

Funding Fundamentals: National Adult Education Budget (AEB) policy



What will we be covering today?



Overview of the national Adult Education Budget (AEB)



Key reference documents



Devolution of AEB



ESOL funding

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How do you currently engage with Adult Education Budget (AEB)

ⓘ Start presenting to display the poll results on this slide.

National Adult Education Budget

“ESFA funded AEB aims to engage adults and provide the skills and learning they need to progress into, or within, work; or equip them for an apprenticeship or other learning. It enables more flexible tailored programmes of learning to be made available, which may or may not require a qualification, to help eligible learners engage in learning, build confidence, and/or enhance their welling”

“Providers must have due regard to the skills analysis and priorities of Local Enterprise Partnership(s)”

Where there is an approved local skills improvement plan for the specified area, the relevant provider must have regard to that plan when making decisions about certain English-funded post-16 technical education or training **as in section 1(4)(b) of the Skills and Post-16 Education Act 2022**



National AEB

What it doesn't fund

Apprenticeships

Advanced learner
loans

Prison education

Skills bootcamps

Multiply

Learners resident in
devolved areas

National AEB

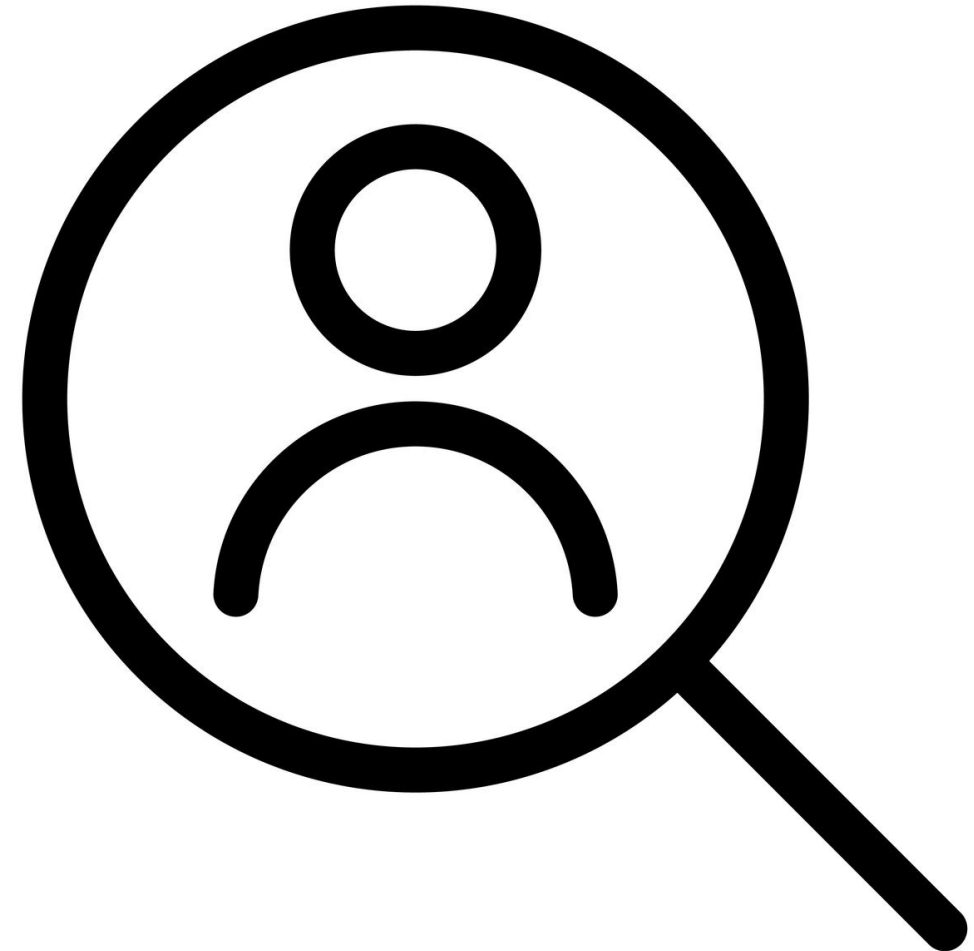
Types of allocation

Allocated (grant funded typically FE colleges and ACL)

Paid on profile

Procured (contract agreement typically ITP)

Paid on actuals



Key information sources 2023-2024



[Adult education budget: funding and performance management rules 2023 to 2024](#)

HTML



[Adult education budget: Level 3 qualifications flow charts](#)

HTML



ESFA Funded Adult Education Budget Funding Rates and Formula 2023 to 2024

Version 2

September 2023

Find a learning aim

Find the latest information on available Qualifications, Standards, Apprenticeships, T Levels and Units.

Database downloads

[View current downloads](#)

Standards will show you information on funding, dates and common components. Qualifications and Units show you funding streams for courses and the last date learners can start. Apprenticeships and T Levels show you pathways, dates, and common components.

Search by **title** or **reference number**

▶ [Search using a wildcard](#)

Type of learning

Academic Year

Version 2

Specification of the Individualised Learner Record for 2023 to 2024

Updated: 11 July 2023,
[Summary of changes](#)
Published: 11 July 2023,

Search the specification

Q Search

Search

[Find a learning aim](#)

[Funding Rates and Formula](#)

[Adult education budget \(AEB\) funding rules 2023 to 2024](#)

[Individualised Learner Record \(ILR\) technical documents, guidance and requirements](#)

AEB provision categories

The DfE says the AEB provision has broadly four categories:

1. Legal entitlements

- English and maths GCSE and functional skills up to Level 2, for those aged 19 and over who have not achieved a GCSE grade 4 (C) or higher, and/or
- First full qualifications at level 2 for those aged 19 to 23, and/or
- First full Level 3 for those aged 19 to 23
- Essential Digital Skills qualifications, and (Digital Functional Skills Qualifications) up to and including level 1, for individuals aged 19 and over, who have digital skills assessed at below Level 1

2. Level 3 Free Courses for Jobs

- For those aged 19 to 23

3. Skills provision for unemployed

4. Community learning for learners furthest from learning or employment

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How do you mainly use your AEB?

ⓘ Start presenting to display the poll results on this slide.

Digital Legal Entitlement

EDSQ and DFSQ

National entitlement to fully fund eligible adults with no or low digital skills to enroll on specified digital qualifications at Entry level and Level 1 since August 2020

Only certain qualifications can be used for the adult legal entitlement

IT User Qualifications have been defunded

Essential Digital Skills qualifications are available at Entry 3 and Level 1 for both adults and 16-19 learners

Digital Functional Skills qualifications available at Entry 3 and Level 1 for both adults and 16-19 learners since August 2023

Local flexibility

“ESFA funded AEB also supports delivery of flexible tailored provision for adults, including qualifications and components of these and/or non-regulated learning, up to level 2 – we call this ‘local flexibility’.

Local flexibility provision either is fully or co-funded, depending on the learner’s age, prior attainment and circumstances.

Where appropriate for the learner, you can deliver local flexibility provision alongside a legal entitlement qualification.”

