



Funding Agreement Part 5

TEES VALLEY COMBINED AUTHORITY Adult Skills Fund

FUNDING RATES AND FORMULA 2025 to 2026

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FOR THE PURPOSE OF THIS DOCUMENT, THE TERM 'PROVIDER' MEANS ANY ORGANISATION PROVIDING ADULT EDUCATION, TRAINING OR SKILLS PROVISION THAT IS FUNDED BY TVCA.

Introduction and purpose of the document

1. This document sets out the current principles and features of our funding system for the funding year 2025 to 2026 (1 August 2025 to 31 July 2026). The Tees Valley Combined Authority (TVCA) may make changes to these principles and features during the funding year. Any updates will be published in the [Adult Education](#) section of our website and the Egress Switch Secure Workspace.
2. For the funding year 2025 to 2026 TVCA will use the same methodology for generating funding as described in the [Adult Skills Fund \(ASF\): funding rates and formula 2025 to 2026](#) document to fund the delivery of adult skills.
3. This document describes how we calculate 'formula-funded' earnings and learning support for the TVCA Adult Skills Fund. We define 'formula-funded' activity as any adult skills learning (with the exception of Skills Bootcamp programmes) that is recorded under Funding Model 38 ('Adult skills') for aims starting on or after 1 August 2025 or Funding Model 35 for aims starting prior to that date, unless specifically noted.
4. This document relates only to TVCA ASF 'formula-funded' learning aims for Tees Valley residents and does not include or describe:
 - The 'non-formula-funded' Learning for Inclusion activity within the TVCA ASF which is reconciled through the Learning for Inclusion Data Collection form.
 - Any other funded learning provision such as Apprenticeships, Multiply, Skills Bootcamps, Advanced Learner Loans or funding for learners aged under 19, or under 24 with an Educational Health Care Plan.
5. To understand how the funding system works, read this document together with:
 - the TVCA ASF Funding and Performance Management Rules 2025 to 2026.
 - the [ESFA 2025 to 2026 Individualised Learner Record Specification \(ILR\)](#).
 - the [ESFA 2025 to 2026 Provider Support Manual](#).

Understanding our terminology

6. The term 'we' refers to the Tees Valley Combined Authority (TVCA). When we refer to 'you' or 'providers', this includes colleges, training organisations, Local

Authorities and employers that receive funding from TVCA to deliver adult education and training to Tees Valley residents.

7. The term ILR refers to the Individualised Learner Record produced to the ESFA [ILR Specification 2025 to 2026](#). This is the mandatory data return submitted to the ESFA via the 'Submit Learner Data' system by all funded providers. TVCA require the ILR to be submitted on the 4th working day every month.

Devolution of the Adult Skills Fund

8. The Government agreed a series of devolution deals between central government and local areas (combined authorities or CAs) in England, including TVCA. TVCA will continue to have responsibility to ensure eligible learners, aged 19 and over, who reside in the Tees Valley, have appropriate education and training.
9. Providers with funding for TVCA learners will continue to use the ILR with the appropriate Source of Funding (SoF) code for Tees Valley adult residents in the 2025 to 2026 academic year.
10. **The SoF code for TVCA is 114.**
11. The ESFA will continue to provide two funding reports for devolved delivery, the Funding Summary report for Earnings Adjustment Statement (EAS) and the Occupancy report for learning aims using the funding calculation.
12. The occupancy report includes the appropriate funding line type for TVCA using the SoF field from the ILR collection. This report is for information only but will be used by TVCA for monitoring and reconciliation purposes in line with the TVCA Provider Performance Management Framework document, which you will find on the Tees Valley Combined Authority website and 'Egress Switch Secure Workspace'.
13. Please refer to the [2025 to 2026 Individualised Learner Record Specification](#) (ILR) and the 2025 to 2026 Provider Support Manual for further details on recording devolved delivery.

