are no standard terms and conditions, or charges. However, these arrangements must meet the actual terms and spirit of the contract; where applicable, fees should reflect the true costs and risks as well as optimise the funding for front-line training.
- Any more than one level of sub-contracting requires prior approval from the Agency.

Key Fact

The Funding Rules document contains some important flexibilities but more importantly it signals a change in culture. The increased flexibility means that training providers have to take responsibility for the effective control of public funds, whilst meeting the needs of their customers and stakeholders.

The Agency, however, retains its role in ensuring that budgets are delivered effectively, so they will use a number of measures to manage budget allocations by moving funding to high-priority delivery and to high-performing providers.

Update

AELP and the Association of Colleges have developed a Common Accord (<http://www.aelp.org.uk/supply/details/common-accord/>) for managing supply chains. This voluntary code setting out good practice is now signposted by the Agency in the Funding Rules. They have also added some new requirements for lead providers who must publish

their policy on fees in 2013 and will also have to declare how much funding they have retained at the end of the contract year 2013/14. The focus is clearly on the fact that lead providers are responsible for the performance of their sub-contractors who have to pass the due diligence of the Register of Training Providers if they have a total of £100k contract.

Business planning

As already stated, the concept of the ASB is to ensure that each provider has the responsibility to shape its own delivery within the Funding Rules and respond to government priorities. The increased number of options means that the business planning process will be challenging.

The business planning process has to balance the needs of your learners and employers with the priorities set out by government agencies. Account must also be taken of a number of local and national stakeholders, such as Local Economic Partnerships (LEPs), Core Cities and local authorities (LAs).

There are a number of business planning tools that can be used to help you structure this key business process - for example, see:

<http://webarchive.nationalarchives.gov.uk/20100224180409/http://wcs.excellencegateway.org.uk/webfm/download/374/Framework>

<http://repository.excellencegateway.org.uk/fedora/objects/eg:4517/datastreams/DOC/content>

Although the planning process will be different for each ITP, the checklist below will help you cover the key areas.

Business planning tool

Factor	What is your current position?	What will be your future position?	Key actions
What is your delivery profile?			
Age profile			
Sector profile			
Location profile			
What market intelligence do you have?			
Employer profile			
Competitor profile			
Learner demand			
National government priorities			
Local priorities (e.g. LEPs, LAs, Core Cities)			

Factor	What is your current position?	What will be your future position?	Key actions
What programmes do you deliver?			
Delivery profile			
Funding rates			
Learner eligibility			
Success rates			
What are your internal staff skills requirements?			
Core delivery staff			
Specialist staff (e.g. for functional skills or information, advice and guidance)			
What are your training infrastructure requirements?			
Training facilities			
Training equipment/ systems			
Administration/ analysis tools			
What are your sub-contracting arrangements?			
Existing sub-contractor profile			
Future requirements			
What quality assurance (QA) processes are in place?			
Skills Funding Agency QA/ inspection processes			
Other QA processes			

The delivery opportunities

1 Flexible response to learners and employers

The single ASB allows you to offer a wider range of programmes than you have in the past, catering for an even wider range of customers and employers. As each ITP has a different client base, the single ASB enables you to adapt your provision to meet the needs of your customers.

Case study - Skills Group

The Skills Group, a large ITP based just outside Plymouth, has used the single ASB to fund the delivery of basic skills training in the workplace. Adult Basic Skills qualifications in numeracy and literacy are offered to employers (predominantly in the care and construction sectors) for whom they run Apprenticeships. The qualifications are aimed at employees who have not previously achieved a level 2 qualification and are not ready to start an Apprenticeship programme. The employees concerned are being held back by a lack of confidence and poor basic skills.

Skills Group Managing Director, Mark Boulting, commented,

“For many of the learners we work with, the prospect of starting an Apprenticeship, with all its various components, many of which are assessed via on-screen tests, is just too daunting. These learners need some kind of ‘pre-Apprenticeship’ provision to help improve both their maths and English skills, so that they are able to cope with the key/functional skills requirements of the Apprenticeship framework and have the confidence to re-engage with learning.”

