

April 2011

## Introduction

1. In November 2010, the Department of Business, Innovation and Skills (BIS) published *Investing in Skills for Sustainable Growth* which set out the main funding priorities for 2011/12. The Skills Funding Agency (the Agency) supplemented this with a more detailed [Guidance Note 6](#), published in December 2010, which set out the key operational policies that will inform the planning and delivery of provision in 2011/12. This note provides further clarification and/or detail on these policies.
2. Guidance Notes form part of the Chief Executive's Funding Requirements and are therefore contractual for all colleges and training organisations funded by the Agency.

## Contents

3. This Note covers the following areas:
  - a. An update on the Agency's **procurement and contracting** arrangements;
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    - o The use of the **Approved College and Training Organisation Register** in the procurement process
    - o **Subcontracting** rules
  - b. **Adult Skills Budget:**
    - o **Opening up the Adult Skills Budget** for training organisations
    - o **Support for the Unemployed**
    - o An update on proposals for **Outcome Incentive Payments**
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    - o Arrangements for funding **Learners with Learning Difficulties and/or Disabilities**
  - d. A general update on **Apprenticeships** including Specification of Apprenticeship Standards for England, Programme-Led Apprenticeships, Transition Arrangements and State Aid
  - e. The use of **Electronic Records**

f. The removal of the **Contribution to Wage Cost** following the abolition of Train to Gain

## Procurement and Contracting Arrangements

### Minimum Contract Level (MCL)

4. On 24 March 2011, the Agency received confirmation that ministerial clearance had been given for the MCL policy to apply 16-18 Apprenticeship provision. The Minister confirmed that General Further Education (FE) colleges, Specialist Colleges (for example Art and Design), employers contracted to the National Employer Service, Higher Education Institutions, Sixth Form Colleges, Schools, Academies and Community Colleges would be automatically exempted from this policy.
5. Government is keen that the introduction of MCL drives greater efficiencies across the sector and supports a stronger and more autonomous provider base. At the same time, there is a clear commitment to ensuring that high quality specialist provision is not lost to learners as a result of this change.
6. The Minister has therefore agreed the following circumstances where providers can make a case for an exemption:
  - Where there is a risk of specialist provision being lost, or where there will be a significant impact on the choice available in particular localities, for example, in rural communities
  - Where to enter into any subcontract or consortia arrangement is detrimental to delivery, or is less efficient in terms of the resources which are focussed on learners.
  - Where there are no sensible or suitable subcontracting or consortia arrangements to pursue, either because of the geographical or sectoral/specialist nature of the organisation and/or its provision.

Please note that evidence will have to accompany requests for exemption.

7. Further information is available on the Agency [website](#). Requests for exemptions will be considered on a case by case basis and will be judged on their merits. Where an exemption is agreed on this basis, it will apply for this Spending Review period (until the end of the 2013/14 funding year), subject to any significant policy developments.
8. Where new arrangements are in process, but require more time to finalise, the Agency will consider a temporary extension to allow this to happen. This will also be on a case by case basis.
9. Requests for exemption will need to be made via your Account Manager and will need to be submitted by **3 May 2011** in order to be considered as part of a specifically convened case conference. The Agency will write to individual organisations affected with further detail.
10. At the end of February 2011, providers in scope for MCL were asked to notify the Agency of their future arrangements, where known. Following receipt of this information, the Agency has now sent a formal confirmation to all providers affected (letters sent on 7 April 2011). This included lead providers, sub-contracted providers, and those wishing

to run down contracts. This will enable the Agency to confirm all new arrangements, before contracts and/or revised allocations are issued.

