Introduction

1. The Education Maintenance Allowance (EMA) was extended to cover LSC-funded programme-led pathway (PLP) programmes in April 2006. This note sets out the rationale, scope and administrative arrangements for a hardship fund that the LSC has made available to providers delivering LSC Employer Responsive funded Programme-led Apprenticeships in 2008/09. A Programme-led Apprentice within the Employer Responsive model is defined as a learner following a full Apprenticeship framework who is not employed.

2. This note should be read in conjunction with LSC Funding Guidance – Principles, Rules and Regulations 2008/09 and LSC Funding Guidance – Learner Eligibility Guidance 2008/09.

Rationale for hardship funding for learners on Employer Responsive Provision

3. Experience from running EMA in further education (FE) shows that running discretionary learner support alongside EMA offers the most vulnerable learners a robust package of support, which can make the difference between a young person participating in learning or not.
4. Providers wishing to access Hardship Funding must discuss this with their LSC contact. Providers will only be able to access Hardship Funds if the LSC has allocated funds within their contract. This briefing note does not infer that any funds will be made available unless agreed to by the LSC.

**Eligibility**

5. The scope of available funding supports those Programme-led Apprentices who:
   - are economically or socially disadvantaged, disabled, medically ill and/or have learning difficulties who are facing financial difficulty and who need support with associated learning costs
   - have been in care or recently left care or on probation or are young parents or otherwise considered to be at risk
   - are lone parents (who may also be eligible for Care to Learn payments which were expanded to cover 19-year-olds in 2007)
   - are on low incomes or from low-income families, identified by appropriate income assessment
   - Have been made redundant or have become unemployed during their Apprenticeship who are facing financial difficulty and who need support with associated learning costs.

6. It is also the intention to provide an emergency fund for these learners in hardship due to delays or barriers to EMA applications.

7. Learners do not need to be eligible for EMA to qualify for a hardship fund payment, but they must be on an LSC Employer Responsive funded Programme-led Apprenticeship (PLA) and aged under 25 years of age when they start. Apprentices who start after their 25th birthday are not eligible. Other work-based learners (such as ESF-funded provision and Train to Gain learners) are not eligible for this funding.

8. Learners who are eligible for EMA must apply for EMA support. Hardship funding must not be used to replicate EMA where the learner is eligible but chooses not to apply.

**Scope**

9. Typical payments under hardship payments will include payments to learners who:
   - do not qualify for EMA -
     - but nonetheless have genuine financial needs – most common examples are due to changes in the household’s income which cannot be taken into account retrospectively for EMA income assessment, for example unemployment
     - are not supported by an employer
     - but need short term support, because of redundancy, in order to regain employment or to finish their Apprenticeship.
- qualify for EMA -
  - but whose needs are so great that EMA is insufficient – this will not often be the case because EMA sits alongside Child Benefit, Tax Credits and Income Support, but may be necessary for short periods of exceptional need

- have not pre-applied for EMA
  - need an advance until their EMA payments start (at which point there is an expectation that the advance will be repaid).

10. There are some items that are specifically out of scope, as follows:
   - Providers must not seek to replicate EMA bonuses for learners who are ineligible for EMA (although they may meet essential costs for those who are not eligible for EMA)
   - Items that are already funded under Employer Responsive funding, such as travel or additional learning support (ALS), must not be funded under the hardship fund.

11. With the exception of exceptional short-term costs, the hardship fund must not fund subsistence for learners who are estranged from their families but have not yet engaged with the Jobcentre Plus benefit system. Estrangement means that a young person has no choice but to live away from their parents, for example because they would be in physical or moral danger if they remained in their household. These learners must be encouraged to apply for Income Support as soon as possible, so they can combine Income Support with the £30 maximum EMA payment. Receipt of Income Support may also qualify the learner for other benefits such as Housing Benefit.

12. Where there is any doubt about whether the provider should authorise a payment, they should consult their LSC contact for advice.

13. Hardship funding does not cover such items as support for expenses for non-employed Employer Responsive learners such as travel, equipment and medical treatment (inoculations) which are dealt with in Annex H of LSC Funding Guidance – Principles Rules and Regulations 2008/09.

Redundancy

14. During 2008/09 it has become apparent that due to the changing economic climate additional support is required for learners who are made redundant during their Apprenticeship.

15. For learners aged 16-18 Hardship Funding may be made available as required to support the learner. These learners, who are now unemployed, should be treated as Programme-led Apprentices and offered the same
support anyone within this group would receive. This includes the expectation that they will apply for EMA and would qualify for the benefits associated with someone within that age group.