Delivering ‘pre-Apprenticeship’ training in this way has enabled the Skills Group to grow its adult Apprenticeship provision and to meet the needs of both the employers and learners they work with.

“If we hadn’t been able to use some of the single ASB to provide this type of basic skills provision or ‘pre-Apprenticeship’ training, call it what you wish, recruitment onto our adult Apprenticeships would have really slowed down. Instead we have seen a steady increase in the number of learners signing up for adult Apprenticeships. Recruiting in this way has also made a huge contribution to our success rates. Learners who progress onto Apprenticeships after successful completion of the basic skills programme, are much more committed and therefore are less likely to drop out”, says Mark.

The full case study is available on the AELP website: <http://www.aelp.org.uk/file/?id=1257&type=item>

Within the single ASB there is a volume of funding that is set out in terms of the delivery of adult Apprenticeships. This is not a fixed ‘cap’ or minimum spend, but is an indicative amount of funding generated by the level of the previous year’s Apprenticeship delivery.

Tip

If the cash profiles for delivery of Apprenticeships are likely to vary from the cash profiles set out in the contract, then it would be sensible to keep your Relationship Manager (RM) at the Agency informed.

It's recognised that demand may well differ from the planned delivery. A strategic plan should not stop you from responding to needs that become apparent during the year. The plan for the year should take into account:

- local or sector needs
- delivery skills
- historical delivery patterns.

Update

The ASB continues to be a single line budget (except for 16-19 Apprenticeships) and providers have the flexibility to adapt their delivery to learner and employer needs. However the Agency still has a focus on priority provision when it comes to allocation of growth funding, which at the moment reflects Apprenticeships for 19-24 year olds and programmes for the unemployed. In 2013/14 the Agency protected the Apprenticeship spend by restricting any transfers out of the provider's Apprenticeship allocation without prior permission.

2 Managing budgets and delivery data

It is the Agency's intention to reduce the amount of planning and reporting in terms of budgets and delivery data. At the same time, you have to deliver your activity within a range of contract performance levels that need to be managed. The key budget requirement is the maximum contract value (MCV) across the full contract year. This is made up of:

- a maximum spend for the first eight months of the year

and

- a separate budget spend for the last four months of the year.

Funding claims must be within these MCV caps; you should discuss any variance with your RM. The Agency operates a standard monthly earnings profile, against which contract performance is measured on a quarterly basis. At the quarter points in the year there is an automatic process that reduces MCV in situations where providers have not, within tolerances, earned the profiled funding. Although business cases can be made to retain some or all of the unearned MCV, or to increase the overall MCV, there is no guarantee that these business case requests will be met.

If you deliver high-quality, high-priority provision, there is an opportunity at every quarter to present a case for additional funding to your MCV.

This contract performance management process makes planning for expansion a challenging task. The lead time to develop relationships with employers can be lengthy, and putting the necessary resources in place challenging. It is, therefore, essential to plan ahead for contract expansion and to keep your RM informed.

Tip

The profile for the year is quite even, so it may be difficult to manage a delivery pattern that has high peaks and troughs. It's very important to plan for any variations in delivery and in-year contract changes.

3 Classroom delivery

All training providers are now able to deliver any eligible qualification as classroom-based provision. The eligible qualifications are listed in the Learning Aim Reference Application (LARA), in the section headed 'ER Other': <https://gateway.imservices.org.uk/sites/lara/Pages/Welcome.aspx>

The definition of classroom-based learning is set out in the Funding Rules document (section 2, page 15); this states that any learning that is **not** workplace learning is considered classroom-based learning.

Key Fact

Workplace learning is defined as:

- any learning aim predominantly delivered within the workplace and in connection with an employed learner's occupation or employer's business
- any learning in an Apprenticeship framework
- basic skills in literacy and numeracy delivered to an employed learner supported by their employer.

