



Department  
for Business  
Innovation & Skills

Peter Lauener  
Chief Executive - Skills Funding Agency  
Cheylesmore House  
Quinton Road  
Coventry CV1 2WT

**Nick Boles MP**  
Minister of State for Skills

1 Victoria Street  
London  
SW1H 0ET  
T +44 (0) 20 7215.5000  
E [enquiries@bis.gov.uk](mailto:enquiries@bis.gov.uk)  
[www.gov.uk/bis](http://www.gov.uk/bis)  
[www.education.gov.uk](http://www.education.gov.uk)

15 December 2015

Dear Peter,

## **SKILLS FUNDING AGENCY (SFA) PRIORITIES AND FUNDING FOR THE 2016 TO 2017 FINANCIAL YEAR**

I am writing to you with details of the budget for adult further education which is available to the SFA in 2016-17 and the funding that we expect to make available in the following years up to 2019-20. This letter sets out the total spending available for adult further education and how it is broken down; it also provides instructions for how that money should be spent. These instructions are valid through to 2020. It is my intention that future grant letters will confirm the funding available for the next year but not set new strategic direction. This will give you and the FE sector the ability to plan over the longer term.

### **Overall funding**

In 2016-17 we are making available £1bn in grant funding to support the costs of apprenticeship training for adults. We are also making £1.5bn available to support adult further education outside of the costs of apprenticeship training. This second figure forms a new budget which we call the *adult education budget (AEB)*. The new AEB is a single funding line which replaces what had been three separate funding lines: funding for adult further education outside of apprenticeships (previously held within the adult skills budget); Community Learning; and Discretionary Learner Support.

The settlement is a good one for adult further education in the context of a spending review where the Government has again stressed its commitment to healthy public finances. Funding for non-apprenticeship core adult education has been protected in cash terms, in recognition of the contribution that adult further education can make both to improving productivity and creating opportunities for the most disadvantaged in our society. And this is only part of the story. The settlement means that there is a significant increase in the resources that government is making available for adult further education. Five years ago grant funding paid directly to providers was the only way in which government funded the provision of adult education. This has now diversified.

From 2017-18, the new apprenticeship levy will provide new funding to support apprenticeship training, bringing the total investment in adult apprenticeships to £1.485bn by 2019-20. This represents the most significant change in the funding of further education in a generation. It is a

reform which ensures that employers contribute to the costs of training the workforce on which they depend, and creates a reliable and expanded funding stream for apprenticeships. With the levy in place, employers, providers and government will be able to work together to deliver a greatly expanded apprenticeship programme which delivers the quality of training that the modern economy needs.

We are also extending the availability of Advanced Learner Loans to those aged 19-23 and to higher levels, to continue to give adult learners access to fees support to invest in their own learning. The combination of the levy, the protection of the AEB, the extension of loans, and the introduction of the youth obligation means that by the end of the Parliament, the cash value of core adult FE funding to support participation will be at its highest ever. The total spending power of the FE sector to support participation will be £3.41bn by 2019-20, which is a cash terms increase of 40% compared with 2015-16.

This diversification of funding routes is important for three reasons. First, it leads to a fairer sharing of cost between government, employers, and individuals. Secondly, it leads to a significantly higher overall level of investment in adult education, as we open up the channels for non-government contributions. Thirdly, it puts funding decisions in the hands of those who benefit from the services which are funded. It will be for businesses to make decisions about where the apprentices they employ are trained. It will be for individuals taking out loans to decide which provider offers a course that is worth investing in. And in making these decisions, employers and individuals will be able to draw on an increasingly rich seam of data about the performance of programmes which allow them to make choices. In short, we are putting more power in the hands of service users, instead of service providers. This is exactly as it should be.

