AEB funding rules, rates, performance and profiling 2019/20

10:30 start
15:30 finish

Nick Linford
Director at Lsect

LSECT
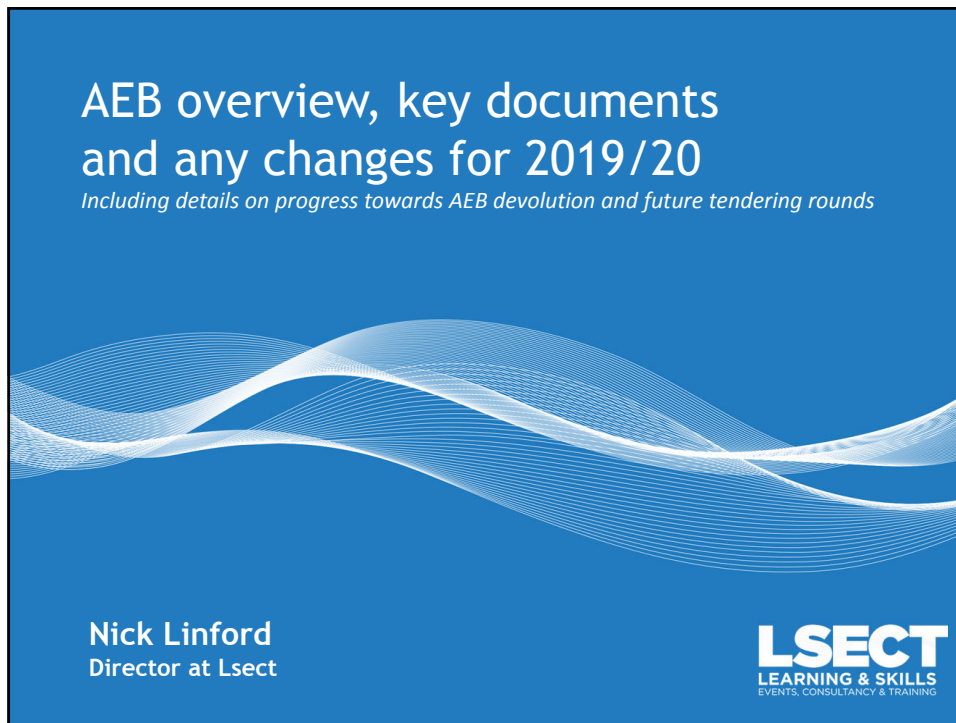**LEARNING & SKILLS**
EVENTS, CONSULTANCY & TRAINING

Agenda (slides will also be emailed to you after the event)

10:30   AEB overview, key documents and changes (incl. devolution)

11:10   Full-funding entitlements, local flexibility, RARPA,
subcontracting rules and navigating complex learner eligibility

11:50   Break for refreshments

12:10   The Single Activity Matrix and full or co-funded funding formula

13:00   Break for lunch

13:50   Profiling monthly full and co-funding and the use of a dynamic
AEB profiling calculator

14:30   AEB performance policies and intervention regime

15:00   The ILR and related data tools for AEB in 2018/19 and 2019/20

15:30   End

AEB overview, key documents and any changes for 2019/20
Including details on progress towards AEB devolution and future tendering rounds

Nick Linford
Director at Lsect

LSECT
LEARNING & SKILLS
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AEB funding pot & purpose (part 1 of 2)

£1.5bn (of which approx. £600m devolved). DfE: "This funding's principal purpose is to engage adults and provide the skills and learning they need to equip them for work, an apprenticeship or further learning."

ESFA also: "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 wellbeing"

But also: "Providers must respond to the priorities set by local commissioners and other stakeholders, for example local enterprise partnerships, relevant mayoral combined authorities and the Greater London Authority"

AEB purpose (part 2 of 2)

The DfE also said AEB provision that it broadly four categories:

1. Legal entitlements
> English and maths GCSE and functional skills up to Level 2 (including as part of a traineeship), for those aged 19 and over who have not achieved a GCSE grade 4-9
> Provision to support progression up to a first full Level 2, or a first full Level 2, for those aged 19 to 23
> First full Level 3 for those aged 19 to 23

2. Skills provision for unemployed

3. Traineeships

4. Community learning for learners furthest from learning or employment

Could you label all your AEB provision this way?