Update

The definition of workplace learning has changed slightly in the 2013/14 Funding Rules. Wording has changed from 'predominantly in the workplace' to 'mainly delivered'. This does not change the interpretation of the rule. The phrase 'literacy and numeracy delivered to an employed learner supported by their employer' has been removed as this training could be defined as classroom based.

Classroom learning, therefore, can be for employed or unemployed learners but is not associated with a particular employer. The learning can be in any setting and includes distance learning and active learning. In other words, although the Agency uses the word 'classroom' the learning can be in any environment that is not the learner's normal employment location. However, if the learning is related to a particular employer, then it is not classroom learning, even if the programme is delivered off site (see paragraph 31 of the Funding Rules).

The flexibility to offer classroom-based programmes enables providers to respond to a range of different client groups including:

- those needing basic skills to improve their job prospects, where their own employer does not provide such training
- professional development for individuals in a range of sectors
- provision for those who are unemployed (see below).

The provision of classroom learning might just be an extension of your existing provision for young people or programmes you deliver on a commercial basis. On the other hand, it might be a very different type of provision to your current workplace delivery. As a result, classroom learning should not be taken on without detailed planning. The table below highlights some of the key differences between workplace learning and classroom delivery.

Classroom v workplace learning

Classroom-based learning	Workplace learning
Requirement for training rooms, delivery and IT equipment, learning materials etc.	No specific training venue or resources required.
Qualified teachers/trainers required.	Suitably qualified work-based assessors, learning mentors/coaches required.
Consideration needs to be given to managing minimum group sizes and scheduling classes.	Group sizes and scheduling classes are not issues.
Booking systems, registers, attendance monitoring etc necessary.	Workplace attendance policies apply.

Providing you consider these types of issues, classroom-based provision can be a very positive offering for your existing customers and learners, as well as opening up new sectors of provision. It's also a way of developing new delivery methodologies, including online and distance-learning infrastructures.

Case study - TDLC

TDLC specialises in providing bookkeeping courses online and through distance-learning materials.

Commercial bookkeeping courses have been popular for many years, but very often the course fees are not affordable for people who are unemployed.

The introduction of the single ASB was significant for TDLC because, for the first time, it gave them the opportunity to access government funding for programmes suitable for people who are unemployed. Although TDLC does not have a direct contract with the Agency, it has been able to enter into a sub-contract arrangement with a lead provider to fund the provision for the unemployed.

Working with the awarding organisation, the International Association of Book-keepers, TDLC developed an online programme leading to industry-recognised qualifications and employment. The Level 2 Certificate in Bookkeeping is delivered online through a series of learning units. The learners work at their own pace and complete assignments and practice tests that are monitored by tutors. They also attend a series of workshops to support the online work and provide an opportunity to mix with other learners, and to have face-to-face meetings with the tutors.

Carolyn Dixon, TDLC General Manager commented,

“There was clearly a demand from people who were out of work to train or retrain as a bookkeeper but many could not afford the up-front fees. Being

able to access adult skills funding has enabled us to extend our client base to include those seeking work.

The success of these programmes depends on regular referrals from Jobcentres, so a substantial amount of time and effort has gone into developing these key relationships.”

The full case study is available on the AELP website: <http://www.aelp.org.uk/file/?id=1258&type=item>

Another aspect of classroom learning is that the eligibility of learners for funding is different in some categories. For example, in 2012/13:

- providers cannot deliver ESOL in the workplace, but can deliver it as co-funded provision in the classroom
- full level 3 provision and some part level 2 or 3 provision can be co-funded in the classroom, but is not eligible for funding in the workplace.

It's essential to check eligibility against the Funding Rules (see table on pages 92 and 93 of the Funding Rules).