16. For learners aged 19-24 Hardship Funding should be made available for a period not exceeding six months for a maximum of £80 per week (based on a 30 hour working week). It is expected that whilst being supported they continue their learning and re-engage in employment or complete their Apprenticeship.

17. It is expected that learners accessing Hardship Funding due to redundancy will move back into employment within six months. The provider should request formal permission from the LSC contact if this limit needs to be extended due to exceptional circumstances.

18. Hardship Funding is not available for Apprentices who start after their 25th birthday.

Use of Hardship Fund

Grants and loans

19. Providers may use the hardship fund to make grants or loans. Grants should be modest amounts that enable a learner to commence or continue participating when otherwise they would be unable to do so. For example, an asylum seeker who is not eligible for EMA and who has no means to purchase lunch when away from their accommodation may require a grant of, say, £3 a day for lunch. Loans, however, may be more appropriate where a learner is experiencing a delay in their EMA application, perhaps through difficulty in accessing proof of household income, and therefore they cannot finalise their EMA application.

Process

20. It is expected that providers will implement a simple process for assessing needs and deciding whether a grant or a loan is the most appropriate approach, based on the following factors:

- The provider assesses the learner’s need, factoring in the eligibility (paragraphs 5-8 above) and scope (paragraphs 9-13 above) of the hardship fund, and decides whether to make a grant or loan, considering the likelihood of repayment and the learner’s circumstances
- The provider and learner sign an agreement specifying the repayment terms of the loan
- The provider pays the learner the agreed amount and repayment is made by the learner in due course
- If the learner fails to repay the loan, the provider must seek to recover it through reasonable recovery procedures (for example, written reminders)
- If the loan is written off, this must be done by a person authorised to do so within the organisation
- The un-recovered loan is then treated as a grant and the LSC will meet the cost.
- Periods of absence should be considered on an individual basis, taking into account the learner’s specific circumstances. It is not intended that the learner is penalised for non-attendance or that there are no sanctions available to a provider. However, where justified, hardship may be continued to be paid to encourage retention and to help a learner over a difficult period of their learning. Providers should cease payment when it can be reasonably expected that the learner would not return to learning following a period of absence.

21. As long as the provider puts reasonable measures in place to recover these loans, the LSC will not seek repayment, although this will reduce the funding available to other learners. However, the LSC may seek repayment if there is evidence that the provider has not managed the loan process appropriately.

22. Providers will be expected to have a documented policy on their application and recovery processes for Hardship Funding and must be able to produce these on request.

Payments and reconciliation

23. Allocations will be made by the LSC to providers in line with need and should be part of negotiations which take place both before and during each contract year. The hardship fund will be administered through the Employer Responsive contract as an extension of Additional Learner Support. The LSC will make an additional allocation to providers under Additional Learner Support to include the hardship fund. Payments will be made monthly in arrears through the Training Provider Statement (TPS), and as follows:
   - The cost of grants will be met in full
   - The costs of loans will only be met where the learner defaults on the loan and the provider’s recovery processes have been exhausted.

Claiming through the Training Provider Statement

24. The cost of grants and loans that are un-recoverable are to be entered onto the TPS by entering the amount in the following Apprenticeship Hardship value boxes:
   - For 16-18 Programme-led Apprentices – TPS box 12
   - For 19-24 Programme-led Apprentices – TPS box 13
25. Providers should ensure that timely claims are made and final claims for 2008/09 should be made before the final data submission for 2008/09 closes. The LSC will not fund claims that relate to 2008/09 expenditure past the final submission date for that year.

Train to Gain and E2E

26. This guidance does not apply to E2E or Train to Gain.

Audit requirements

27. To support their claims to the LSC for reimbursement of hardship payments made to learners, providers will be expected to hold and maintain for audit examination evidence that:

- the learner satisfies the programme eligibility rules and criteria detailed in LSC Funding Guidance - Principles, Rules and Regulations for 2008/09 and LSC Funding Guidance - Learner Eligibility Guidance 2008/09
- the learner was in attendance as agreed in the Contract (paragraph 20), including details of any authorised or unauthorised absence
- there is a need and rationale for a hardship grant or loan, which would include evidence of redundancy as appropriate
- LSC authority was granted in cases referred for LSC decision
- the learner actually received the grant or loan
- the loan is repaid if applicable
- any repayments to the LSC are made.

28. These requirements could be met through naturally occurring evidence and a single simple application and receipt form. Where learners are paid through bank transfer a signature of receipt will not be required.

Further information

29. For further information providers should contact their LSC contact within Regional or Partnership teams who will be able to provide guidance and support.

Paper creator  Nick Chomyk
                   – Senior Funding Policy Development Manager

Date created  January 2009