Legal entitlement & local flexibilities

Qualification No.	Qualification	Funding
60329919	Award in Living and Working in the UK (Entry 3)	£300
60359857	Essential Digital Skills (Entry 3)	£300
6015424X	Award in ESOL Skills for Life (Reading) (Level 1)	£300
60154238	Award in ESOL Skills for Life (Writing) (Entry 3)	£450

Level 3 free courses for jobs offer

“We are offering additional funding through Free Courses for Jobs for adults on their first level 3 qualification (as well as learners who have completed a designated short course through Free Courses for Jobs since April 2021) as defined in the ESFA funded adult education budget funding rules.

From April 2022, this offer has also been available for adults who are unemployed or earning low wages (below the national living wage), even if they hold a full Level 3 qualification or higher. We will fund this learning like we fund other AEB delivery, with the following exceptions:

- learners eligible for this offer can be fully funded; we have changed the validation rules to allow this, for learners who are not already eligible for full-funding
- we will increase the weighted rate by £600 for eligible aims in category code 45 (‘National Skills Fund Level 3 Adult Offer rate 1’) or by £150 for eligible aims in category code 46 (‘National Skills Fund Level 3 Adult Offer rate 2’)

Adult Funding Landscape at level 3

Bootcamps

National Skills Fund

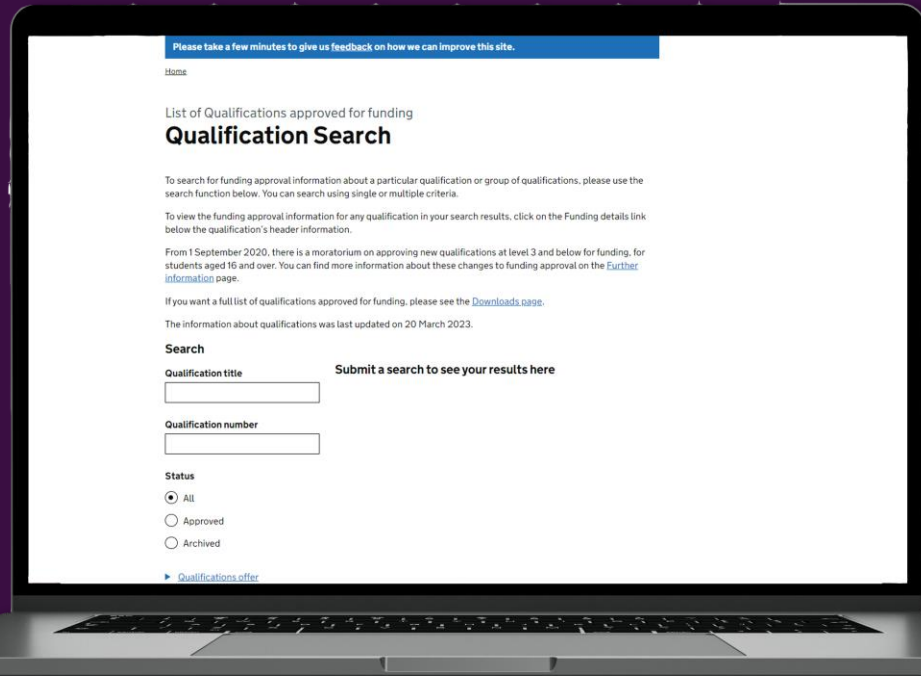
Free courses for jobs

September 2020

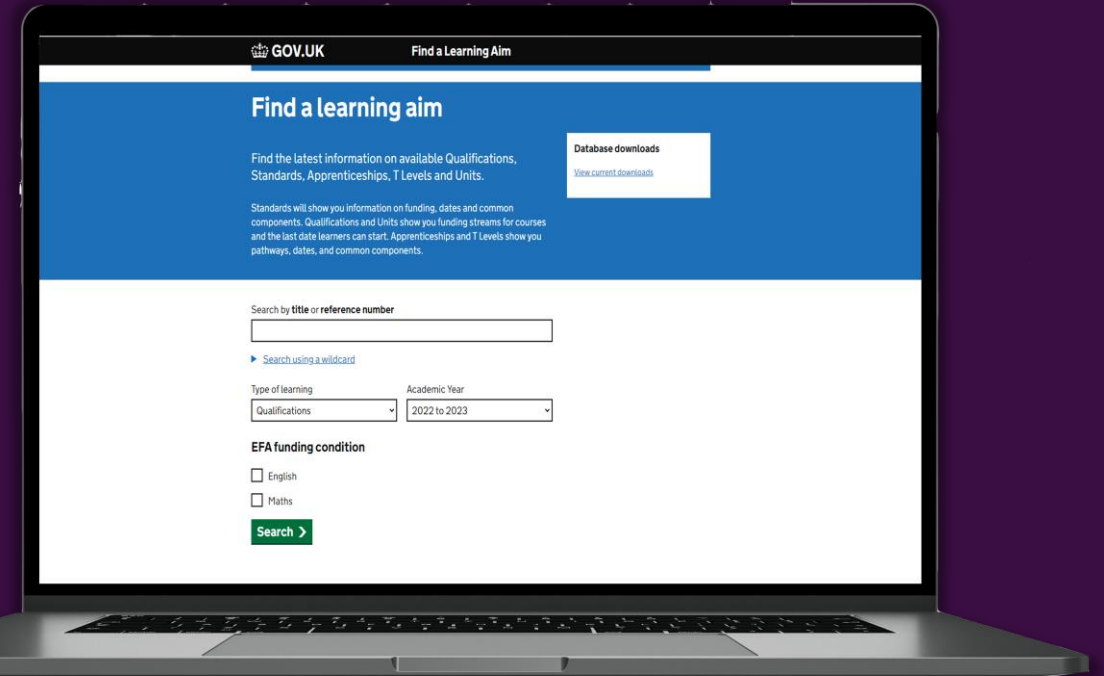
April 2021

April 2022

Methods to search



[Qualification Search - List of Qualifications approved for funding](#)



[Find a learning aim](#)

Unregulated delivery



RARPA



“Where you are not delivering a regulated qualification you must ensure that you have appropriate and robust quality assurance processes in place. For instance ‘Recognising and Recording Progress and Achievement’ (RARPA) that would be acceptable to Office of Standards in Education (Ofsted)”

“This guidance may also be of interest to teachers using RARPA. While it has been developed and tested on provision for learners with learning difficulties, the process may also be used for any learning programmes and groups of learners, although some of the criteria may require minor modification.”

The five stages of RARPA

1. Aims appropriate to an individual learner or groups of learners (clearly stated learning aims)

2. Initial assessment to establish the learner's starting point

3. Identification of appropriately challenging learning objectives:

• initial, renegotiated and revised

4. Recognition and recording of progress and achievement during programme (formative assessment):

teacher feedback to learners, learner reflection, progress reviews

5. End-of-programme learner self-assessment; teacher summative assessment;

review of overall progress and achievement

Changes to AEB funding rules

Main changes since the publication of AEB funding rules 2023 to 2024:

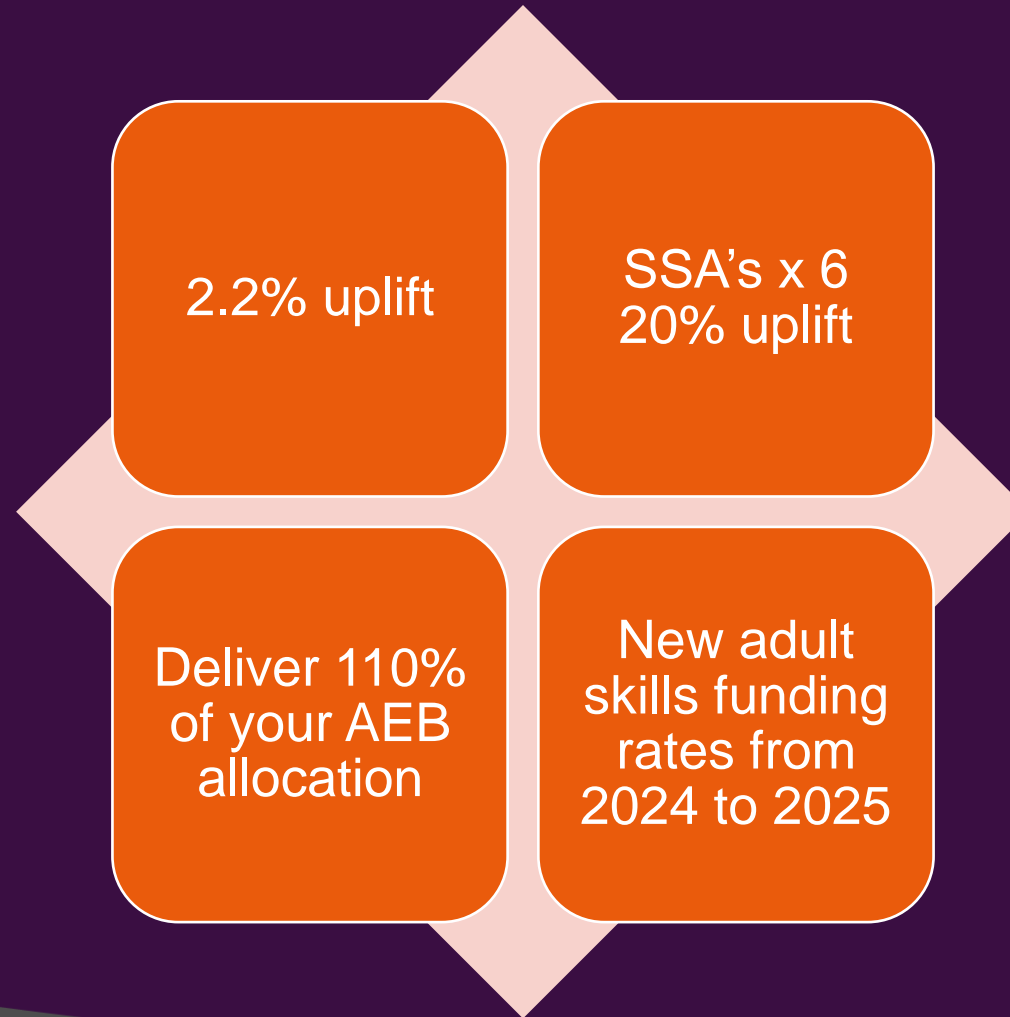
We have updated the level 3 free courses for jobs over delivery threshold from 10% to 50% in both the ESFA funded level 3 free courses for jobs offer (grant), and ESFA funded level 3 free courses for jobs offer contract for services (procured from August 2021 and August 2023) sections

We have added additional clarification regarding individuals with visa status expiry dates of no longer than December 2024

We have added the performance management rules for 2023 to 2024

We have added an extra review for AEB, for small number of grant providers whose allocation for 2023 to 2024 was significantly reduced due to delivery in 2020 to 2021 and 2021 to 2022, and meet the criteria set out in the rules

National AEB key announcements



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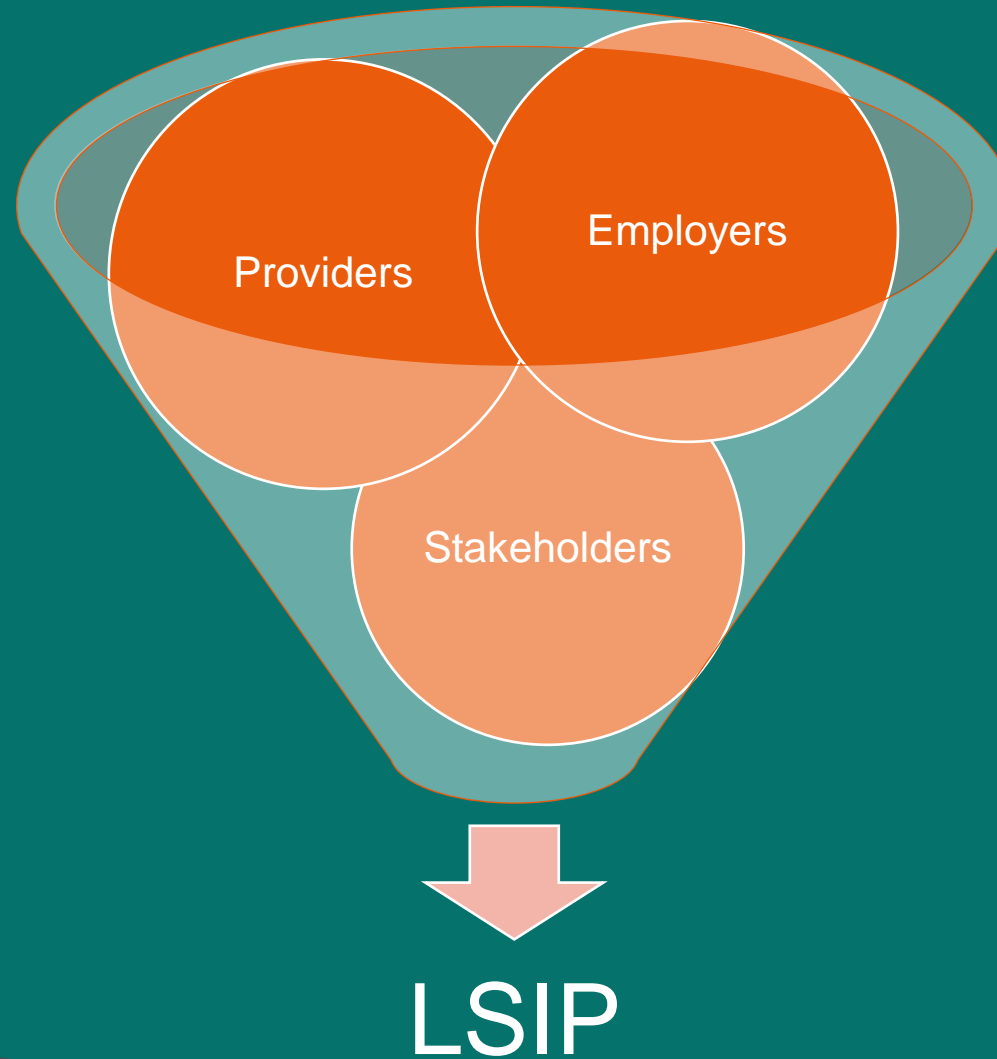
What are your challenges with regard to AEB?

① Start presenting to display the poll results on this slide.

The background of the slide features a financial chart with a grid. A prominent orange line graph trends upwards from left to right. Below it, a bar chart shows alternating red and teal bars. A white circle with an orange border is centered on the left side of the chart, containing the text 'AEB planning'.