4 Programmes for the unemployed (PfU)

Perhaps the most significant flexibility within the ASB is the encouragement to all providers to deliver programmes to learners who are unemployed. PfU are funded at the full funding rate, none are co-funded. The definition of who is eligible for this support is set out in the Funding Rules (paragraph 33, Appendix 1), but you have some flexibility in determining who you work with. Learners on active unemployment benefits are always eligible for full funding, but those on other benefits, or who are unemployed and actively seeking work, can also be eligible for these programmes.

Tip

Learners can be referred from agencies, such as Jobcentre Plus, or you can recruit directly. However, as the issue of benefits is complex for all unemployed learners, it's important to work closely with Jobcentre Plus.

Case study - Babington Business College

The introduction of the single ASB coincided with the appointment of a new Chief Executive, Carole Carson, at Babington Business College based in Derby. Carole came from a welfare to work background, and was therefore particularly keen to explore ways in which the organisation could use the ASB to work with the unemployed.

Head of Programmes, Karen Jervis, was given the task of identifying qualifications that might improve someone's prospects of securing work. Karen set up meetings with Jobcentre Plus managers and their teams across the region, to talk to them about an Association of Accounting Technicians (AAT) Level 1 Access to Accounting course. The majority of Jobcentres were enthusiastic about the AAT course, but also highlighted the need for business administration provision.

Karen says,

“If these programmes are going to be successful it is vital that we communicate closely with staff in both Jobcentres and Work Programme providers, who are our other source of referrals. Although all Jobcentres follow exactly the same processes and procedures, the response you get from them can differ.”

The AAT qualification is offered as a 10-day programme delivered over five weeks, while the business administration course runs for two to three weeks, during which time the learner attends the training centre twice a week. The courses are mainly run at Babington’s own centres and at premises owned by two Work Programme providers with which Babington has close links.

To date, 80 learners have successfully completed the programmes, some of whom have progressed into jobs, further study or Apprenticeships.

Working with the unemployed has been a completely new market for Babington, one that they wouldn’t have been able to enter had it not been for the freedoms and flexibilities offered by the single ASB.

The full case study is available on the AELP website:
<http://www.aelp.org.uk/file/?id=1255&type=item>

Another major flexibility now available to all providers offering PfU, is that delivery can include single units of Qualifications and Credit Framework (QCF) qualifications. The Agency has made available all units within the rules of combination of vocational (and non-vocational at Entry level and level 1) QCF qualifications confirmed for funding (with some exceptions). These units are available on LARA.

This means that PfU that include one or several units or, indeed, full qualifications, can be tailored to groups, or individuals within a group, in order to get learners into sustainable employment. The QCF units the learners achieve whilst on the PfU should be banked in their Personal Learning Record. This can be built on once they start work, through the process of credit accumulation and transfer, to further develop the skills needed to support their career progression or re-training.

Update

The Agency now funds certain standalone licence to practise-type units that were not previously funded, for those receiving JSA, ESA and in the WRAG Group, or receiving Universal Credit because they are unemployed. Some examples of these units are fork lift truck, health and safety at work, food hygiene and first aid. The Agency will be considering whether other units should be included in this list.

Tip

The delivery of units requires detailed programme management and a close eye on costs and timescales.

The activity below is designed to help you consider how to respond to some of the issues that PfU can raise.

Action planning for programmes for the unemployed

Factor	Issue	Key actions
Links with Jobcentre Plus	Building relationships requires considerable investment of time and money.	
Referrals	Referrals can be variable and sometimes come at short notice, making course planning difficult.	
Training infrastructure	Good, accessible training facilities are needed to support this group of learners.	
Attendance	Attendance at programmes can be patchy, as these learners may not be motivated or may have job-search requirements.	
Class sizes	A lack of referrals may mean that small class sizes make the programme unviable.	
Success rates	This can be a difficult group to support, so you should focus on unit and qualification success rates and the numbers getting jobs.	
Funding of single units	Some of the funding for single units is very low. Also, creating rounded programmes from individual units can be challenging.	
Administration of single units	Costs are relatively high because of proportionately higher registration and certification fees, as well as on-going administration and QA costs.	