11. Any contract affected by MCL cannot be issued until new arrangements have been confirmed in writing. As the Agency is keen that all arrangements are confirmed and reflected in contracts before the start of the funding year (August 2011), all affected providers are required to notify the Agency of new arrangements no later than **3 May 2011**.
12. Local authorities that deliver Informal Adult and Community Learning and are affected by MCL but require more time to enter into new contract arrangements, will be granted an extension beyond the existing deadline. The Agency will accept a request for current service arrangements to roll forward in 2011/12 where there is a clear indication (for example, supported by a documented commitment and short action plan) to move to new contracting arrangements in advance of the 2012/13 funding year.
13. The Agency will 'ring-fence' funding for a local authority which enters any new collaborative arrangements in order to protect the geographical aspect of the funding. That is, whilst this funding might change in value, in line with other funding decisions, the proportion of the contract value will always be identifiable as being for a particular local authority area, unless all partners agree to a different split.
14. Lead organisations entering new arrangements in 2011/12 will need to ensure that the Approved College and Training Organisation Register (ACTOR) reflects these. This includes:
  - Ensuring their Invitation to Tender (ITT) submission reflects any changes in contract arrangements, geographical coverage and sector subject area as a consequence of adopting the allocations of providers below MCL.
  - Ensuring they have registered on ACTOR and completed the Due Diligence questionnaire and relevant sections of the ITTs (for example where a new legal entity is formed).
  - Reviewing and updating ACTOR in relation to their intended use of subcontractors.
15. Where a newly formed entity/lead organisation does not currently hold a contract with the Agency for the delivery of training and education services, the constituent member organisations should ensure their ACTOR registration is up to date and that the lead organisation has also registered. The Agency can then review all of these registrations (ie including the member organisations) as part of the financial health/risk assessment of the new organisation. This will support the new lead organisation's registration.
16. Organisations can update their ACTOR details whenever it is open, however the information will only be captured by the Agency following a formal freeze date.

## **Key Dates**

17. Providers affected by MCL must submit information to the Agency by the following dates:
  - For providers yet to declare their intentions, the deadline for doing so, including submitting exemption requests, is Tuesday 3 May 2011 (see above).
  - For intended contract holders:

- Where arrangements have been finalised, the ACTOR freeze is 17:00, Friday 15 April 2011.
- Where arrangements will be confirmed by the beginning of May the ACTOR freeze is 17:00, Friday 13 May 2011.

18. Updated MCL Frequently Asked Questions (FAQ) are available on the Agency's [website](#).

### **Approved College and Training Organisation Register (ACTOR)**

19. Previous Guidance Notes, Update articles and a specific ACTOR Briefing Note (published 22 February, 2011) have communicated details of the Agency's new approach to procurement through the use of ACTOR. This reminds providers that ACTOR replaces all of the Agency's previous procurement processes for education and training services.

20. ACTOR has enabled a significant streamlining of Agency procurement processes, with the move to a centralised, online and semi-automated approach to tendering for provision. The Invitation to Tender (ITT) sections of ACTOR form the specifications for the types of provision funded by the Agency. The ITTs capture the key information that the Agency needs to assess the ability of organisations to deliver against these, although additional/supplementary information may be requested for specific procurement exercises.

21. There are currently three ITTs available on ACTOR:

- General workplace and classroom based provision which is labelled as the Adult Skills Budget (ASB) and incorporates provision comprised of the historic programmes: Adult Learner Responsive (ALR), Skills for Life, Apprenticeships, Train to Gain and Programmes for the Unemployed;
- Adult and Safeguarded Learning; and
- Provision for Learners with Learning Difficulties and/or Disabilities for Independent Specialist Providers (on behalf of the Young People's Learning Agency).

22. Whilst not all of the sections of the Adult Skills Budget ITT are mandatory, if organisations wish to make full use of breadth of delivery available through the Adult Skills Budget, they must ensure that they have indicated which areas of provision they wish to deliver in, and have completed the relevant section on ACTOR. It is the responsibility of the college or training organisation to ensure that they have completed all of the relevant sections on ACTOR.

23. Colleges and providers with an existing Agency contract in 2010/11 and/or those registered on the previous Qualified Provider Framework were automatically given a pass through the ACTOR due diligence Pre Qualification Questionnaire for 2011/12. All colleges and training organisations will now be asked to submit this information for 2012/13. The Agency will issue more information before the end of July 2011.

24. Providers wishing to deliver skills support in redundancy situations and to support the unemployed must complete the Programmes for the Unemployed section on ACTOR to be considered for any new or additional funding for this purpose.