AEB planning

Local Skills Improvement Plans (LSIP)



Adult learning programmes:

Inspectors will judge, where appropriate, how well the curriculum, including the wider curriculum, for each strand of a provider's adult learning programme has a clearly defined purpose that is relevant to the education and training needs and interests of learners, and to local employment opportunities, and support local and national priorities.

Intent:

The curriculum offers learners the knowledge and skills that reflect the needs of the local, regional and national context.

College contribution to meeting skills needs:

Inspectors will arrive at one of the following judgements about the college's contribution to meeting skills needs:

The college makes:

- A limited contribution to meeting skills needs
- A reasonable contribution to meeting skills needs
- A strong contribution to meeting skills needs

Eligibility

Learning must take place in England

UK nationals or other person with a right of abode have an eligible residency status if they have been ordinarily resident in the UK, Republic of Ireland, or the British Overseas Territories, or the Crown Dependencies (Channel Islands and Isle of Man) for at least the previous 3 years on the first day of learning

Wide ESFA definition of unemployed

Fully funding people who receive one or more of the following:

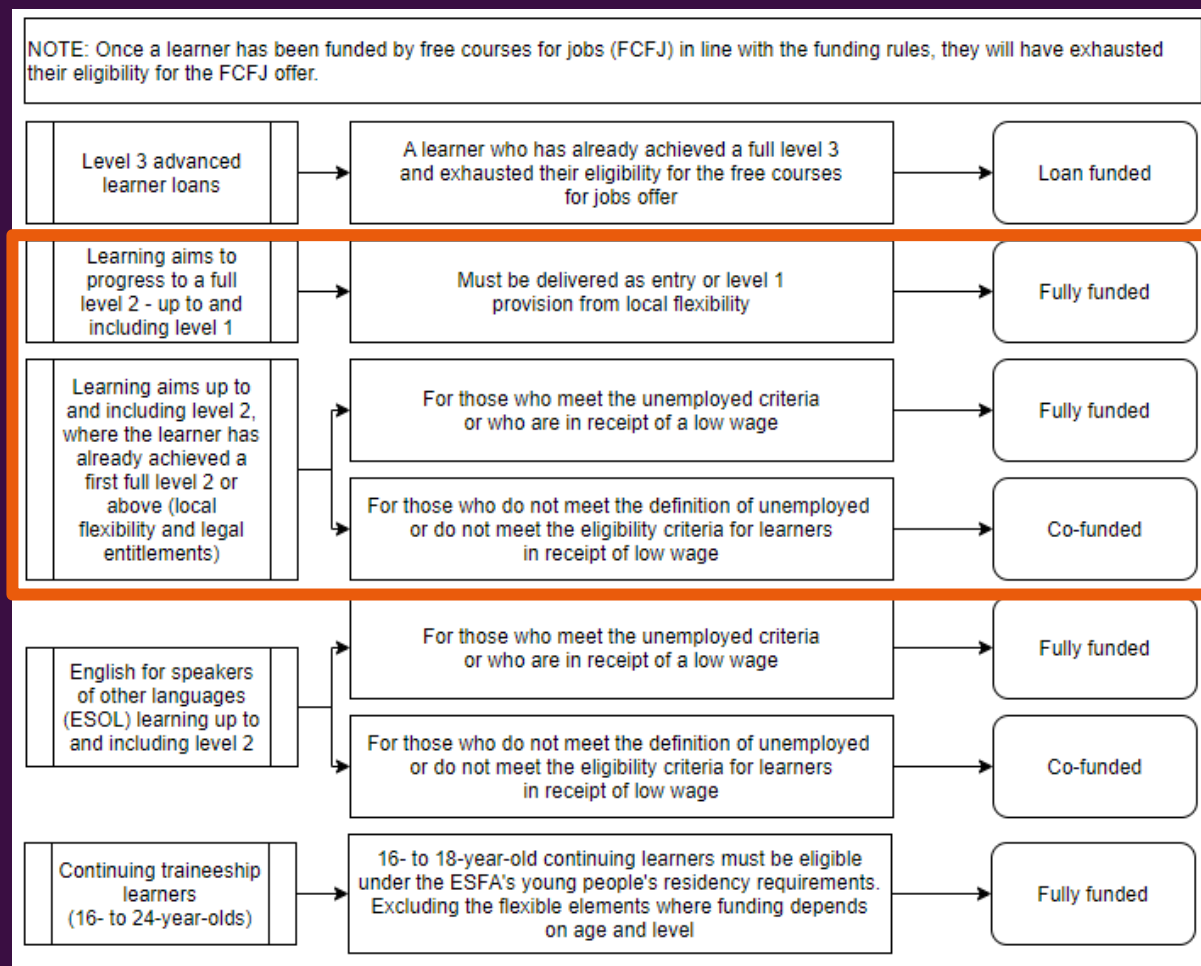
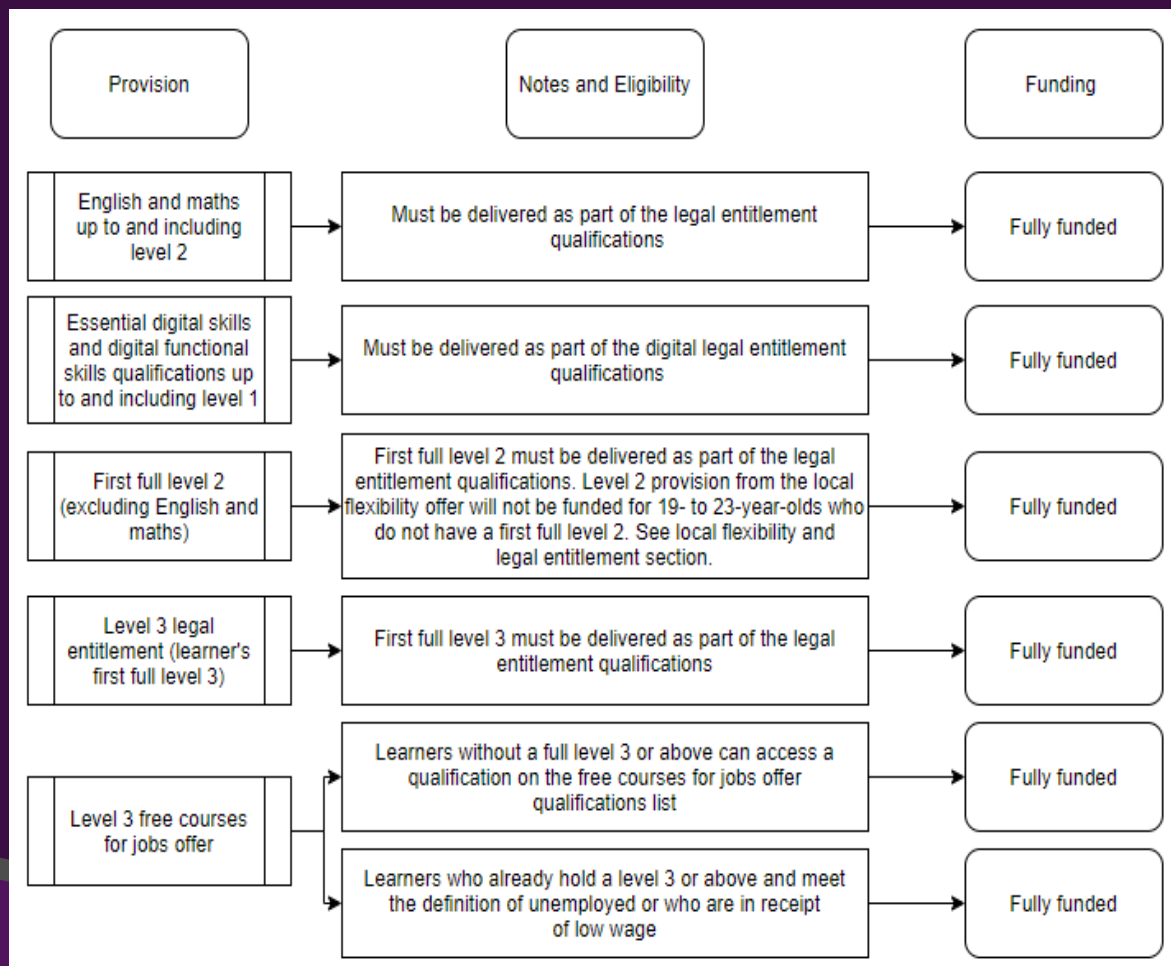
- Jobseekers Allowance, Employment and Support Allowance, Universal Credit or Released on Temporary Licence