AEB devolution

DfE: "Mayoral Combined Authorities (MCAs) and the Greater London Authority (GLA) will take on more responsibility to deliver quality adult education in their local areas from 2019 to 2020 when adult funding is devolved"

Mayoral combined authorities and Greater London Authority (GLA)

Greater Manchester
Tees Valley
West Midlands
Liverpool City Region
Cambridgeshire and Peterborough
West of England
Greater London Authority

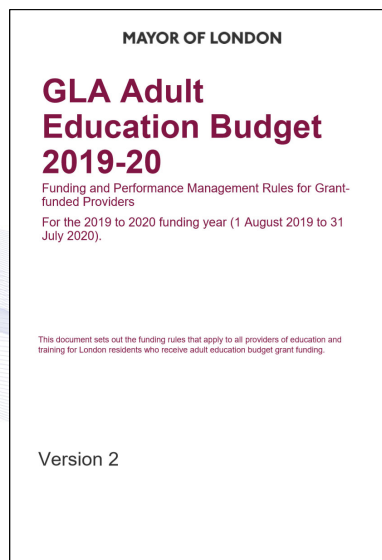North of Tyne and Sheffield City likely for 2020/21

Devolved funding rules

Principles of funding

"These funding rules apply to all learners starting new learning aims on or after 1 August 2019 on the GLA's AEB Grant funded provision.

"You must not transfer funding between your GLA-funded adult education budget and any other education funding you may hold.

"We will review and monitor whether the education and training you provide represents good value for money. If we consider the funding of education and training we have provided is significantly more than the cost, we may reduce the amount of funding we pay after consulting with you."

MAYOR OF LONDON

GLA Adult Education Budget 2019-20

Funding and Performance Management Rules for Grant-funded Providers

For the 2019 to 2020 funding year (1 August 2019 to 31 July 2020).

This document sets out the funding rules that apply to all providers of education and training for London residents who receive adult education budget grant funding.
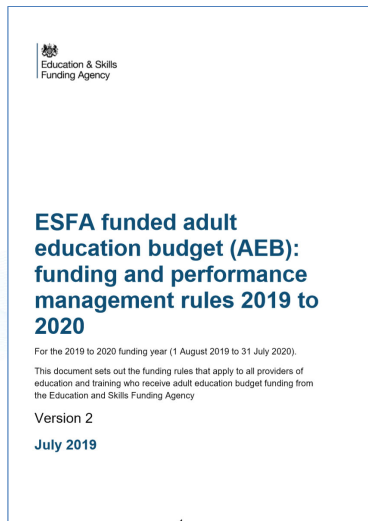
Version 2

Exceptions to devolution

- continuing AEB funded learners in England, including those resident in a devolved authority area, who have not completed their learning by 31 July 2019
- learners resident in England attending providers who meet the specified criteria above and will be funded nationally in 2019 to 2020 and 2020 to 2021
- learners resident in England, including those resident in a devolved authority area, undertaking a 19-24 traineeship programme

Ministers have agreed that for a period of two years (2019 to 2020 and 2020 to 2021) providers that meet the following criteria will be funded nationally:

- qualify for a financial residential uplift for their learning provision, and
- receive more than two thirds of their income from AEB funding, and
- predominantly target the most disadvantaged learners

The devolved authorities will publish their own funding rules that will apply to providers in receipt of devolved adult education budget (AEB) funding, from 1 August 2019, for AEB delivery to residents in their areas. This excludes the 19-24 traineeship programme, 2018 to 2019 continuing learners and learners who attend a provider that will be funded nationally because they meet the criteria above.
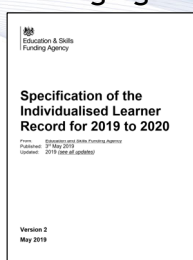
ESFA AEB funding rules for 2020/21 v2

ESFA funded adult education budget (AEB): funding and performance management rules 2019 to 2020

For the 2019 to 2020 funding year (1 August 2019 to 31 July 2020).