## Subcontracting

25. The Agency is working to simplify systems to enable colleges and training organisations to respond more efficiently and effectively to local demand. The Agency has therefore removed the maximum delivery threshold for subcontracting (previously known as the 51% rule).
26. This change, coupled with the introduction of the MCL, means that there may be an increase in the volume and breadth of subcontracting arrangements in place, supporting direct contracts. The Agency recognises that increased levels of subcontracting can present additional risks. These will need to be managed carefully, across the whole of the sector. The Agency is therefore working with sector representatives to review its subcontracting strategy so that it can manage risk robustly and promote good practice. Further guidance on this will be published later this year.
27. The Agency's contractual funding requirements make it clear that the lead provider/contractor has ultimate responsibility for all aspects of the provision that it chooses to subcontract. All lead providers must have a legally binding agreement with each of their subcontractors and all subcontractors must be registered on the UK Register of Learning Providers (UKRLP).
28. Lead providers will remain responsible for checking the details provided by subcontractors and the Agency will not accept any liability in respect of the suitability of the subcontractor. Providers are expected to complete their own due diligence assessment process before entering into a contract.
29. The Chief Executive of Skills Funding reserves the right to refuse funding for any subcontracting arrangements.

### Second level subcontracting

30. Subcontractors may **not** further subcontract provision (second level subcontracting) to other organisations without the written approval of the Chief Executive of Skills Funding.
31. If lead providers are engaged in second level subcontracted provision this needs to be declared on the *Declaration of Subcontractors Form* (this will be issued with 2011/12 contracts). Further information may be requested by the Agency prior to agreement.
32. Responsibility for declaring second level subcontracting lies with the lead provider.

### Subcontractors submitting to ACTOR

33. The Agency is currently reviewing the requirement for subcontractors to be registered on ACTOR. The decision on the level of registration is likely to be based on the aggregate level/value of subcontracting for an individual subcontractor. Again, further details on this will be published later this year.

## **Adult Skills Budget**

### **Opening up the single Adult Skills Budget for training organisations**

34. The single Adult Skills Budget allows all providers to offer a range of learning and training that meets the needs of learners, employers and communities. From August 2011, this means that training organisations that have previously only offered Apprenticeships and/or workplace learning may also be able to deliver other provision delivered outside the workplace. This will allow training organisations to maximise the flexibility of the single Adult Skills Budget, including delivering training that meets the needs of unemployed learners, and helps those wishing to move into Apprenticeships.
35. Training organisations wishing to be considered for delivering wider further education provision (previously referred to as ALR) need to register for this on ACTOR in the single Adult Skills Budget ITT.
36. Training organisations will be funded for this delivery (paid on actuals) through the normal Employer Responsive route, where the additional learning aims will be available through the Learning Aims Reference Application (LARA) which replaces the Learning Aims Database (LAD) in 2011/12.
37. The Agency and the Association of Learning Providers are currently holding a series of seminars for all training organisations interested in delivering this wider offer. Following these events, the Agency will publish a Technical Briefing Note to report on the issues raised and provide further information on how this will work in 2011/12.
38. Currently, there is a small minority of training organisations who receive ALR funding through a profile payment. For 2011/12, they will be given the option to move to payment on actuals for this element of their Adult Skills Budget or, if they choose, to remain with profile payments for the next year. The Agency has written to these training organisations separately.
39. These arrangements do not affect colleges who will continue to be paid on profile for all their 19+ Adult Skills delivery.

### **Support for the Unemployed**

#### **Delivery of Units and impact on Success Rates**

40. From 1 August 2011, colleges and training organisations will be able to use the single Adult Skills Budget to deliver units from the Qualification and Credit Framework (QCF) to the unemployed on Job Seekers Allowance and Employment Support Allowance - Work Ready Activity Group. The Agency is currently identifying a wide range of units from within the QCF which will reflect the skills needs of local labour markets and help individuals looking for work. The range of units in scope will be confirmed by the end of end of May and communicated via the Provider Update and the QCF on-line list. They will also appear on the Learning Aims Database.
41. Units are not currently covered by the Qualification Success Rates (QSR) methodology and therefore, for 2011/12 we do not expect the success rates of unemployed learners on units to impact on future funding.
42. Colleges and training organisations will no doubt wish to work in the best interests of unemployed learners, focussing on getting them into employment. Whilst the flexibility of the Adult Skills Budget means that this can now include units, it can also include Awards and, if right for the learner, larger qualifications such as Certificates and

Diplomas. However, provision will need to be flexible to reflect the needs of individuals claiming benefits, some of whom may be required to look for work alongside their learning; and to take any appropriate job that they are offered.