“Providers may also use their discretion to fully fund other learners if both of the following apply”:

- Receives other state benefits (not included in the list above) and their take-home pay (disregarding UC payments and other benefits) is less than £617 a month (learner is sole adult in their benefit claim) or £988 a month (learner has a joint benefit claim with their partner), and
- Wants to be employed, or progress into more sustainable employment, you are satisfied identified learning is directly relevant to their employment prospects and the local labour market needs

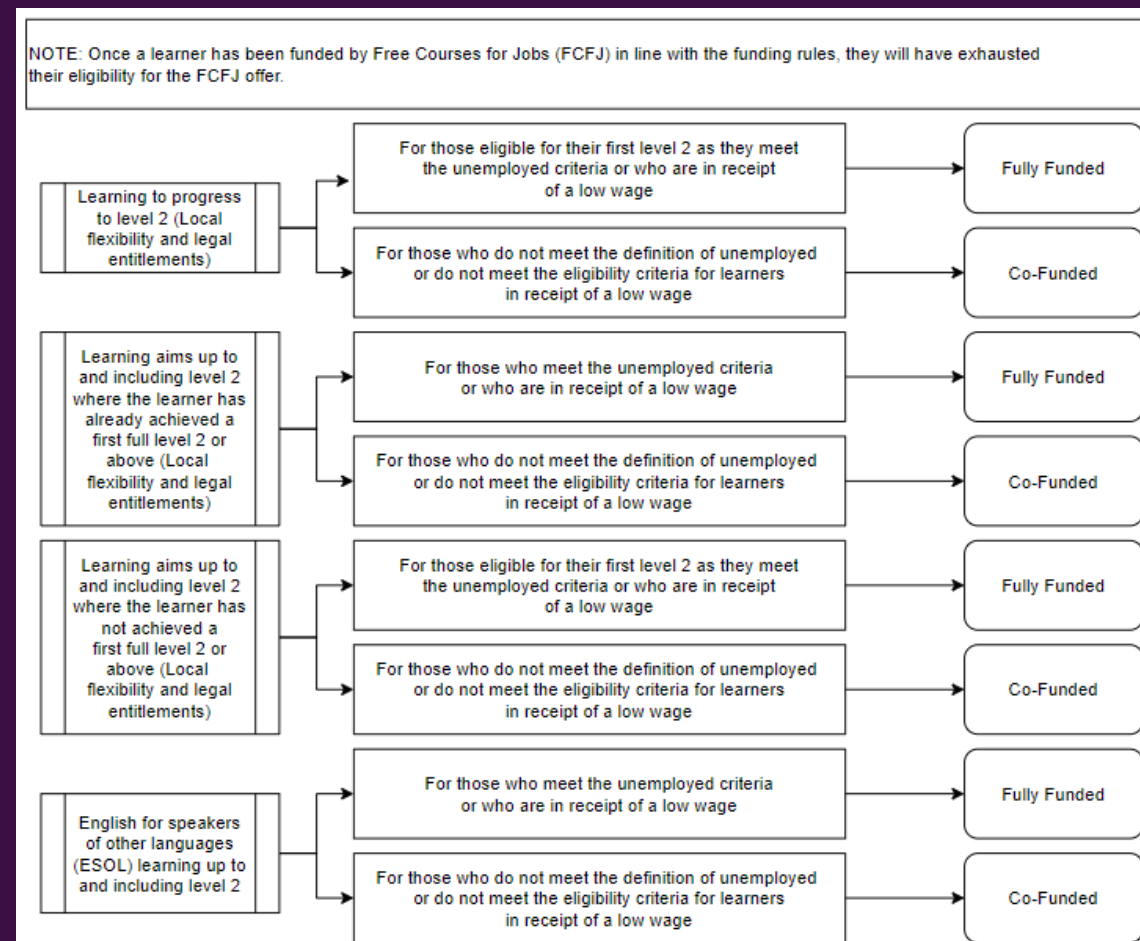
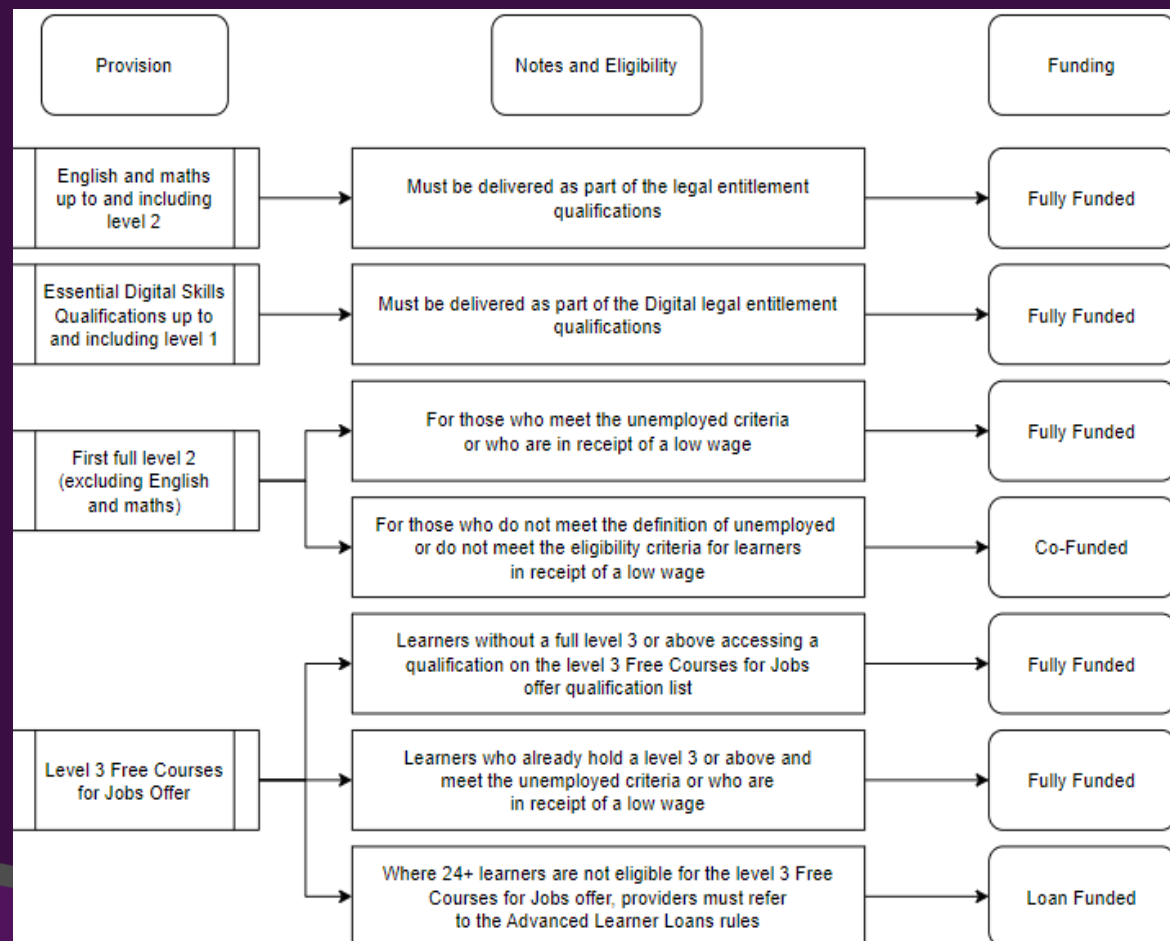
AEB funding flow chart