There is a difficult balance to strike between setting up provision that can be accessed by a wide range of people who are unemployed and provision that is specifically focused on particular groups or jobs. You need to make sure that decisions are based on the needs of your community and the resources available to your organisation. In many instances you may be

able to work with partners and other providers at a local level, to increase the options open to your learners.

The case studies showcasing the experiences of ITPs involved in the Unit Delivery Trials between May and July 2011 give a useful insight into dealing with issues related to PfU. These are available on the AELP website: <http://www.aelp.org.uk/topics/details/qcf-unit-funding-trials/>

During the contract year 2011/12 providers were allocated 2.5% of their budgets to build the infrastructure to deliver PfU. In 2012/13, this money will be allocated to Job Outcome Payments.

Key Fact

If a learner **does not** complete their units or qualification but gets a job, then the provider is paid 10% of the funding as an achievement payment.

If the learner **does** complete their qualification, ITPs receive the full 25% as the achievement payment, but nothing additional if the learner also gets a job.

5 Apprenticeship delivery

The ASB gives you more flexibility to deliver the Apprenticeship programmes demanded by employers. In previous years, there have been separate budget lines covering the different age groups. In the ASB, the Apprenticeship budget is contained within the total ASB line, so you can choose to allocate the total budget to Apprenticeship delivery. The ASB covers all age groups for adults (19+), but the 16-18 budget line for Apprenticeships is separate, as this element of the ASB is funded by the Department for Education.

Tip

Within the total ASB, the Agency sets out an Apprenticeship cash figure that is 'expected' to be delivered by the provider. This is not a contractual requirement, but is something that needs to be discussed with your RM if the amount of money spent on Apprenticeships is well below the agreed budgets. Although the budgets can be spent on other delivery, it's important to understand the priorities in terms of spend, and to ensure that any significant change in provision reflects the real needs of learners and employers.

Delivering to Apprenticeship priorities is also important when looking at the split of delivery between 19-24, 25+, large employer and small employer. Whilst there are no contractual requirements, specific priorities do exist for Apprenticeship delivery, and future allocations will be based on your historical delivery patterns. As mentioned above, the budget for 16-18 must be spent on that age group and cannot be transferred, but there are no restrictions for the core ASB other than ensuring that you recognise the priority groups.

The Access to Apprenticeship (AtoA) pathway has been introduced in this year's ASB. All providers can deliver AtoA to learners aged from 16-24. The funding is accounted for within the Apprenticeship budget depending

on age, although these learners are not counted as apprentices until they are employed. AtoA is restricted to learning aims that are normally part of an Apprenticeship, but the programme can be used to get some learners ready for a full Apprenticeship programme. There are a number of restrictions on how AtoA can be delivered and there are some tough performance targets, such as a guideline of getting nine out of ten starters into full Apprenticeships. You are also restricted to delivering 10% of the provision on AtoA programmes.

In 2012/13 there are a number of new elements to Apprenticeship delivery, including:

- minimum durations
- the introduction of mandatory functional skills from October 2012; although this will be a challenge, additional funding will be available for delivering level 2 functional skills to those doing Intermediate Level Apprenticeships
- providers are able to offer additional units to micro-businesses (those with fewer than 10 employees); this will also attract additional funding.

Case study - In Touch Care

In Touch Care, based in Sheffield, works predominantly in the health and social care sector. They have used the single ASB to set up **training-led** Sector Based Work Academies - this is where a provider approaches a recruiting employer directly and then engages with Jobcentre Plus to attract eligible candidates to the Academy.

To date, In Touch Care has run eight Sector Based Work Academies in childcare, initial teacher training, social care, dental nursing and business administration, with between 15-18 learners on each. Of these, the most successful have been the business administration and initial teacher training Academies.

The flexibilities and freedoms offered by the single ASB have given the organisation a number of benefits, including:

- opportunities to work in different ways with their employer base; in some instances the employers they work with don't want to commit to a full Apprenticeship programme, preferring focused training designed to develop specific practical skills
- a way of recruiting learners to both AtoA and full Apprenticeship programmes
- an opportunity to grow the business.