43. The Agency recognises that, apart from units, other qualifications are covered by the QSR and therefore the Minimum Levels of Performance (MLP). We are currently working with the sector to review our approach to this policy and, as part of that, will ensure that we reflect concerns about the impact that taking unemployed learners could have on success rates (for example, if someone leaves a course to take up a job). The Agency is keen that this does not discourage providers from recruiting unemployed learners and we are reviewing this as a matter of urgency.
44. All colleges and training organisations should work with their local Jobcentre Plus to prepare for the delivery of this flexible offer from the new funding year. Providers will need to consider the likely operational impacts of the roll out of skills conditionality as part of this work, and more information can be found on the Department for Work and Pensions [website](#).

### **Outcome Incentive Payments (OIP) Pilot - Employment**

45. The Agency is currently developing a process for piloting the introduction of Employment Outcome Incentive Payments. This will include details of how the current allocation can be utilised within the 2011/12 funding year and will consider how this will be further developed for 2012/13 and beyond. This development work will include engagement with appropriate stakeholders and will be communicated to the sector as soon as details are confirmed.

### **Changes to Funding Policy**

46. Following discussions with the sector and with officials from BIS, the Agency is now able to issue the following amendments to funding policy:

#### **Foundation Learning: Eligibility for fee remission to support progression**

47. The Skills Investment Strategy sets out the reform of statutory entitlements from the 2012/13 academic year. Ministers have since agreed that funding for the Level 2 entitlement should also include support for those who need help to make the step up from basic skills. This means that for 2011/12, Entry or Level 1 aims will be fully funded where a learner has an entitlement to a Level 2 qualification, and where they need a step up from basic skills in order to progress to Level 2. Details are as follows:
  - Learners can be enrolled on either Entry or Level 1 aims
  - They do not need to be enrolled on a full Level 2 qualification but the provider should be sure that the learner needs the additional step in order to progress to Level 2
  - Full funding for a learning aim(s) will not include repeat qualifications at the same level, for example, where there is no progression, unless it is part of a complementary personalised programme of learning
  - Skills for Life (literacy, numeracy and English for Speakers of Other Languages (ESOL)) is not included in this entitlement as funding policy has already been established and set out in [Guidance Note 6](#)

- In 2011/12, this entitlement will be available to all ages. From 2012/13, this entitlement will be available to 19-23 year old learners only. Those learners aged 24 and over who have taken up the entitlement will continue to have full funding in 2012/13 only for those learning aims started in 2011/12
- Funding is available under the terms of the single Adult Skills Budget for learning that takes place in either the classroom or workplace\*.

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

### **Learner Eligibility Funding Table**

48. Following the publication of the Skills Investment Strategy the Agency produced detailed information in [Guidance Note 6](#) and issued a table in January 2011 setting out the learner eligibility for funding in 2011/12. This has since been updated to include recent announcements relating to progression funding. The table is available on the Agency's [website](#).

### Trades Union Congress (TUC) Learning Aims

49. TUC learning aims will continue to be fully funded in 2011/12 for eligible learners, as they are in 2010/11.

### **Classroom Based Provision Cap (previously ALR)**

50. Although the Young People's Learning Agency (YPLA) will be reducing their 16-18 funding cap, the Agency can confirm that the 19+ Standard Learner Number (SLN) cap will remain at 1.75 SLN per learner per year in 2011/12 for classroom based provision.
51. 19 year olds who started their programme of learning aged 16-18 will continue to be funded according to YPLA rules, and therefore the lower SLN cap will apply to these learners.