Learners aged 19 – 23



AEB funding flow chart

Learners aged 24 +

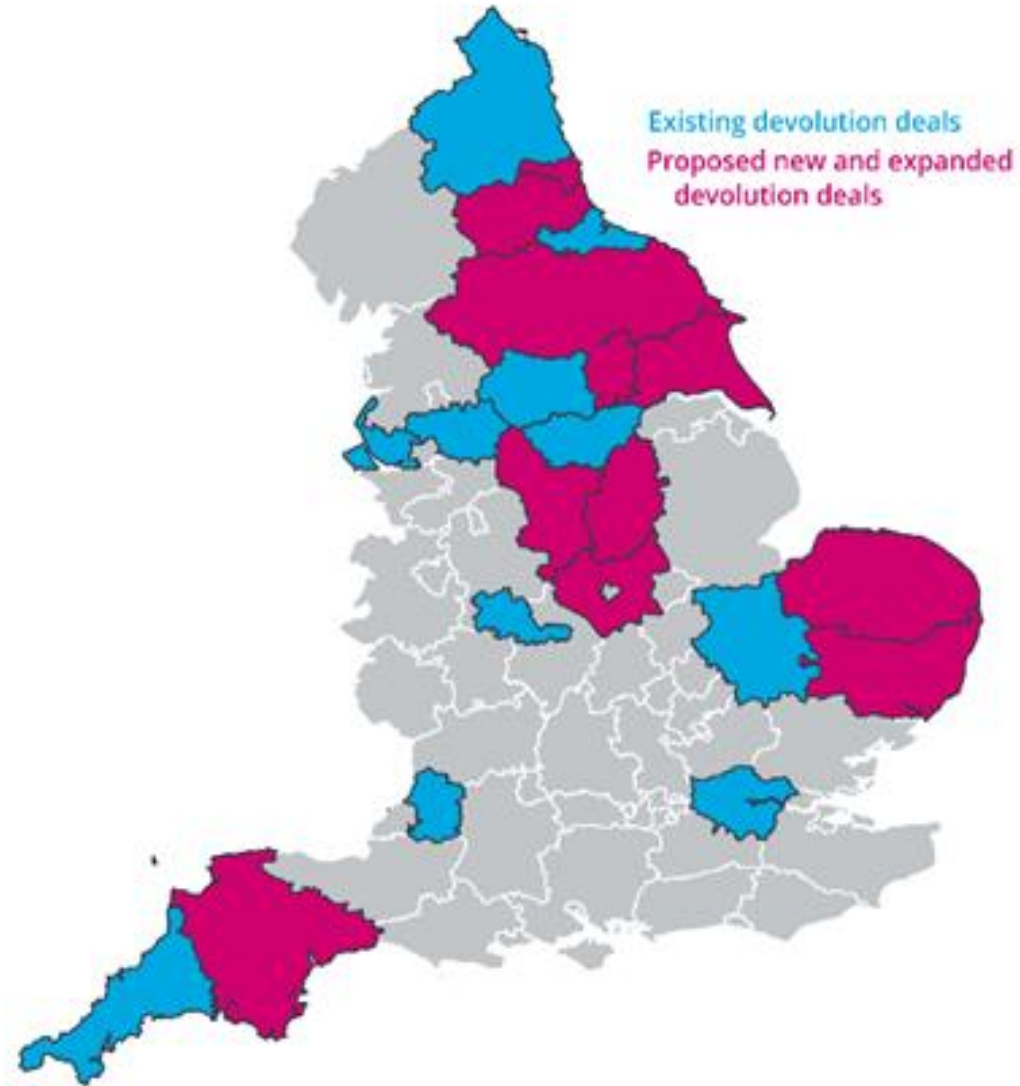


Devolution: what does this mean for us?

Mayoral combined authorities and Greater London Authority (GLA)



Proposed areas for Devolution



Low wage threshold

Region	Threshold
National (non-devolved)	£20,319
North of Tyne	£21,255
South Yorkshire	£21,255
Cambridge & Peterborough	£22,500
Manchester	£23,104 (£31,600 for L3 FCFJ)
West Yorkshire	£23,400
West of England	£23,400
Greater London Authority	£25,642.50
West Midlands	£30,000
Liverpool	£31,600.40
Tees Valley	£33,210

AEB fully funded formula

The base rate and programme weighting form part of a larger formula



PW = Set for each aim based on the Sector Subject Area assigned to the aim. They are A (1), B (1.12), C (1.3), D (1.6) and E (1.72)

DU = Based on learner's home postcode. If in one of the 27% most deprived areas (based on IMD 2019 for 2022/2023) in then the DU is between 1.084 and 1.336

ACU = Based on delivery location, this is a South East weighting which rises the closer the delivery to central London (1.2 max)

Single Activity Matrix (SAM) funding rates

Single Activity Matrix is based around hours

Funding band - hours	Type	A - Base (1 PW)	B - Low (1:12 PW)	C- Medium (1.3 PW)	D- High (1.6 PW)	E ort G Specialist (1.72 or 1.92 PW)
Up to 2	Very Small	£14	£16	£18	£22	£24
3 to 4		£21	£24	£27	£27	£36
5 to 6		£35	£39	£46	£46	£60
7 to 12	Small	£50	£56	£65	£80	£86
13 to 20		£100	£112	£130	£160	£172
21 to 44		£150	£168	£195	£240	£258
45 to 68	Medium	£300	£336	£390	£480	£516
69 to 92		£450	£504	£585	£720	£774
93 to 100		£600	£672	£780	£960	£1,032
101 to 196	Large	£724	£881	£941	£1,159	£1,246
197 to 292		£1,265	£1,417	£1,645	£2,025	£2,176
293 to 388		£1,987	£2,225	£2,583	£3,179	£3,417
380 to 580	Very Large	£2,573	£2,882	£3,345	£4,117	£4,425
581 to 1060		£4,170	£4,670	£5,421	£6,671	£7,172
1061 or more		£6,602	£7,395	£8,583	£10,564	£11,356