The data we use to calculate funding

14. Information is provided to the ESFA about Tees Valley learners and their learning in the ILR and the EAS process.

15. The ESFA funding system uses this information to work out the funding you have earned for delivering this learning, including that delivered to Tees Valley learners.
16. TVCA receives ILR derived data from the ESFA containing details of your delivery to Tees Valley learners and this is used to inform our performance and reconciliation processes. These processes can be found in the Performance Management Framework which you will find on the Tees Valley Combined Authority website and 'Egress Switch Secure Workspace'.
17. For the 2025 to 2026 academic year, we are following the ESFA funding system which has the following four features set out in more detail throughout this document:
 - i. **The funding formula**, including uplifts to the rates, to account for the extra costs that you may experience when delivering learning to some types of learners and in some locations.
 - ii. **The funding rates** for learning aims and work placements.
 - iii. **The earnings method**, linked to delivery and achievement.
 - iv. **Learning Support funding** where extra help is needed for learners to achieve.

The Funding formula

Principle

18. The funding formula is:

$$\text{Funding} = \text{rate} \times \text{disadvantage uplift} \times \text{area cost uplift}$$

19. We adjust the funding formula to allow for geographical differences in the relative cost of delivery and to enable additional support for learners living in more disadvantaged areas.
20. We will apply a funding rate uplift for the following:
 - 10% uplift to the rates above for qualifications within these 3 categories: English, maths (FaLA Category code 39 Legal Entitlement-English and Maths) and essential digital skills (FaLA Category code 42 Digital Skills). These uplifts will be visible on FaLA.

21. In some circumstances, we may ask you to use the 'Other funding Adjustment' or 'EAS' to adjust funding to support project initiatives and variances from the ESFA funding methodology. You must only use these systems to claim funding for initiatives that we have published or approved for you.
22. We may also ask you to reduce the level of funding in some situations by using the Funding Adjustment for Prior Learning' field.
23. We will monitor the use of the 'Other Funding Adjustment' and 'Funding Adjustment for Prior Learning' fields and advise you if we have any queries in the monthly 'Data Quality' reports that we produce.
24. The basis for funding is the rate for the learning aim. The rates are referred to as 'unweighted' before the programme weightings are applied or any increase for disadvantaged learners. After the programme weighting is applied, the rate is referred to as 'weighted.' After any uplifts are applied, this is referred to as the 'aim value', as noted in the 'Main Occupancy Report.'
25. In some cases, often dependant on employment status or prior learning, learners and employers are expected to share responsibility for investing in eligible provision. In these circumstances TVCA expect them to part-fund the cost of learning, known as co-funding. For more information on co-funding, refer to the 'Provision and individuals we fund' section of the TVCA 2025 to 2026 ASF Funding and Performance Management Rules.

Disadvantage uplift

26. The disadvantage uplift provides extra funding to support the most disadvantaged learners in the Tees Valley, recognising that they are sometimes more costly to recruit and retain. We apply this consistently across TVCA ASF 'formula-funded' provision.
27. To calculate the disadvantage uplift for new starts from 1 August 2021 we use the [Index of Multiple Deprivation 2019](#) (IMD), in line with the ESFA. This results in a funding increase for learners living in the most deprived areas of Tees Valley. We base the uplift on the learner's postcode (based upon the 'Postcode Prior to Enrolment' ILR field). If required the uplift factor is between 1.084 and 1.336, otherwise we default the factor to 1. The disadvantage uplift factors are available at this link: [Uplift Factors and Postcode Files](#).
28. The disadvantage uplift factor at the start of the learning aim will apply throughout the duration of the learning aim.

Financial contributions

29. If a learner meets the criteria for full funding (refer to the 'Provision and individuals we fund' section of the TVCA ASF Funding and Performance Management Rules for more information), they can claim the fully funded rate shown in the matrix. For co-funded learners, we expect the learner or employer to contribute so we reduce the funding by 50% of the unweighted rate of the learning aim.
30. We reduce the funding using the unweighted base rate because a learner should not contribute more for the same size of the learning aim just because that learning aim is more costly to deliver. This means that TVCA will contribute more towards learning aims with higher operational and delivery costs, such as engineering.

Recognition of prior learning

31. If you record data in the 'Funding adjustment for prior learning' field on the ILR, the funding formula will be changed to reflect this. However, it does not change learning support funding.
32. If the learning aim does not use the restart indicator, the achievement funding will be reduced as well as the monthly instalments. This is because the funding formula assumes that the learner has earned some achievement within the prior learning.
33. If the learning aim uses the restart indicator, the monthly instalments are reduced, but the achievement funding stays at 20% of the full funding rate.