Above all else this is a funding settlement to enable profound change to our system of further education. It is a settlement to enable change, not to maintain the status quo. It allows employers, providers, and government to work together to achieve the growth we need in high quality apprenticeship programmes. It enables us to re-establish high level technical and professional education as a core part of the tertiary education offer. And through the area reviews it will lead to a new pattern of FE provision across England, with much greater specialisation of provision, and institutions that are financially resilient enough to invest in their future development.

The annex to this letter sets out in more detail the funding available for 2016-17 and indicative funding levels for 2017-18 to 2019-20.

## **Apprenticeships**

2016-17 is a transitional year. It is the last year in which government funding for apprenticeship is solely grant, and not levy. In readiness for the transition, your funding for apprenticeships is allocated to you as a separate line, valued at £1bn.

The Government is committed to delivering three million apprenticeships by 2020 and to continuing to drive forward reforms to put employers in the driving seat of designing and delivering apprenticeships. We recently published our plan for growth and reform of apprenticeships over the course of this Parliament - <https://www.gov.uk/government/publications/apprenticeships-in-england-vision-for-2020>. You will play a key role in delivering this strategy over the next year.

Our vision is that, by 2020:

- Apprenticeships will be available across all sectors of the economy and at all levels, including degree level
- The design and delivery of high quality apprenticeships will be overseen by a new, independent and respected quality body, the Institute for Apprenticeships.
- All new apprentices will be trained to meet levels of professional competence set out in employer-designed standards
- Employers will be confident customers of apprenticeship training programmes, which will be developed by agile training providers to meet the evolving needs of business
- Employers will have the opportunity to choose between more high quality providers and it will be easier for employers to train their apprentices directly
- The funding system will support the commitment to increase the quality and quantity of apprenticeships
- Funding for apprenticeships will be placed on a sustainable footing through a levy on employers
- Employers will choose and pay for the apprenticeship they want through a Digital Apprenticeship Service including using levy funding.

The Government's reform and growth aims for apprenticeships offer significant opportunities for providers, positioning apprenticeships as the biggest part of the vocational market. Training providers need to be proactive in rising to the challenge of reforming apprenticeships and funding, at the same time as delivering growth. The introduction of the apprenticeships levy from April 2017 is likely to lead to significantly increased demand from employers wanting to engage with apprenticeships. It is crucial that providers are ready to respond to this new demand and use the coming months to prepare to develop and deliver the 'off-the-job' training needed for the new employer-designed standards. There are many exciting opportunities for agile providers to operate in this new, more market-style environment to respond to the needs of employers as the purchasers of apprenticeship training. Many providers will need to re-work their business model as the current allocations-based approach moves to the new funding system.

The apprenticeship levy represents a major step forward in putting control of the funding for apprenticeships with employers. Employers are already driving forward with the new standards, which are higher quality and better meet their needs than the frameworks they replace. The levy and the new Digital Apprenticeship Service (DAS) together will encourage employers to invest in their apprentices and take on more.

In England employers will be able to secure quality by directing funding using the DAS. We intend that all employers, whether they pay the levy or not, will have access to the DAS, which will help them to choose an apprenticeship, find a candidate and choose a training provider.

Moving to the new system will take time and need careful handling to minimise the disruption to providers and help employers take up the reins when the levy starts in April 2017. I therefore look to you to manage the delivery of the DAS, to ensure that processes and systems are in place to distribute the levy and to ensure that employers and providers are fully briefed on how the new systems will work.

## The adult education budget

In 2016-17 and in subsequent years, I look to the SFA to allocate the adult education budget consistently with three core principles:

- effectiveness;
- simplicity; and
- localisation.

### Effectiveness

Effectiveness must be a core principle underlying any allocation of public funds. In the context of your allocation of funds, the established principle has been that providers should be able to respond to the demands of the communities they serve, and your allocations process will support this. I look to the SFA to allocate the AEB in line with the Government's priorities and legal duties to support learning that cannot be funded from other sources, notably employers and learners. I also look to the SFA to use the detailed data available about the outcomes of individuals to inform its own investment decisions where this is appropriate and to promote vigorously the use of this data, so that learners can make good choices and providers can understand their strengths and weaknesses and respond accordingly.