This document sets out the funding rules that apply to all providers of education and training who receive adult education budget funding from the Education and Skills Funding Agency

Version 2

July 2019

1

https://www.gov.uk/government/publications/adult-education-budget-aeb-funding-rules-2019-to-2020

"This document forms part of the terms and conditions of funding"

"You must operate within the terms and conditions of the funding agreement, these rules, and the ILR Specification. If you do not, you are in breach of the funding agreement with the ESFA"

Specification of the Individualised Learner Record for 2019 to 2020

From: Education and Skills Funding Agency
Published: 3rd May 2019
Updated: 2019 (see all updates)

Version 2
May 2019

ILR Learning Delivery funding model, code 35 (adult skills) is the focus of today

https://www.gov.uk/government/publications/ilr-specification-validation-rules-and-appendices-2019-to-2020

Summary of main changes

Section	Paragraph	Change
Devolution of adult education functions section and relevant paragraphs in section 1 and 2	Page 5 - this document	We have added a new section to reflect the new legal framework which applies further to the devolution of adult education functions. These funding rules will only apply to learners set out in paragraph 27. We have also added in text to relevant paragraphs in section 1 and section 2.
Principles of funding	24.2 – this document	To make clear you cannot vire funds from your ESFA funded AEB allocation and your 19-24 Traineeships programme funding, where applicable.
	26- this document	To highlight the update policies and guidance about the oversight of providers that were published in April 2019
Residency eligibility	29 – 2018 to 2019 AEB funding rules	We have removed paragraph 30 of the 2018 to 2019 funding rules to eliminate confusion with paragraph 34 of this document.
	36.1 – this document	We have used right of abode and settled status as both have a slightly different meaning and both are relevant to the paragraph. This has been agreed by the Home Office.

List at the end of the funding rules

If you have a specific query on the funding rules, please email the SDE.Servicedesk@education.gov.uk or speak to your provider management manager/advisor.

Non-formula Community Learning (CL) within AEB

- Some AEB funded providers have CL funding listed in Appendix 1 of their allocation

- Typically for local authorities and SDIs (ring-fenced at £210m)

- CL is funding model 10, non-formula funded and not included within achievement rate data (QAR or NARTS)

- Grant funded providers (e.g. LAs) can switch some or all CL to formula funded AEB, but not the other way

- Annex B to funding rules stipulate CL objectives

https://www.gov.uk/government/publications/adult-education-budget-funding-rules-2018-to-2019

Also look out for any relevant ESFA training materials

Education & Skills Funding Agency

Adult Education Budget Residency Calculations

Changes to the calculation and distribution of the adult education budget from 2019 to 2020

Adult education budget (AEB) 2019 to 2020 - residency funding calculations

2,540 views

👍 LIKE   👎 DISLIKE   ➔ SHARE   ≡+ SAVE   ···

https://www.youtube.com/watch?v=s8_oELfEJ_0

Full-funding entitlements, local flexibility, RARPA, subcontracting rules and navigating complex learner eligibility

Nick Linford
Director at Lsect

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Funding eligibility for the learner

In most cases it should be easy to determine eligibility on basis learner being a citizen and resident of a country within the European Economic Area for at least the previous three years on the first day of learning

But can be very complex to determine, even before considering their postcode at start

Residency eligibility	13
Non-EEA citizens	13
Individuals with certain types of immigration status and their family members	14
Asylum seekers	14
Family members of EU and EEA nationals	15
Children of Turkish workers	15
Persons granted stateless leave	16
Individuals who are not eligible for funding	17
Learners in the armed forces	17
Learners temporarily outside of England	17
Learners who live in Wales, Scotland or Northern Ireland	18

Funding eligibility for the course

A course will either be:

1. Ineligible for funding for all or a particular learner, or
2. Eligible for co-funding for all or a particular learner, or
3. Eligible for full-funding for all or a particular learner

For full-funding at level 2 and below, definition of unemployed is:

receiving JSA (incl. NI credits only), ESA in WRAG, Universal Credit and Jobcentre Plus determine as being in All Work-Related Requirements Group, Work Preparation Group or Work-Focused Interview Group

Also, providers can use discretion if learner is receiving other state benefits and earning less than £338 a month (£541 joint claim) and you are "satisfied the learning is directly relevant to their employment prospects and the local labour market needs"

ESFA table of AEB funding contributions by provision type

Provision	19- to 23-year-olds	24+ unemployed	24+ other
English and maths, up to and including level 2 (Must be delivered as part of the legal entitlement)	Fully funded*	Fully funded*	Fully funded*
Level 2 (excluding English and maths) (First full level 2 must be delivered as part of the legal entitlement)	Fully funded* (first and full)	Fully Funded	Co-funded+
Learning to progress to level 2	Fully funded^ (up to and including level 1)	Fully funded	Co-funded+
Level 3 (First full level 3 must be delivered as part of the legal entitlement)	Fully funded* (first and full)	Loan-funded	Loan-funded
	Loan-funded** (previously achieved full level 3 or above)		
Traineeship#	Fully funded (including 16- to 24-year-olds##)	N/A	N/A
English for speakers of other languages (ESOL) learning up to and including level 2	Co-funded+	Fully funded	Co-funded+
	Fully funded – unemployed		
Learning aims up to and including level 2, where the learner has already achieved a first full level 2, or above	Co-funded+	Fully funded	Co-funded+
	Fully funded – unemployed		
Learning aims up to and including level 2, where the learner has not achieved a first full level 2, or above	N/A	Fully Funded	Co-funded+

*Must be delivered as one of the English and maths, and/or first full level 2 or first full level 3 qualifications required as part of the legal entitlements.
^Must be delivered as entry or level one provision from local flexibility.
Excludes flexible element where funding depends on age and level.
16- to 18-year-old learners must be eligible under the ESFA's young people's residency requirements.
** Availability of loans at level 3 does not replace the legal entitlement to full funding for learners aged 19 to 23 undertaking their first full level 3.
+ Low wage flexibility may apply, refer to paragraph 158.

Low wage full-funding was new in 2018/19: subtle but important differences

Learners in receipt of low wage

147. You may fully fund learners who are employed, or self-employed, and would normally be co-funded. You must be satisfied the learner meets both of the following:

   147.1   is eligible for co-funding; and

   147.2   earns less than the London Living Wage as an annual gross salary on the date of the learner's learning start date. Learners will be deemed to earn less than the London Living Wage as an annual gross salary if they earn less than the hourly London Living Wage at that point in time, multiplied by 37.5 (hours per week), multiplied by 52 (weeks per year). Based on the 2018/19 London Living Wage, this would be £20,572, but AEB Procured providers will need to check the updated rates each year.

148. You must have seen evidence of the learner's gross annual wages in these circumstances. This could be a wage slip or a Universal Credit Statement within 3 months of the learner's learning start date, or a current employment contract which states gross monthly/annual wages. Please note this is not an exhaustive list but must support your decision to award full funding to an individual who would normally be eligible for co-funding.

149. You must use DAM code 010, FFI code 2 and the appropriate Other Funding Adjustment factor that we provide to you, to claim full funding for learners who meet the requirements set out in paragraph 147.

London AEB maximum £20,572

ILR 'Other Funding Adjustment factor' used

Learners in receipt of low wage

158. You may fully fund learners who are employed, or self-employed, and would normally be co-funded for provision, up to and including level 2. You must be satisfied the learner is both:

   158.1. eligible for co-funding, and

   158.2. earns less than £16,009.50 annual gross salary

159. You must have seen evidence of the learner's gross annual wages in these circumstances. This could be a wage slip or a Universal Credit statement within 3 months of the learner's learning start date, or a current employment contract which states gross monthly / annual wages. Please note this is not an exhaustive list, but you must evidence your decision to award full funding to an individual who would normally be eligible for co-funding.