Other funding rates

Qualification types	Programme weighting (PW)				
	A – Base (unweighted)	B – Low	C – Medium	D- High	E or G* (Specialist)
GCE AS-level	£724	£811	£941	£1,159	-
GCE A-level	£1,987	£2,225	£2,583	£3,179	-
GCSE	£724	£811	£941	£1,159	-
GCSE short course	£300	£336	£390	£480	-
Functional Skills in English or Maths	£724	-	£941	-	-
Functional Skills in IT	-	£336	-	-	-
Digital functional skills		£336			
Access to HE	£3,022	£3,384	£3,928	£4,835	£5,197

- Annual funding cap of £4,400 for each learner each year, before any weightings
- Learning Support still at a fixed monthly rate of £150

Qualifying period for funding

- A learning aim will only be counted if it is funded, and will only be funded if it is eligible AND passes the qualifying period
- The length of the learning aim is defined by the calendar days (including weeks) between the start date and the end date in the ILR

Length of learning aim	Qualifying period
168 days (24 weeks)	42 days (6 weeks)
14 to 167 days (2 – 24 weeks)	14 days (2 weeks)
Fewer than 14 days (under 2 weeks)	1 day (1 attendance)

- If a learning aim has an actual end date before the qualifying period and is an early completer then the aim is counted and all of the funding is earned
- If a learning aim has an actual end date before the qualifying period and is not completed then the aim is not counted and no funding is earned

AEB co-funded formula

- Funding is reduced by half the unweighted base rate

$$\left(\text{BR} \times \text{PW} \times \text{DU} \times \text{ACU} \right) - \left(\text{BR} \times 0.5 \right) = \text{stack of coins}$$

- The co-funded amount deducted from funding is half the value listed for that learning aim on FALA

Monthly funding instalments

- Funding for each learning aim is paid in monthly instalments according to the start and end dates in the ILR, based on a standard formula.
- On-programme payments are 80% of the weighted co-funded or fully-funded rate and paid monthly (with double in month one). This is paid for the months before their actual end date.
- Achievement payment for remaining 20% paid in the month of the actual end date where the aim is fully achieved.
- For example, a 9 month learning aim with weighted funding of £1000 would be paid across 10 instalments as follows:



Job outcome payment

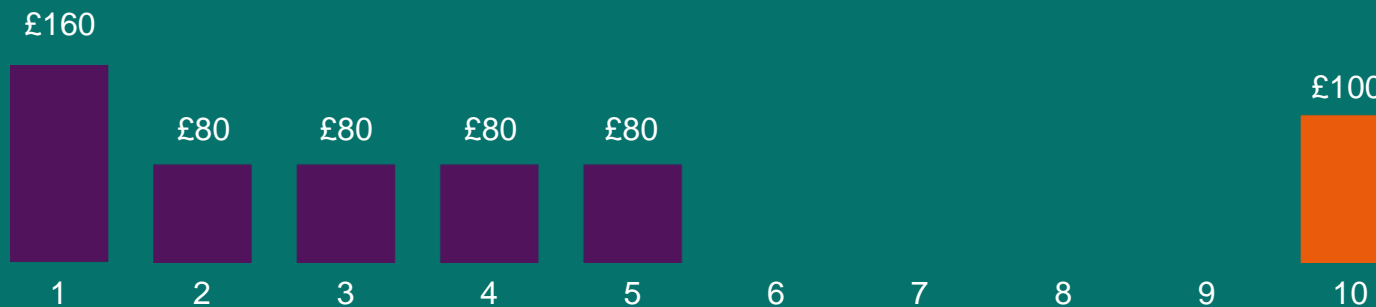
(excluded from achievement rates)

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.

Example: £1000 weighted rate pays £900 across 10 instalments where learner completes, doesn't achieve but is eligible for a job outcome payment



Example: £1000 weighted rate pays £580 across 10 instalments where learner withdraws in month six, but is eligible for a job outcome payment



ESOL



Additional ESOL qualification hours

“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 Provider Support Manual.

Claiming additional ESOL top up

Identify ESOL qualification funding band

Calculate additional delivery hours above the qualification maximum GLH

Refer to single activity matrix and map additional hours delivered against the appropriate funding band (ESOL is programme weighting A)

Overall funding rate is qualification rate + the additional hours top up rate

Example - ILR provider support manual

Learning aim = Award in ESOL Skills for Life: Writing.

90 GLH qualification with a SAM funding rate of £450.

The aim is being delivered in a total of 110 guided learning hours.

Funding band – hours	Activity type	Programme weighting (PW)				
		A - Base (Unweighted)	B – Low	C- Medium	D – High	E or G* (Specialist)
Up to 2	Very Small Provision (1)	£14	£16	£18	£22	£24
3 to 4	Very Small Provision (2)	£21	£24	£27	£34	£36
5 to 6	Very Small Provision (3)	£35	£39	£46	£56	£60
7 to 12	Small Provision (1)	£50	£56	£65	£80	£86
13 to 20	Small Provision (2)	£100	£112	£130	£160	£172
21 to 44	Small Provision (3)	£150	£168	£198	£240	£258
45 to 68	Medium Provision (1)	£300	£336	£390	£480	£516
69 to 92	Medium Provision (2)	£450	£504	£585	£720	£774
93 to 100	Medium Provision (3)	£600	£672	£780	£960	£1,032
101 to 196	Large Provision (1)	£724	£811	£941	£1,159	£1,246

Example - ILR provider support manual

Difference between total GLH and maximum GLH is $110 - 90 = 20$ GLH.

Record 20 GLH in additional delivery hours field; will generate additional £100.

Funding band – hours	Activity type	Programme weighting (PW)				
		A - Base (Unweighted)	B – Low	C- Medium	D – High	E or G* (Specialist)
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101 to 196	Large Provision (1)	£724	£811	£941	£1,159	£1,246

Adult funding

Providers can fund via two routes; Award or Certificate

ESOL Learning Aim	QAN	Value
Award in ESOL Skills for Life - Reading (Entry 1)	60154135	£300
Award in ESOL Skills for Life – Speaking and Listening (Entry 1)	60154147	£600
Award in ESOL Skills for Life – Writing (Entry 1)	60154159	£450
Total Funding		£1350
Certificate in ESOL Skills for Life (Entry 1)	60153520	£1265
Variance		£85