#### *Technical and Professional Education*

The Government has set out its plans to reform technical and professional education, which will set England's system on a par with the best in the world. The reforms will focus on simplifying the currently over-complex system, working in direct partnership with employers to ensure the new system provides the skills most needed for the 21st-century economy. We will learn from the best systems around the world to put in place a small number of clear high quality technical and professional routes, which will be as easy to understand as academic routes. These new routes will lead young people from compulsory schooling into sustained employment with the highest levels of technical competence. I have asked Lord Sainsbury to chair a panel looking at how we design these new routes and you should take account of his findings in future funding decisions.

The Government has announced its intention to support the creation of five National Colleges. The Colleges will deliver higher level technical skills in industries and sectors that are key to economic growth and productivity. We are working with the College teams to implement their business and investment plans, with the aim of establishing a network from September 2017. You will be responsible for:

Managing the transfer of capital funding to the Colleges based on allocations agreed by BIS with the Colleges, following due diligence process jointly conducted by BIS and SFA.

Ensuring that the capital spend on the programme is managed in accordance with *Managing Public Money* and based on agreed working arrangements between BIS and SFA.

Managing and monitoring the drawdown and repayment of any working capital loans provided to the Colleges, based on a loan agreement between BIS and the College.

We have also announced our intention to create a network of prestigious Institutes of Technology, focussed on the higher level STEM skills employers' need. We intend to work with local partners on a number of pilot projects to test this concept and to ensure that it leads to the development of valuable and sustainable provision. We will be providing more detail on the way we will approach this early in 2016, including setting out your role in developing the programme.

### *Advanced Learner Loans*

From 2016/17, loans will be available to those aged 19 and above studying technical and professional qualifications at levels 3 to 6. Those aged 19-23 still retain a legal entitlement to full funding for their first full level 3, with loans becoming an option for those seeking to re-skill. The expanded offer provides a source of fees support to help address the country's technical and professional skills gaps. We expect you to work with and encourage all colleges, training organisations and awarding organisations to explore how they will enhance the higher technical and professional offer through Advanced Learner Loans. You will be responsible for determining the qualifications eligible for financing with a loan and the associated maximum loan values as well as ensuring high quality providers are operating in the market and a sufficient offer is available to learners.

### *Traineeships*

In August 2013 we introduced traineeships for young people who have left school and wish to get an apprenticeship or other employment but lack the basic skills and experience that employers are looking for. They have made an excellent start: almost 30,000 traineeships started in the first two years of the programme; around two-thirds of year-one trainees reached positive destinations following their traineeship, including apprenticeships; and 94% of employers consider traineeships an effective way of preparing young people for work. We want to see continued growth of traineeships. To support this, I ask you to continue to make traineeships a priority including when redeploying AEB funding in year.

When we introduced traineeships, we required that providers are graded 'good' or 'outstanding' by Ofsted in order to ensure quality from the outset, but said we would keep this under review as the programme develops. Now that traineeships are fully established and getting excellent results for young people, from August 2016 we will place them on a par with other provision by removing this requirement. This will enable more providers to deliver traineeships and ultimately more young people to benefit from them.

### *Youth obligation*

We have announced the introduction of a new Youth Obligation (YO) that will support 18-21 year olds to gain the motivation, skills and experience to move into work. The policy will be introduced in April 2017 and will mean that the Jobcentre Plus network will support young people on the YO into sector based work academy places, traineeships and to apply for apprenticeships. We expect that the SFA will encourage providers to continue to work closely with the Jobcentre Plus network to enable these opportunities at no cost to the young person.