### **Qualification Success Rates**

52. The Agency is aware that a number of providers have raised concerns about the treatment of learner transfers and the impact that this has on their success rates and MLP. The Agency's policies on the transfer of learning aims must be followed. There will be no detrimental impact on success rates for those transfers happening within the same provider (for example internally). However, the Agency recognises that there could be an impact for learning provision transferred between different providers. The Agency is concerned that this policy is stopping and limiting the transfer of learners into Apprenticeships. As noted above, the Agency is reviewing its guidance relating to MLP and will consider the issue of learner transfers in the context of this. In the meantime, providers are encouraged to continue recruiting Apprenticeships and to flag any concerns with their Account Manager.

### **Transitional Support**

53. The Agency recognises that new rules on learner eligibility and fee remission mean that many colleges and training organisations will have to make significant shifts in their provision in order to earn the allocation they have received for 2011/12. Given the scale

of the challenge, the Agency will consider some transitional flexibility, to support colleges and training organisations making that change. This reflects the feedback we have received from the sector, where a small but important minority of colleges and training organisations face a level of change in 2011/12 which may be too great to achieve in a single year. However, we expect that these colleges and training organisations will make every effort to make the shifts required, as quickly as possible, to minimise the transitional support required.

54. The Agency has identified those colleges and training organisations who, based on previous delivery, have high levels of provision (20%+) that will be affected by changes to fee remission and/or the provider factor (as a result of changes to programme weighting). These organisations are in scope and, to be considered for support, should discuss with their Account Manager the actions they are taking to manage this transition. At the end of the year, if the Agency is satisfied that a transition plan has been successfully implemented during 2011/12, the Agency will agree a manual adjustment to the final claim, to reduce the amount of funding that would otherwise be subject to clawback.
55. If the change is below 20%, generally, the provider would be expected to manage the transition without support, although exceptional business cases will be considered. Funding allocations for 2012/13 will be determined on the basis of actual performance and it is in every provider's interest to achieve their funding agreement. Therefore it should not be assumed that any transitional protection will be in the baseline for future allocations.

### **Informal Adult and Community Learning within Specialist Designated Institutions (SDIs)**

56. BIS are currently reviewing the Informal Adult and Community Learning (IACL) offer in line with the government's ambitions for this type of provision. As part of this, they will review the funding of IACL provision within Specialist Designated Institutions (SDIs). 2011/12 will therefore be a transitional year for the SDIs, and the Agency and BIS will work with them to agree how provision will be funded in the future.

## **Alignment with the YPLA**

### **Contract Management arrangements for Sixth Form Colleges**

57. The Skills Funding Agency and the YPLA have agreed arrangements about which agency leads on Sixth Form Colleges in order to reduce the number of interactions the provider has. The following arrangements will be implemented in advance of the 2011/12 funding year:
- The Skills Funding Agency has confirmed the final allocations to Sixth Form Colleges for all 16-18 Apprenticeships and 19+ provision. This includes funding to cover the costs of 19 year olds completing the programmes of study they started as 16-18 year olds, as well as any other Agency funded provision (including work-based and classroom learning).
  - Although final allocations were issued by the Agency, the YPLA will be accountable for the 19+ funding that covers the costs of those learners completing the programmes of study they started as 16-18 year olds. This means

that all contract and performance management for this provision will be subject to YPLA funding requirements.

- Under lead arrangements, the YPLA will also be the first point of contact for contract and performance management of any Skills Funding Agency funded 19+ provision within Sixth Form Colleges, including all Apprenticeships (16-18 and 19+), workplace and classroom learning. This means that Sixth Form Colleges should deal initially with the YPLA for all in-year contracting issues.

### **Learners with Learning Difficulties and Disabilities (LLDD)**

58. The YPLA and Skills Funding Agency will continue the same arrangements for 19-24 year old LLDD learners as applied in 2010/2011. That is:

- **Funded by YPLA** – all learners aged 19-24 who are in receipt of high level and exceptional Additional Learning Support (ALS) amounts over £5,500 either with or without a Section 140 or 139a Learning Difficulty Assessment. (Note that provision funded by the YPLA will be subject to YPLA funding requirements.)
- **Funded by Skills Funding Agency** – all learners aged 19+ who are in receipt of low level ALS amounts up to and including £5,500 either with or without a Section 140 or 139a Learning Difficulty Assessment. (Note that provision funded by the Skills Funding Agency will be subject to Skills Funding Agency funding requirements.)