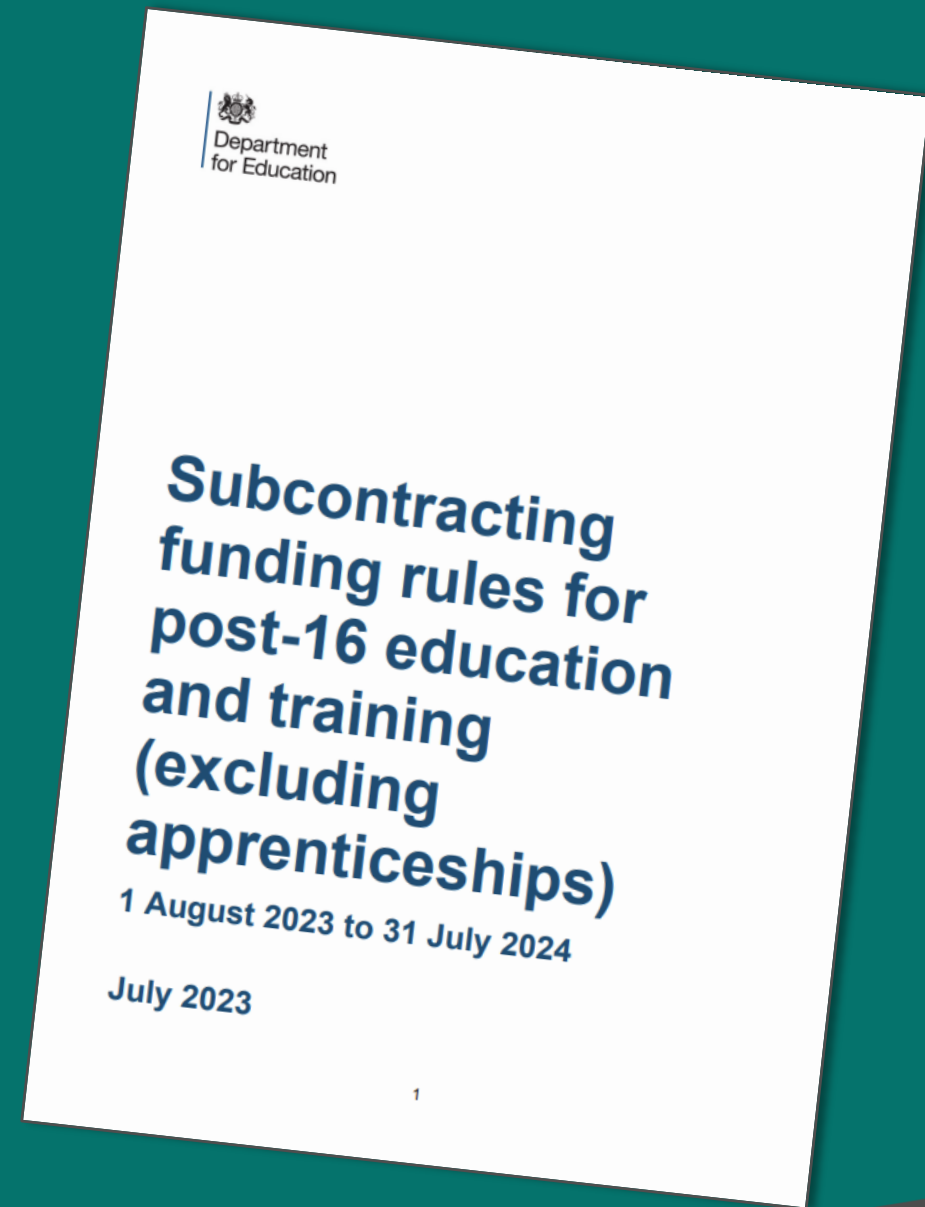
Units vs Full Award

- Delivery of units has a funding advantage over a full certificate
- Where all three units are in the same year a funding adjustment is required
- Audit often finds the adjustment has not been made
- Funding clawback for some providers



Subcontracting

- Written approval from ESFA
- No more than 25% of funding stream subcontracted
- Management fees
- The delivery of all sub-contracted services is the responsibility of the prime
- Must be within normal recruitment area



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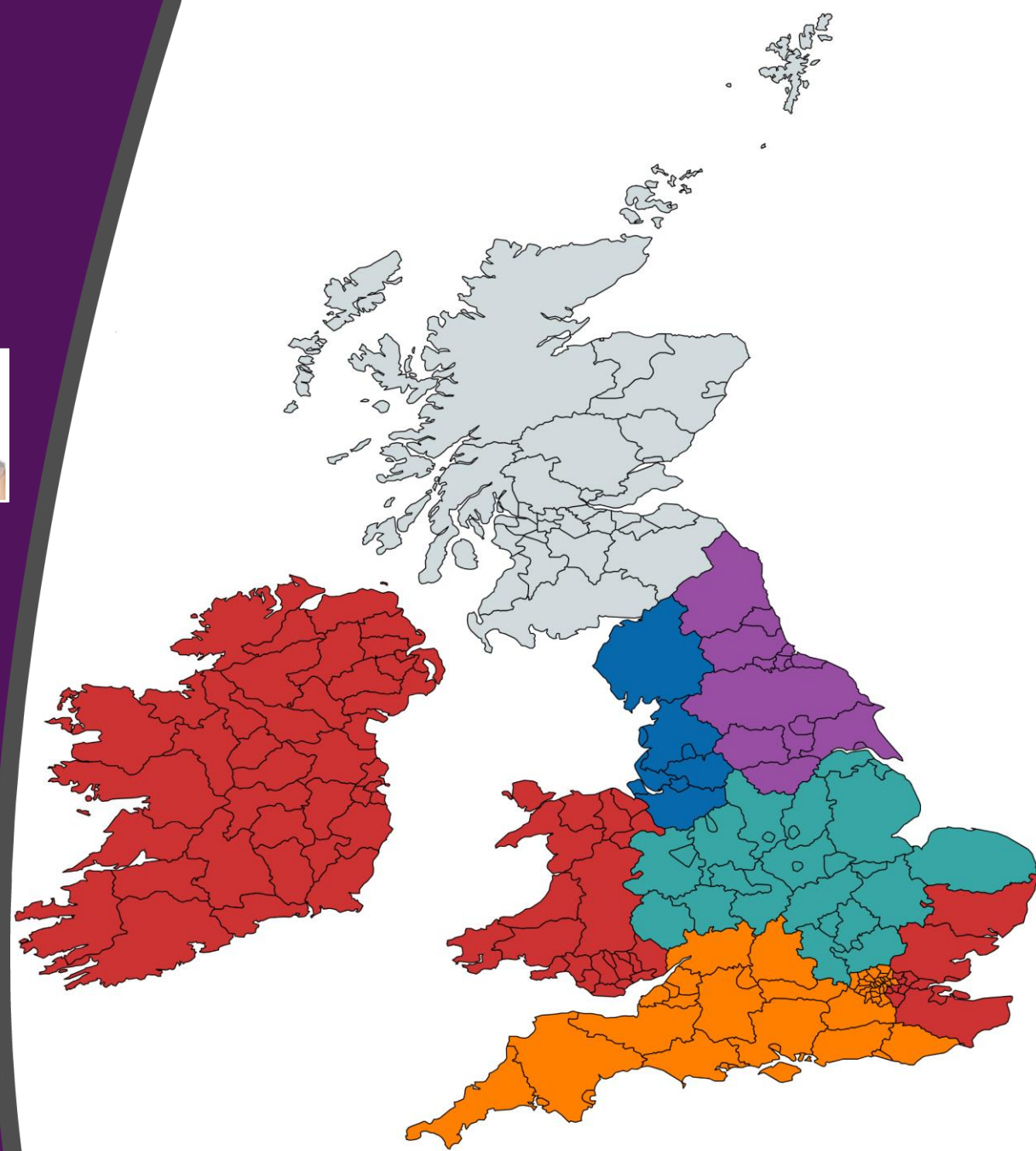
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29th Feb 2024

12:00pm

Funding fundamentals:
National Adult Education Budget
(AEB) policy changes 2024/25

with
Paul Saunders

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21st Mar 2024

12:00pm

Funding fundamentals:
Hints and tips using Funding systems

with
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