Jo North, In Touch Care Executive Director, recalls,

"To begin with it was hard to see how the introduction of the single ASB would benefit In Touch Care. The information that was available in the summer of 2011 was inevitably complex because of the extent of the changes. It was only through perseverance and a chance meeting with a provider at an AELP event last autumn, who generously shared his vision of how it could be made to work, that I gradually began to see its potential. A positive meeting with key people at Jobcentre Plus was also pivotal in enabling us to move forward with plans to offer provision for the unemployed."

The full case study is available on the AELP website:
<http://www.aelp.org.uk/file/?id=1256&type=item>

Update

In 2012/13 the rules for AtoA precluded providers from completing the technical certificate or the competence qualification during the AtoA programme. This specific exclusion has been removed in the 2013/14 rules. However it would be very unlikely that a learner would complete a competence qualification during an AtoA programme.

The minimum duration for a 19+ Apprenticeship remains at 12 months unless there is significant APL/RPL. If a learner does finish in less than 12 months then the provider cannot claim the 'full funding'. The new rules make it clear that the learner will not attract a completion payment if they finish within 6 months.

The rules continue to require providers to offer all apprentices the opportunity to reach level 2 English and maths. From 2013/14 these 'additional' qualifications will be considered to be delivered within the framework and therefore can be delivered to apprentices of all ages. The rates that will be paid for these additional qualifications will be the Apprenticeship rates.

Apprenticeship rates have been excluded from the funding simplification so they will remain the same as 2012/13. The achievement element of 20% will be applied to all elements of the framework including functional skills and the technical certificate. Any new frameworks will have a rate set using the new methodology that uses the funding matrix as its core determinant of funding with an uplift to cover the additional costs of delivering a framework.

6 Innovation Code

Under the 2012/13 Funding Rules, the Agency has introduced a new initiative that enables you to draw down funding to deliver provision before it is developed into QCF qualifications. The Innovation Code will enable you to respond to specific training needs that aren't met by current QCF provision and develop new and innovative qualifications. This will be particularly useful if you work with sectors that develop at a fast pace, such as new 'green' industries.

Tip

You don't need to apply for permission to use the Innovation Code, but we would recommend that you work closely with your RM.

Any new qualifications should be designed in partnership with businesses.

The only **major** restriction is that the Innovation Code is not available to deliver Apprenticeships.

Update

The Innovation Code will continue through 2013/14 but will be renamed The Code.

7 'Other' level 2 and 3 delivery

In the past, the majority of ITP delivery has focused on full qualifications. The eligibility table at the end of the Funding Rules document (see pages 92-93) sets out the opportunity for what is called 'Other' level 2 and level 3 delivery. This provision is co-funded in the classroom but not funded in workplace learning. It includes QCF Awards at levels 2 and 3 for the unemployed and GCSEs and/or a second level 2 qualification for those in work.

8 Reduced bureaucracy

There are a number of changes in the 2012/13 Funding Rules that shift the focus away from the Agency telling you what to do, to being given more autonomy within a framework of rules. This reduction in bureaucracy will enable you to focus more activity on front-line delivery. Some examples of the changes are set out below, but this is by no means a definitive list.

2012/13 changes in requirements

Example	Benefit
12-week reviews	There is no requirement to complete Apprenticeship reviews every 12 weeks. However, reviews may continue to be carried out as they are important in supporting learners to achieve their learning aims.
Electronic records	There is a much greater acceptance of the use of electronic signatures, data storage and electronic learning delivery.
Eligibility	Previous rules required proof of eligibility before the start of the programme. The Agency now only requires this after the qualifying period (e.g. six weeks on an Apprenticeship).
Data retention	It's the responsibility of each provider to decide what data to collect and retain. For learners who complete their aims, no record of activity has to be kept.
Accreditation of Prior Learning (APL)/ Recognition of Prior Learning (RPL)	The principle is that if APL/RPL is less than 50%, then no funding reduction is required. However, this is balanced by the requirement to reduce funding when Apprenticeships are delivered in less than 12 months.
Innovation Code	This Code has been introduced for all providers to deliver programmes demanded by employers or learners that are not yet approved QCF qualifications.