### *English and maths*

Strong literacy and numeracy are closely associated with higher rates of earnings, employment and productivity, as well as civic participation, engagement in children's education and positive health and well-being. English and maths qualifications are essential for success in other, higher areas of learning and are often required by employers in recruitment. For that reason we will maintain the statutory entitlement to fully-funded English and maths in the AEB to enable adults to progress up to Level 2 and achieve a GCSE in these subjects if they have not already done so.

The English and maths qualifications you should support in 2016/17 are GCSE, Functional Skills qualifications and approved stepping stone qualifications. Please continue your work with the Department for Education to confirm, where appropriate, a single list of stepping stone qualifications. You should continue to support English for Speakers of Other Languages (ESOL) for those learners who need to develop their English language skills as well as their literacy. The current entitlements for full funding will continue to apply but jobseekers referred by jobcentres should be the priority for full funding. We expect ESOL learners to be able to progress to Functional Skills qualifications and GCSE.

### *Offender learning*

Education in prisons remains a critically important part of the Government's drive to reduce re-offending and drive down the significant costs that imposes on society. We have taken the same approach to the Offender Learning and Skills Service budget as that taken for the AEB, protecting it in cash terms across the Spending Review period. Further decisions about prison education generally, and about commissioning arrangements from 2016/17 particularly, will be announced in early 2016. Those decisions will be based on the interim report from the independent review of prison education being undertaken now by Dame Sally Coates for the Secretary of State for Justice.

### *Careers Advice and Guidance*

We have agreed that the National Careers Service should be re-focussed on the new priority groups, young people aged 19-23 not in touch with schools/colleges, lower skilled adults aged 24 plus and adults (25 plus) with learning difficulties and disabilities. The service should build on the digital first approach already in train, using a triage approach to help citizens make informed choices about learning and work and determine their career pathway and suitability for programmes including apprenticeships and traineeships as well as other learning and skills programmes intended to boost UK productivity. We ask that you work closely with BIS officials to develop a new blueprint for the service to be implemented once the current contractual arrangements expire.

### *Community Learning*

We will no longer provide a separate "Community Learning" budget. As part of the move towards simplification and localisation, all learning providers will be able to offer non-accredited learning if providers and Local Commissioners (where they are in place) consider such activity to be relevant and effective.

The Pound Plus strategy, introduced in Community Learning in 2013, must be used to deliver value for money focus public support on disadvantage and ensure that all learners pay if they can afford to do so. In 2016/17, I ask that you consult with local commissioners and providers to agree how to get the most from the integration of the Community Learning budget, in order to best meet local adult education needs.

## **Simplicity**

My clear view is that the current funding system has become too complicated. It is the product of consecutive decisions about what can be funded, each of which was intended to promote greater effectiveness and in its own right might well have been justified. I am grateful for the good start you have made on simplification, but I would be grateful if you would consider how you can make even more progress over this Parliament to remove disproportionate compliance costs, both in providers and in the SFA, and incentives which cancel each other out.

In particular, I look to the SFA to simplify further the funding system to support the AEB from 2016/17 through block grants. You should do so in a way which is consistent with the objective of moving towards devolution of the budget under wider devolution agreements in some areas,

from 2018. This means that you should move towards increased flexibility for providers funded under block grant, with increasing local input into how that flexibility is used; you may find the UKCES/AoC document, *Local Action, National Success*<sup>1</sup> helpful. In 2016/17 you will also support the development of local delivery agreements, in the context of devolution deals which make provision for local influence over funding in 2016/17. You should also be able to ensure a similar approach in the three LEP areas where you have run “local influence” pilots. I know that you are using the funding reform and localism steering group to develop your thinking, and I very much welcome that.

I am aware that you have already made progress by reviewing and updating the rules which set out who we fund on either a full or co-funded basis. Simplifying the ‘eligibility requirements’ will help providers and learners alike and will ensure that learners included in the statutory entitlements undertake and achieve qualifications to enable them to maximise their potential and secure sustained employment. The continuation of co-funding will further reinforce our commitment to public investment in skills and learning, with the exception of co-funding in the workplace which is to be removed from 2016/17. As part of the diversification of funding we consider that employers should fund learning that takes place in the workplace. The funding released by this change can be used by providers to deliver provision to more priority learners.