Other funding adjustments

34. Where you have agreement with us to adjust funding for other reasons apart from prior learning, you must record it in the 'Other funding adjustment' field in the ILR. You must not use this ILR field outside of any published criteria for its use unless you have an agreement in place with us. TVCA will monitor the use of this field.
35. This 'Other funding adjustment' factor adjusts the funding for that learning, including the achievement funding, however, it does not change learning support funding.
36. If there is also a factor for prior learning recorded, the 'Funding adjustment for prior learning' factor will be multiplied by the 'Other funding adjustment' factor and apply it to the appropriate funding.

Funding rates

Principles

37. In 2025 to 2026, TVCA will continue to use the ESFA's list of regulated qualifications eligible for public funding on the [Find a Learning Aim](#), which is updated by the ESFA regularly. For information about what is eligible for public funding, refer to the ESFA publication - [Qualifications: approved for public funding](#).
38. TVCA will also continue to fund non-regulated formula funded learning aims at their original Matrix rates, under funding model 38.
39. TVCA can request bespoke learning aims (employer led) to be added to the Learning Aim Search database in order to fund projects approved for delivery that fall outside of the current funding scope. These learning aims will be added to FaLA database and will be subject to the same funding and validation rules once returned in the providers' ILR, as all other learning aims. TVCA will issue additional instructions to support providers with this aspect of delivery.
40. These qualifications can be from the DfE list of approved qualifications [Find a Learning Aim](#) or can be qualifications/skills courses that are currently unfunded but are required to enable a Tees Valley resident to move into employment. This can include a programme of skills including a licence to practice which could be funded as part of the Tees Valley local flexibilities. This must be based on evidence of need and must be linked directly to employment opportunities.

Where the employer led skills programmes support the individual to acquire a "licence to practice" you must consult TVCA and seek prior approval before delivering and using these codes in the ILR.

41. TVCA will fund each learning aim, as ESFA currently do, whether it represents a qualification or other learning activity, at the rate that applies when the learner starts that learning aim. This principle is the same for a new start in the funding year 2025 to 2026 and continuing learners with a start date prior to 1st of August 2025. This rate will apply for the full duration of the learning aim and does not change between funding years.
42. The amount you earn recognises the relative costs of delivering provision in different sectors and subjects, and the rates are using the following criteria:

- Funding rates for individual qualifications are determined by multiplying the relevant hourly rate for the SSA of the qualification by the number of GLH as assigned by the awarding organisation and recorded on Ofqual's register of regulated qualifications.

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NSF L3 Free Courses for Jobs

43. We are offering additional funding for adults, who were aged 19 or older on 31 August 2025, who meet the conditions specified in the [TVCA ASF Funding and Performance Management Rules](#).
 - we will increase the rate by £600 for eligible aims in category code 45 National Skills Fund level 3 adult offer rate 1
 - we will increase the rate by £150 for eligible aims in category code 46: National Skills Fund level 3 adult offer rate 2
44. You should use the Learning Delivery Monitoring (LDM) code 378 (Level 3 Adult offer) in the ILR to indicate your learning aims that are eligible within this offer.

Funding rates for the ASF

45. All rates shown on the [Learning Aim Search](#) are fully funded rates for learners aged 19 and above for qualifications and non-regulated activity. These rates are adjusted through the funding formula according to TVCA policy (for example, if TVCA contributes only part of the full rate).
46. All learners funded through the ESFA 16-19 funding model, who turned 19 on their second or subsequent funding year of a single programme of study, continue to be funded through the ESFA 16-19 funding model.
47. Funding rates do not change depending on how you deliver the learning (for example, by delivering it online compared to in the classroom).
48. Where a learning aim had a rate set in the previous funding year, this rate remains unchanged for 2025 to 2026. Qualifications newly approved for funding are set using GLH. Where the awarding organisation does not supply the GLH,

the use of Total Qualification Time (TQT) is assessed at last year's Matrix rates remain in place. For more information on planned hours, refer to the [2025 to 2026 Individualised Learner Record Specification](#) (ILR) and the 2025 to 2026 Provider Support Manual.