9 Links with other programmes

It is important that you set the delivery of the ASB within the context of your total delivery; this might include funding from sources such as:

- European Social Fund (ESF)
- Education Funding Agency (EFA)
- Work Programme
- other Jobcentre Plus programmes
- community learning
- Family English, Maths and Language
- commercial delivery.

The flexibilities of the ASB enable you to mix and match provision in order to take a whole workforce development approach. The ASB has the opportunity to enhance any commercial offering, by supporting a 'paid for' programme with funding for specific target groups. For example, you could run a commercial development programme that also has a funded programme to support literacy and numeracy.

Perhaps the most likely links are where providers with an EFA learner responsive contract, delivering pre-level 1 and level 1 programmes, feed learners through to workplace programmes, such as Apprenticeships. There are a number of programmes for those aged 16-18 (such as Foundation Learning, AtoA and Apprenticeships) that should be seen as progression routes.

Many providers would like to use this progression from pre-Apprenticeship programmes, but they do not have access to EFA contracts. This issue of linking work preparation programmes with Apprenticeships is an area that is currently being reviewed.

The other major crossover is between the Work Programme and PfU funded by the Agency. Although you need to carefully manage clients who are eligible for both the Work Programme and Skills Support, it's possible to create an effective programme using both sources of funding, to ensure that the individuals get the skills training and the employment support they need to find sustainable employment. This is not double funding.

Update

In the Skills Funding Statement issued in 2012 the Government announced that they would be increasing the Employer Ownership Pilot (EOP) funds to £183 million in total. The fund is managed by UKCES. The second phase of the pilot was opened for bidding in 2013 and the projects will run for at least two years. A number of providers are involved in EOP bids, which must be led by employers.

In 2013 the Government also ran a consultation on the introduction of Traineeships for those young people not ready for an Apprenticeship. The new Traineeships are likely to be launched in September 2013.

Funding simplification and 2013/14 changes

For 2013/14, the Agency has announced that it will be implementing a number of further changes to the way that the ASB will be managed.

The creation of a single funding system for all providers will make the funding rates and system more transparent. This will further reduce bureaucracy within the system, thereby giving you even more flexibility.

There are still a lot of details to be agreed about the way that the 2013/14 contracts will be managed. However, there are changes to eligibility that will restrict the delivery to some groups in 2013/14. In particular, there will be no funded provision for learners aged 24+ who are taking a level 3 programme, including those doing Advanced Level Apprenticeships (with the exception of those who are unemployed). Instead, learners will be eligible for a subsidised government loan to pay for the training; this will be paid back over a number of years when the learner is earning above a minimum salary level.

A Guide to 24+ Advanced Learning Loans is available on the Agency website: http://readingroom.skillsfundingagency.bis.gov.uk/sfa/24plusall_updated_guide_and_faqs_may_2012.pdf

Update

The funding simplification will be going ahead in 2013/14. There are a number of changes to the funding system which are set out in the document *A New Streamlined Funding System for Adult Skills* which can be found on http://readingroom.skillsfundingagency.bis.gov.uk/sfa/new_streamlined_funding_system_for_adult_skills_feb2012.pdf

The key changes are as follows:

- rates based on the funding matrix
- a new funding matrix for provision less than 13 credits
- weightings based on sector classifications (tier 2)
- simplified management of learner support funds
- 24+ Advanced Learning Loans replace funding for adults aged 24+ doing level 3+ provision
- achievement element changes to 20% and applied to all elements of the Apprenticeship framework.

Moving forward

In order to move forward with plans to maximise the opportunities created by the introduction of the single ASB, you should be able to answer 'yes' to the following questions. Where you have answered 'no' or 'partly', you will need to take action in these areas.