The statutory entitlements have not changed. Our policy remains that young adults up to the age of 23 should pay no fees if they study for a first full qualification at either level 2 or level 3 (an entitlement to free education which is anchored in statute). In the past, however, such learners have had access to a bewilderingly wide range of qualifications, quite different to the range of qualifications available to those aged 16-18. This is wrong: there is no reason why the programmes studied under entitlement rules by young adults to catch up with where they should have been on leaving compulsory education should be different. Therefore I expect you to continue your work with the Department for Education to put in place a single offer for ages 16 to 23 focussed on high quality technical and professional qualifications and ensure there is a single and effective process to identify these qualifications.

### *Independent Training Providers*

The locally led area reviews of post-16 education and training are looking at how the current post-16 provision is delivering against the economic and educational needs of an area and takes that into account in reviewing how to ensure the long term sustainability of a high quality and responsive general FE and sixth form college sector. The reviews therefore also provide a good source of information to inform the SFA’s contracting of the independent provider base to ensure that the provision being contracted is tailored to meet the current and future needs of an area. This is especially timely given that the current contracts with independent training providers expire at the end of 2016/17 and I ask that you ensure that this part of the sector is also well placed to take into account the priorities of localities. In addition, devolution deals will provide specific localities with the power to make their own funding decisions and so it may become less appropriate to let large national contracts spanning multiple geographic areas. Please take this into account in any re-procurement strategy.

### *Sub-contracting*

In last year’s funding letter, we noted concerns about how sub-contracting can divert the resources we provide away from the front line into the servicing of additional fees and charges; and we welcome the work the SFA has already done on this. In particular I welcome public transparency on the amount of fees and charges of lead providers and the new external audit assurance arrangements to ensure lead providers have the right capabilities to manage their sub-contracted delivery partners.

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<sup>1</sup> <https://www.gov.uk/government/publications/local-action-national-success-how-outcome-agreements-can-improve-skills-delivery>

I would expect to see less sub-contracting as funding is put in the hands of users or allocated more locally. It will be for employers to choose their own provider of apprenticeship training when we move into the levy system, and I would expect providers to make their arrangements directly rather than via sub-contracting. As the AEB becomes devolved, it will be for local commissioners to take a view about the acceptability of sub-contracting for the money they allocate. Where sub-contracting forms a significant part of a local area's provision, area reviews will want to consider any specific recommendations in the configuration of this provision as part of future arrangements. For 2016/17 you will want to ensure that sub-contracting practices are consistent with the need to achieve value for money in the sector, and to continue to take action against providers who are either operating unacceptable practices, or failing to provide clear and timely information. I would like you to report to me the controls in place by the end of March 2016 to protect the interests of learners and employers.

## **Localisation**

We have in recent years established the principle that while providers should respond to demand, there is a wider public interest in ensuring that provision is aligned with both current labour market conditions and future economic development. That is why, as a condition of receiving funding, we currently require colleges to provide evidence that they are using their best endeavours to meet the needs of those LEPs in which they deliver significant amounts of learning. In future, so far as possible and practical, delivery agreements with providers should reflect local priorities which might include, for example, job outcomes and English and maths achievements. The Government's view is that the AEB funds what is essentially a local service and that in the right circumstances it can be better for funding and responsibilities to be held at local level rather than national level. This view is reflected in recent devolution agreements for areas including Sheffield City Region, the North East, Tees Valley, the West Midlands, and Liverpool City Region which provide initially for local influence over what is to be delivered by providers receiving block grant; and subsequently, subject to readiness conditions being met, these devolution agreements will provide for the full devolution of the AEB. I am asking the SFA to support the progress of these devolution deals, and others as they arise in future.