160. You must use LDM code 363 and FFI code 1 to claim full funding for learners who meet the requirements set out in paragraph 158.
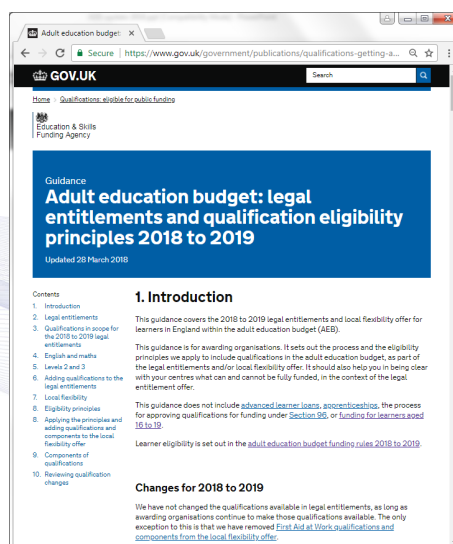
ESFA AEB maximum £16,009.50

Legal entitlements (1 of 2)

The AEB entitlements allow learners aged:

• 19 to 23 to be fully-funded if they study for a qualification at level 2 and/or level 3 that has not already attained a full level 2 and/or level 3

• 19 and over, who have not previously attained a GCSE grade C/grade 4 or higher, to be fully-funded if they study for a qualification in English or maths, up to and including level 2

https://www.gov.uk/government/publications/qualifications-getting-approval-for-funding/legal-entitlements-and-qualification-eligibility-principles-within-in-the-adult-education-budget

Legal entitlements (2 of 2)

"We will update the level 2 and level 3 legal entitlements offer when the Department for Education (DfE) updates the performance tables every quarter."
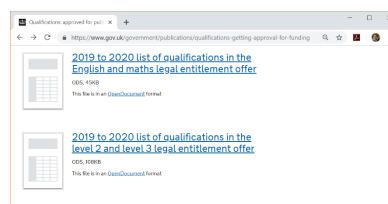
"We have published a list of level 2 and level 3 legal entitlement qualifications. You will also be able to identify qualifications that are part of the level 2 and 3 entitlements in LARs using the following categories: Legal Entitlement – Level 2 only for Legal Entitlement at Level 3"
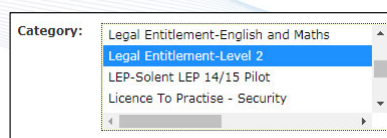
"You must not charge any course fees."

https://www.gov.uk/government/publications/qualifications-getting-approval-for-funding

Local flexibility (1 of 2)

"Local flexibility is tailored provision for adults. It includes regulated qualifications and their components (units), and/or non-regulated learning, from entry level to level 2."

"Within local flexibility, there is also the facility for colleges and training organisations to select to deliver non-regulated learning. We only require delivery of a qualification where a learner exercises their legal entitlement, to a first full level 2 or first full level 3 and/or English and maths."

"For 2018/2019, we have removed First Aid at Work qualifications and components from the local flexibility offer within the AEB. This is because these qualifications are now all at level 3, and local flexibility only covers learning up to and including level 2."

Local flexibility (2 of 2)
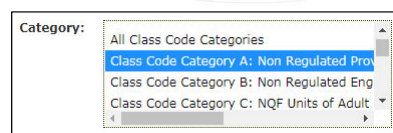
Two types of local flexibility:

1. Qualifications and components/units learning aim must be in the 'Local Flexibility' category.

Category:	Loans length (not Tech Levels 2017/EYE)
	Local Enterprise Partnership Initiatives
	Local Flexibility
	Only for Legal Entitlement at Level 3
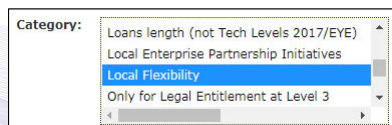
2. Non-regulated learning aims must be Category A