Skills funding bands

49. Each SSA at tier 2 level is assigned to one of the 5 new funding bands, see Table 1. The funding bands for each SSA tier 2 are set out in annex A.

All unweighted rates are set using the Base rate of £6.00 per hour.

Table 1: adult skills funding rates by band

New adult skills funding band	Base	Low	Medium	High	Specialist
New hourly adult skills funding rate	£6.00	£7.20	£8.40	£9.60	£12.00

50. Agriculture courses that need specialist resources (decided by the ESFA each year with support from Lantra) attract an extra uplift in the TVCA ASF when delivered by providers with specialist resources.
51. If you offer English for Speakers of Other Languages (ESOL) qualifications, you may need to deliver additional learning to individual learners that incurs additional costs above the qualification rate. Where additional hours are required, you can record these on the ILR using the 'Additional delivery hours' field, as detailed in the [ILR specification](#) and the ESFA Provider Support Manual. TVCA will provide payment for any additional learning detailed and validated within the ILR for Tees Valley residents.
52. The key steps for claiming top-up for an ESOL qualification that is planned to be delivered in 60 hours are:
- identify the original funding band of the ESOL qualification, for example, if the qualification is funded at £150, this equates to the '21 to 44' hours funding band i

- calculate the additional hours. This is the 60 planned hours minus the maximum GLH value of the ESOL qualification's funding band. In this example, the maximum GLH from the '21 to 44' hours band is 44, therefore the additional hours you need to record in the ILR are 60 minus 44 = 16.
- the funding calculation automatically calculates the additional funding at 16x £6
- the overall rate is then the original rate (£150) plus the top up amount (£96) = £246.

Earnings Method

Principles

53. In 2025 to 2026 TVCA will adopt the ESFA's 2025 to 2026 Earnings Methods.

The following principles will apply:

- funding is distributed over the duration of the learner's course, from starting the programme to achieving the expected outcome.
- funding is directly linked to the learner completing their course and then achieving either learning aims, further learning or gaining employment.
- you earn funding for what you deliver, when you deliver it.

Qualifying period for funding

54. If a learner is in learning for at least the qualifying period, we count them as a 'funding start.' We calculate this from the ILR 'Learning Start Date':

Length of the learning aim	Qualifying period
168 days	42 days
14 to 167 days	14 days
Fewer than 14 days	1 day

55. If the learner leaves before the qualifying period, you will not earn any funding. However, TVCA will reclaim the funding if you have already earned funding before recording the ILR 'Learning Actual End Date'.

Distribution of funding over time

56. Earnings for all learning aims are based on monthly instalments plus an achievement element.
57. 20% of the weighted rate for each learning aim is held back for achievement of the learning aim and this funding will only be generated when the learner achieves their learning aim. For ASF, you earn all achievement elements on the learning actual end date recorded on the ILR.
58. Monthly instalments (on-programme payments) are calculated on the remaining funding (80%) once the achievement element (20%) has been removed. These instalments are spread out over the number of planned months for the learning aim, with a double payment in the first month. The instalment calculation uses the formula 'n+1', where 'n' is the number of planned months. The formula recognises the upfront costs associated with enrolling a learner on a learning aim.
59. You earn the instalments if the learner is in learning on each census date (the last calendar day of every month). The planned number of months is calculated from the 'Learning start date' and the 'Learning planned end date' in the ILR.
60. If the learner leaves early, the monthly instalments stop. However, for eligible learners we will pay you a job outcome payment which will be half of the achievement element. If the learner then goes on to achieve the learning aim, you will earn the outstanding monthly instalments and the rest of the achievement element. For more information on job outcomes, refer to the TVCA Funding and Performance Management Rules 2025 to 2026.
61. Figure 1 is an example of the earnings method for a learner starting a course in September and achieving in June. It shows how you earn funding for a course with a total cost of £1,000 over the nine-month period: nine monthly on-programme payments (OPP) of £80, plus a double monthly OPP (that is, n+1) of £160 in the first month and an achievement payment of £200 upon completion.

Figure 1: Example of the earnings methodology.