### *Area Reviews*

Localisation is not solely about financial allocations but also about how provision is structured to best meet the economic and educational needs of each part of the country. We announced in July the launch of a programme of area reviews of further education provision, taking in the whole of England<sup>[1]</sup>. These reviews are locally led, with steering groups chaired by the FE or Sixth Form College Commissioner, or in areas taking devolution powers, by the Combined Authority. They involve colleges, LEPs, local authorities and regional schools commissioners. The aim is to create in each part of the country a more diverse and specialised network of colleges which is able to meet the post-16 vocational education needs of the area. We need to see much greater diversity of provision and move away from the current norm. We also need colleges which are financially sustainable and able to invest in their futures. It is important to emphasise that the spending review settlement does not obviate the need for the area reviews to restructure capacity across the country: rather, it provides the right platform for big decisions to be taken.

It is important to have in mind that in considering financial sustainability, the reviews should not think only of grant income: loan supported fee income, funding from the apprenticeship levy and wholly private funding are all also part of the picture. It must clearly be a core task for the SFA to support these reviews, and I ask that you continue to do this. There can be no devolution of the AEB to an area before successful completion of an area review. The "readiness conditions" in the devolution agreements<sup>2</sup> expand on this point. The Spending Review has allowed for the

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<sup>[1]</sup> <https://www.gov.uk/government/publications/post-16-education-and-training-institutions-review>

requirement of support for the area review process. Access to this support will be assessed on a case by case basis.

## **Other Matters**

### *College financial health and exceptional financial support*

Colleges continue to face significant challenges in their financial health. The SFA (working closely with the Education Funding Agency) has a key role to play in the prompt identification of colleges at risk or requiring intervention and in ensuring remedial action is timely and effective. We have recently revised the guidance on the exceptional financial support available to colleges [Further education colleges: financial intervention and exceptional support - Publications - GOV.UK](#). It is available strictly by exception and can only be considered once a college can provide evidence that they are unable to raise the money from their usual facilities or through other action and where it is necessary to protect learners' interests. Accessing exceptional financial support will trigger intervention action, including potentially an intervention by the FE Commissioner and early involvement in an area review.

### *European Social Fund*

The SFA will continue to procure skills provision funded via the European Social Fund (ESF) under the "opt-in" arrangement until 2018, and provide a matching process with other AEB funding. ESF covers social inclusion, employment (including people in work and at risk of redundancy) and skills support, including higher level skills, but must not duplicate support that is currently covered by national grants or loans (with a very few possible exceptions). Looking further ahead, BIS and the SFA will work together with external stakeholders where appropriate in designing alternative arrangements to ensure ESF-provision can continue to be matched to provision funded through the AEB.

### *The Prevent duty*

On 18 September the Prevent duty came into effect for all publicly-funded and regulated institutions and all non-publicly-funded and unregulated institutions. This includes all FE colleges including sixth form colleges, independent and private training providers and English language schools.

Ofsted will inspect on compliance with the duty in all of our publicly-funded and regulated institutions as part of safeguarding under the heading of governance, leadership and management. In complying with the duty we expect all staff including sub-contracted staff, leaders, managers and governors to be trained in the Prevent duty and in identifying extremist activity. We have agreed with Ofsted and set out to institutions that 2015/16 will be a year of working towards full compliance. However, specific incidents of radicalisation or extremism will be fully investigated and actions taken and reviewed. In addition, we have appointed a team of five advisers to monitor and inspect on a risk-based approach institutions in the non-publicly-funded and unregulated sector. Their approach will mirror closely that of Ofsted. I ask you as the owner of the register of publicly-funded training organisations and the primary contract holder with all publicly-funded FE institutions to fully co-operate with Ofsted and our team of advisers in undertaking background research on institutions and in supporting recommendations made after inspections.