### **Apprenticeships**

#### **Specification of Apprenticeship Standards for England (SASE)**

59. SASE compliance is now a statutory part of the Apprenticeship, Skills, Children and Learning Act. SASE compliant Apprenticeship frameworks will replace the existing frameworks. Where a new SASE compliant framework is not yet available then funding for the existing Apprenticeship framework may continue, in certain cases, to 31 July 2011, when it is expected that the full cohort of SASE frameworks will be available.

60. The new SASE rate will apply from August 2011 for SASE frameworks replacing existing frameworks and not from the date of implementation, for example when the new Framework is introduced.

A Question and Answer document has been developed on issues related to the Act and the SASE and can be found on the Apprenticeships [website](#).

#### **Managing and removing Programme Led Apprenticeship (PLAs)**

61. The commencement of the Act introduced new standards governing Apprenticeships. Part of the new requirements have made it mandatory that all apprentices are employed, under a formal contract of employment. The only exceptions to this will be apprentices who undertake an Apprenticeship under the agreed 'alternative completion' conditions. The National Apprenticeship Service (NAS) and the Agency will be designating specific job occupations (as set out below) as part of the legislation for those that cannot meet the Apprenticeship requirements, which will form part of the regulations under alternative completions.

62. PLA starts will cease to be funded from 6 April 2011.

63. The information set out below has been published on the Apprenticeships website as part of a wider statement about Apprenticeship delivery. This statement sets out expectations around the acceptable features of Apprenticeship delivery models. These will be subject to further development and where appropriate, aspects will be built into Skills Funding Agency processes and be included in future guidance notes. The statement is available to download from the Apprenticeships [website](#).

### **Existing PLAs**

64. Providers must continue to transfer PLA learners into an employed Apprenticeship. For all new PLA starts from August 2010 to March 2011, providers were made aware that they had six months to move learners off the PLA, and for many this time limit has now passed.

65. To ensure PLA learners are not put at risk, all training providers must work with NAS and the Agency in undertaking the following actions:

- Refer learners to suitable employed vacancies on the Apprenticeship Vacancies System with other providers.
- Actively promote those PLA learners who have been referred to NAS as learners with prior experience to employers.
- Match employer referrals to NAS regional Small Business Units to PLA learners where appropriate.
- Utilise regional European Social Fund redundancy programmes where these have scope to support.

66. If these actions do not achieve the desired outcome, then an extension will be granted. However NAS and the Agency will continue to monitor the numbers remaining in PLA provision. Where a provider has not supported the learner into employment at the earliest opportunity, future years funding allocations will be reviewed and adjusted.

67. Sector representatives, including the Association of Colleges and the Association of Learning Providers, will be consulted to agree mechanisms and circumstances for how achievement and outcome funding can be removed for those learners that started after August 2010 and have remained too long on a PLA. *(This excludes the small number of third sector providers for whom transition arrangements were agreed in autumn 2010).*

### **Transition Arrangements April – July 2011**

68. An “Access” strand within the Apprenticeships programme is being developed and is expected to be in place from August 2011. Regulations are being drafted covering the skills, trades and occupations to which the ‘alternative completion conditions’ permitted under the Act will apply. Until arrangements are in place, the most disadvantaged young people will continue to benefit from Apprenticeship opportunities through alternative completion conditions and transitional arrangements.