E.g. Z0001543 for "Non regulated Adult skills formula funded provision, Entry Level, Preparation for Work, 101 to 196 hrs, PW A"

Or Category B for English, ESOL and maths

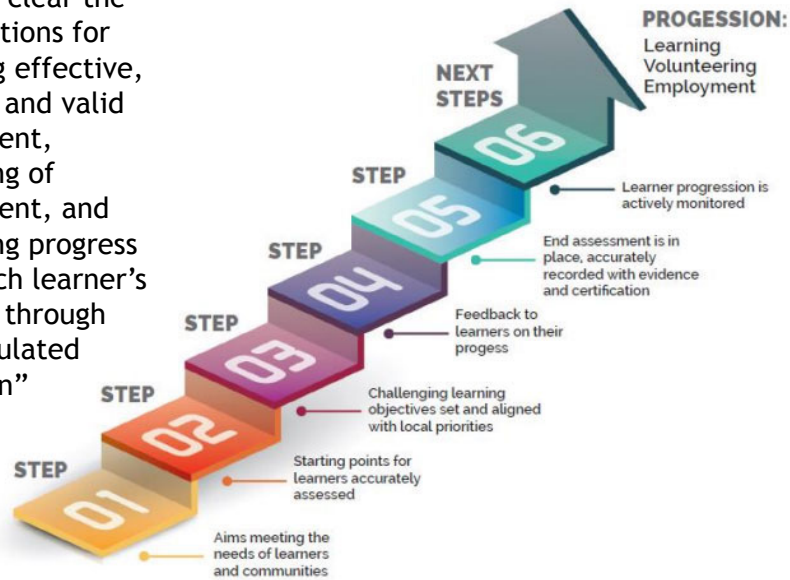| Category:	All Class Code Categories
	Class Code Category A: Non Regulated Prov
	Class Code Category B: Non Regulated Eng
	Class Code Category C: NQF Units of Adult

Recognising and Recording Progress and Achievement (RARPA)

For legitimately recording whether a learner passed a course that doesn't have a qualification ('non-regulated')

http://www.learningandwork.org.uk/resource/updated-rarpa-guidance-and-case-studies/
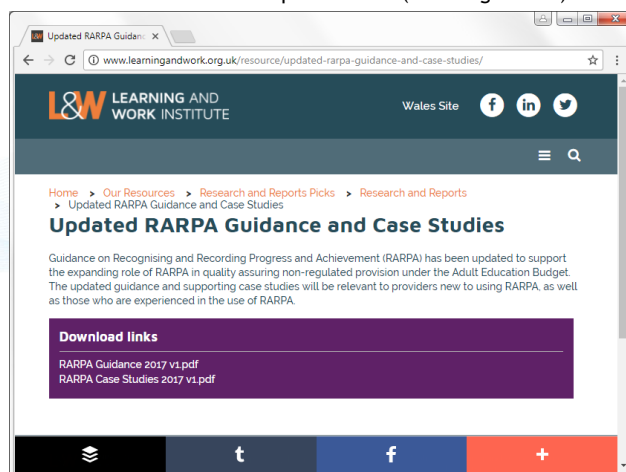
"The RARPA process sets out clear the expectations for ensuring effective, reliable and valid assessment, recording of assessment, and capturing progress over each learner's journey through non-regulated provision"

http://www.learningandwork.org.uk/resource/updated-rarpa-guidance-and-case-studies/

Subcontracting

83.   Your governing body or board of directors and your accounting officer (senior responsible person) must agree your policy for delivery subcontracting. This policy must set out your reasons for subcontracting and that all your delivery subcontracting meets your strategic aims and enhances the quality of your learner offer. You must be able to confirm this by way of evidence, such as minutes of meetings and/or written sign-off. The minimum content for your policy for delivery subcontracting is set out in paragraph 115.