## **In conclusion**

Your instructions in this letter are pitched at a high level. It is for you and your staff to develop the detailed funding policies that are necessary to implement them, working with BIS officials and consulting with stakeholders as you do so. My officials will establish arrangements with you to monitor progress and to deal with issues as they arise. I take this opportunity to thank you and your team for all that you have done over the past year, and to express my confidence that we will continue to enjoy a productive partnership over the next four years.

A handwritten signature in black ink, appearing to read 'Nick Boles', written in a cursive style.

**NICK BOLES MP**

## Annex – Funding table

The finance table shows the funding available for the 2016-17 financial year and indicative projections for 2017-18 to 2019-20 (actual budgets will be set out in each year's funding letter).

		Baseline	Funding	Indicative		
		2015-16 £000's	2016-17 £000's	2017-18 £000's	2018-19 £000's	2019-20 £000's
<b>BIS Core Teaching &amp; Learning</b>						
1	19+ Apprenticeships	740,000	926,019	1,076,004	1,246,996	1,422,999
2	Adult Education Budget	1,494,000	1,494,000	1,503,000	1,511,000	1,512,000
<b>TOTAL: Core Teaching &amp; Learning</b>		<b>2,234,000</b>	<b>2,420,019</b>	<b>2,579,004</b>	<b>2,757,996</b>	<b>2,934,999</b>
3	Advanced Learner Loans	202,000	260,000	325,000	440,000	480,000
<b>TOTAL: Adult Teaching &amp; Learning</b>		<b>2,436,000</b>	<b>2,680,019</b>	<b>2,904,004</b>	<b>3,197,996</b>	<b>3,414,999</b>
4	Offender Learning & Skills Service	130,350	130,350	130,350	130,350	130,350
<b>Funding to Support</b>						
5	19+ Apprenticeships	30,000	79,000	80,000	74,000	62,000
6	Adult Education	343,113	311,324	259,921	192,809	177,427
<b>TOTAL: Funding to Support</b>		<b>373,113</b>	<b>390,324</b>	<b>339,921</b>	<b>266,809</b>	<b>239,427</b>
<b>GRAND TOTAL</b>		<b>2,939,463</b>	<b>3,200,693</b>	<b>3,374,275</b>	<b>3,595,155</b>	<b>3,784,776</b>

### 1 – 19+ Apprenticeships

This funding will support high quality apprenticeship training for individuals aged 19 and over. The baseline figure has been adjusted to reflect the inclusion of the funds for the Apprenticeship Grant for Employers in line 5.

### 2 – Adult Education Budget

Brings together the previous Adult Skills Budget, Community Learning and Discretionary Learner Support into a new single budget line. This figure also includes the budget for Youth Obligation. The baseline in 2015/16 has been constructed by combining the budgets to be spent on non-apprenticeship Adult Skills Budget participation, Community Learning, Discretionary Learner Support, Youth Obligation and funding for basic digital skills, it reflects reductions made in the summer budget in July 2015.

### 3 – Advanced Learner Loans

From 2016/17, loans will be available to those aged 19 and above studying technical and professional qualifications at levels 3 to 6. The 2015-16 baseline is based on modelled estimates of likely spend against this budget in that year. Budgets from 2016-17 onwards are forecasts.

#### **4 – Offender Learning and Skills Service**

This budget provides vocational and employability skills programmes and includes funding for the National Careers Service for those in custody. The 2015-16 baseline excludes a Ministry of Justice contribution of £17m. This budget has been maintained at flat cash.

#### **5 – Funding to support 19+ Apprenticeships**

This funding will support activities which help deliver our reform programme and the growth in apprenticeships. It includes funds for the Apprenticeship Grant for Employers.

#### **6 – Funding to support the Adult Education Budget**

Includes National Careers Service, quality improvement, data collection and management, financial support for learners and funding for community learning mental health pilots. It does not include the skills surcharge. We will provide information on this and greater clarity on the distribution of this budget in the New Year.

We will provide information on capital funding in the New Year.