69. Transitional arrangements will be implemented for the period from April 2011 to July 2011 for new starters aged 16-24 only, and for those skills trades and occupations which are expected to be identified through the 'alternative completion conditions'. There are some slight differences between the two sets of arrangements, as set out below.
70. The following skills, trades and occupations do not require an apprentice to be employed on the first day of learning, as they have been designated as alternative completion conditions:
- Amateur Sports designated as Olympic/Paralympic and Commonwealth Games
  - Sea Fishing
  - British Racing School
71. For learners starting between April 2011 and July 2011 not covered through the alternative completion conditions, a time limited exemption can be offered by providers where all of the following eligibility criteria are met:
- Learners must be aged 16-24
  - Learners must be assessed as being able to undertake and complete an Intermediate Level/Advanced Level Apprenticeship
  - Learners must have been registered/designated as not in employment, education or training for a minimum of 13 weeks or learners require, and are eligible for either Additional Learning Needs support or Additional Social Needs support.
72. In all cases, where an apprentice is recruited under these arrangements, providers will be expected to continue to undertake actions to secure a job with an employer and remove learners from transitional arrangements.
73. Learners will be required to undertake the elements of an Apprenticeship framework, for example, competency qualification, knowledge qualification, functional/key skills. It is not expected that learners will achieve the competence/knowledge element whilst on these transitional arrangements, as they must achieve the qualification outcomes whilst they are actually in employment.
74. Learners must move into an employed status Apprenticeship within a maximum of six months. The expectation is that for many, it may be more like three months depending on their individual circumstances. The allocations will be adjusted for those providers that do not progress these learners into employment.
75. Providers must ensure that these learners are correctly recorded on the Individualised Learner Record and that their employment status is updated when they move into employment.
76. NAS and the Agency will be monitoring the effectiveness of transition arrangements from April 2011 onwards to inform the forthcoming "Access" strand of the programme which we expect to operate in a similar way.

### **Apprenticeships and State Aid**

77. The European Union State Aid Regulations are designed to limit the unfair commercial advantage that public funding could give to enterprises, organisations or business sectors. The Agency has issued guidance explaining that, from 1 August 2010, any

payment made by public sector bodies, such as the Agency, to an enterprise engaged in commercial activities could be viewed as State Aid. A Block Exemption was put in place covering all provision within the Employer Responsive budget. This exemption enabled providers and employers to continue to deliver, but to a cap of two million Euros for provision covered under the Block Exemption.

78. As part of the simplification plan for employers, NAS and the Agency have undertaken a review of the current State Aid rules relating to Apprenticeships and are now able to advise that that the funding of Apprenticeships is not generally regarded as State Aid because it is part of the State's social obligations to the workforce. With immediate effect, Apprenticeship funding is not considered State Aid on the basis that the programme is a 'general measure' within the EU aid regulations. This applies both to employers who hold direct funding contracts with the Agency, as well as those who receive support through training providers.

79. Additional guidance and more information will be published shortly. In the meantime if you have any specific questions then please raise them with your Account Manager. The Agency is currently reviewing the position for all other adult vocational programmes and we will advise further on the treatment of other provision in the near future.

## Electronic Records

80. Providers must retain a robust and reliable form of evidence to support funding claims including evidence of learner existence, eligibility, and achievement. From 1 August 2011, providers will be able to hold evidence in electronic format. This may include holding data on electronic platforms and in scanned format, including learner signatures.

## Contribution to Wage Costs

81. The Train to Gain programme has been abolished and the offer of wage compensation payments will not be made available to employers after 31 March 2011. The Skills Funding Agency has developed a wind down plan for the Contribution to Wage Costs scheme, which will follow the timetable below:

31 March 2011	Final date for employees to start their training for their employer to be eligible to receive a Contribution to Wage Costs payment.
31 March 2011	Business Link administration of the scheme ends.
1 April 2011	Skills Funding Agency administration of the scheme starts.
31 October 2011	Final date for employees to complete their training for their employer to be eligible to receive a Contribution to Wage Costs payment.
30 November 2011	Final date for employer and provider submission of all completed Contribution to Wage Costs claim forms to the Skills Funding Agency.

82. In line with this timetable, the following paragraphs update the requirements previously published in the Train to Gain Funding Requirements 2010/11 document:

- Providers are no longer required to signpost employers to web based information on eligibility, the claims process and downloadable claim forms for contribution to wage costs.
- From 1 April 2011 providers will be required to send confirmation of delivery hours to the employer with a copy to the Agency to support an employer's claim for a contribution (instead of the regional Business Link service).
- Until 30 November 2011 providers will still be required to obtain confirmation signatures from the learner and employer regarding the total number of hours the employee was released from their normal work duties to work towards their qualification.
- Providers are still required to retain hours of delivery confirmation forms for a minimum period of six financial years after the year in which the claim was made.

Queries can be emailed to [contributiontowagecosts@skillsfundingagency.bis.gov.uk](mailto:contributiontowagecosts@skillsfundingagency.bis.gov.uk)