Question	Yes	Partly	No
Do the staff in your organisation who are responsible for strategic planning fully understand the Funding Rules 2012/13?			
Are you confident that your curriculum offer meets the needs of local learners, employers and the community?			
Do you deliver high-quality teaching and learning?			
Is there capacity to establish effective partnership working and appropriate QA?			
Do you have the infrastructure to deliver classroom-based or distance-learning provision?			
Is there evidence of demand for new types of provision?			
Do you have the resources required to effectively deliver new provision?			
Have you considered linking your ASB delivery with other types of provision such as ESF, EFA or Work Programme?			

Conclusion

The overall budget for adult skills is reducing year on year, so you will have to use the flexibilities offered by the single ASB to meet the needs of your customers. What the ASB offers is a change in culture, where providers no longer just 'follow the rules' but are given the flexibility to adapt their delivery to the needs of the market in an environment where funding is reducing. We hope that this guide helps you to develop your business plans so that you are able to maximise the flexibilities of the 2012/13 contract in order to broaden the range of training and support programmes you offer.

Update

Further budget reductions were announced in the Skills Funding Statement issued in December 2012. However the main flexibilities established in the 2012/13 Funding Rules and streamlined funding system have been retained for the contract year 2013/14. It is even more important than ever for providers to be aware of the flexibilities of the ASB so that they can adapt their provision to meet the needs of their employers and learners.

Sources of information, references and links

Sources and references

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<http://www.aelp.org.uk/news/general/details/provider-guide-a-guide-to-delivering-adult-skills/>

AELP (2012), *Moving from Key Skills to Functional Skills: A step by step guide for independent training providers*

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National Apprenticeship Service (May 2012), *Statement on Apprenticeship Quality*

<http://www.apprenticeships.org.uk/Partners/Policy/Apprenticeship-Delivery-Models.aspx>

Skills Funding Agency (March 2013), *Funding Rules 2013/14*

<http://skillsfundingagency.bis.gov.uk/providers/fundingrules/>

Skills Funding Agency (2012), *A New Streamlined Funding System for Adult Skills*

http://readingroom.skillsfundingagency.bis.gov.uk/sfa/new_streamlined_funding_system_for_adult_skills_feb2012.pdf

Skills Funding Agency - Funding Simplification - FAQs

<http://skillsfundingagency.bis.gov.uk/providers/FundingSimplification/FAQs/>

Skills Funding Agency - The Innovation Code

<http://qcf.skillsfundingagency.bis.gov.uk/qcf-funding/InnovationCode/>

Skills Funding Agency (2012), *The Innovation Code: A Guide*

http://readingroom.lsc.gov.uk/SFA/Innovation_Code_Guide_V1.pdf

Skills Funding Agency (July 2012), *Unit Delivery in 2012/13: Information and Guidance*

http://readingroom.lsc.gov.uk/SFA/Guidance_on_Unit_Delivery_Arrangements_2012_13.pdf

Useful organisation web links

AELP: <http://www.aelp.org.uk/>

Department for Business, Innovation & Skills: <http://www.bis.gov.uk/>

The Education Funding Agency: <http://www.education.gov.uk/aboutdfe/armslengthbodies/b00199952/educationfundingagency/the-education-funding-agency-efa>

LSIS: <http://www.lsis.org.uk/Pages/default.aspx>

LSIS Excellence Gateway: <http://www.excellencegateway.org.uk/>

Skills Funding Agency: <http://skillsfundingagency.bis.gov.uk/>

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Association of Employment and Learning Providers
Colenso House
46 Bath Hill
Keynsham
Bristol
BS31 1HG
t 0117 986 5389
e enquiries@aelp.org.uk
www.aelp.org.uk
@aelpuk
AELP Events



Learning and Skills Improvement Service
Friars House
Manor House Drive
Coventry
CV1 2TE
t 024 7662 7900
e enquiries@lsis.org.uk
www.lsis.org.uk