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
	9-month learning aim											
Payment instalments		OPP	OPP	OPP	OPP	OPP	OPP	OPP	OPP	OPP	Achievement payment	
		OPP										
Payment example		£160	£80	£80	£80	£80	£80	£80	£80	£80	£200	

Annual funding cap for ASF

62. An annual funding cap applies to each learner you have for each year across all ASF funded provision.

Late Recording in the ILR

63. If a learner is recorded as continuing learning (Completion Status code 1) at the final 2025 to 2026 ILR collection (R14) and the completion status of that learner is subsequently changed to withdrawn (Completion Status code 3) you must enter the date of the last date of attendance. If that date is in a previous academic year, i.e. prior to 01/08/2025, you will have to pay back any funding earned since their actual end date.
64. For example, at R14 in the 2024 to 2025 ILR a learner is recorded with a start date of 10 April 2025 and a planned end date of 09 April 2025 and is recorded as continuing at R14. In the 2025 to 2026 ILR you record them as a leaving on 16 July 2025. In this scenario, they will have earned a monthly on-programme payment in July 2025 from the 2023 to 2025 ILR that will need paying back.
65. You can pay this funding back through the earnings adjustment statement (EAS) recording a negative figure in the 'Authorised claims' adjustment type. You do not need our permission to use this adjustment type to pay back funding, you only need permission to use this adjustment type for claiming funding. For more information on claiming this through the EAS, refer to the ESFA guidance on Earnings Adjustment Status.
66. This may also apply to a learner with a learning start date after 31/07/2023 and a learning planned end date prior to 1/08/2025 who is recorded as continuing in the 2023 to 2025 R14 ILR and is subsequently discovered to have withdrawn before 01/08/2025.

Support funding

Learning support

- 67. You can access this funding through the TVCA funded ASF and you record this against a learner's learning aim in the ILR.
- 68. If you record learning support against a learning aim in the ILR, you will earn a fixed monthly rate of £150. We expect the total you earn from the monthly rate to be enough to cover your costs. If the cost of providing support to a learner exceeds the total earned from the fixed monthly rate, you can claim this excess through the EAS.
- 69. If you plan to deliver the learning aim in less than one calendar month, you must claim the value of the learning support as if it were all excess, using the EAS.
- 70. If learning support is more than £19,000, you can claim exceptional learning support using the cost form; you do not claim this through the EAS. For more information, refer to the TVCA ASF Funding and Performance Management Rules.

Learner support

- 71. Learner Support is available from TVCA to provide financial support for Tees Valley learners with a specific financial hardship, preventing them from taking part or continuing in learning.
- 72. You can only claim Learner Support if you have been given a learner support funding value in your funding agreement.
- 73. Learner Support is not formula funded and is claimed through the TVCA funding claims process.

King's Trust Team Programme

- 74. The Prince's Trust Team Programme will be funded at the same ESFA rates for 2025 to 2026.
- 75. You will earn the funding rates for the award or certificate in 'Employment, Teamwork and Community Skills' The qualifications you can use are in Table 3. You must also record the learners on the ILR using the Learning Delivery Monitoring (LDM) code 331.

Table 3: Qualifications for the Prince's Trust Team Programme 2025 to 2026.

Qualification Title	Learning Aim Reference
Certificate in Employment, Teamwork and Community Skills	60023995
Certificate in Employment, Teamwork and Community Skills (Entry 3)	60027629
Award in Employment, Teamwork and Community Skills	60032121
Award in Employment, Teamwork and Community Skills	60032868
Award in Employment, Teamwork and Community Skills (Entry 3)	60033344
Certificate in Employment, Teamwork and Community Skills	60027307

76. If the funding rate is lower than the programme rate, you can claim additional funding from the qualification rate, up to the value of the programme rate. To claim this additional funding, you must use the 'Prince's Trust' section on the EAS.
77. Table 4 shows the qualification funding rates, the maximum programme rate and the maximum additional funding you can claim where appropriate:

Table 4: The rates for the Prince's Trust Team Programme 2025 to 2026.

	Award	Award	Certificate	Certificate
	Fully-funded	Co-funded	Fully-funded	Co-funded
Funding rate for aim	£444	£222	£1,512	£756
Maximum programme cost for				
...all learners	£3,204	£1,602	£3,204	£1,602
Maximum additional funding for				
...all learners	£2,760	£1,380	£1,692	£846