84.   You must publish your policy for delivery subcontracting on your website.

85.   You must not subcontract for delivery to meet short-term funding objectives.

Subcontracting changes (ESFA only)

105. You must include in your contract with each delivery subcontractor:

105.1. reference to your delivery subcontracting policy and where it can be found on your website

105.2. your reason for subcontracting with them

105.3. a list of all services you will provide to them and the associated costs for doing so. This must include a list of individually itemised, specific costs for managing the subcontractor, specific costs for quality monitoring activities and specific costs for any other support activities offered by you to the subcontractor

105.4. a description of how each specific cost is reasonable and proportionate to delivery of the subcontracted teaching or learning and how each cost contributes to delivering high quality learning

Already been some ESFA back-tracking

"ESFA recognises that subcontracting has an important role to play in delivering quality learning to apprentices and adult learners. In recent years, we have strengthened our funding rules on subcontracting and we are continuing to do so. We expect providers to maximise the amount of funding that reaches front line delivery of high-quality learning."

ESFA will, ready for delivery from 1 August 2019:

- revise funding rules and associated compliance measures to incorporate the requirements set out above
- implement a risk-based approach for monitoring these rules
- impose compliance measures when appropriate

These expectations will be reviewed in 18 months.

The implementation of the revisions to the AEB and apprenticeship funding rules will apply to new learner, or apprentice starts from 1 August 2019. We realise there should be an implementation period to allow providers to adjust to the changes and to revise their contracts with their subcontractors. The implementation period of the revised rules will apply as follows:

- From 1 August 2019 for new learner and apprentice starts where a new subcontract is yet to be agreed and entered into, and
- By 30 November 2019 for new learner and apprentice starts where revised subcontracts are required

This means that from 1 December 2019, these revised subcontracting rules apply to all new learner or apprentice starts

https://www.gov.uk/guidance/apprenticeship-funding-rules

Subcontracting requirements (GLA example)

105. As a minimum, you must include the following in your delivery subcontracting funding retention policy:

    105.1   your reason for subcontracting;

    105.2   your contribution to improving your and your delivery subcontractor's quality of teaching and learning;

    105.3   the typical percentage range of funding you retain to manage delivery subcontractors, and how you calculate this range. We will consider a retention of up to 20% of funding to manage delivery subcontractors as a maximum cap and would not expect providers to retain more than this. In exceptional cases, we will consider higher retention amounts and then only if there is a compelling rationale. This will be assessed on a case-by-case basis;

    105.4   any support delivery subcontractors will receive in return for the fee you charge;

    105.5   any oversight and management of delivery which you will carry out with the funding you retain;

    105.6   if appropriate, the reason for any differences in retention amounts or support provided to and management and oversight of different delivery subcontractors;

    105.7   payment terms between you and your delivery subcontractors; the timing of payments in relation to delivery and timescale for paying invoices and claims for funding received;
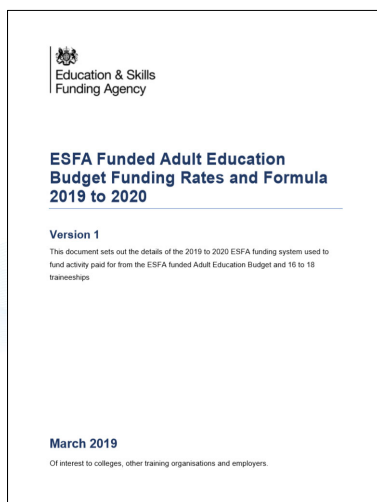
The Single Activity Matrix and full or co-funded funding formula

Including tips on finding AEB funding efficiencies, devising fee policies as well as drawing down non-standard funding, such as for ESOL and traineeships

Nick Linford
Director at Lsect

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Funding rates and formula

ESFA Funded Adult Education
Budget Funding Rates and Formula
2019 to 2020

Version 1

This document sets out the details of the 2019 to 2020 ESFA funding system used to
fund activity paid for from the ESFA funded Adult Education Budget and 16 to 18
traineeships

March 2019

Of interest to colleges, other training organisations and employers.

"This document sets out the principles and features of our funding system for the 2019 to 2020 funding year (1 August to 31 July) for ESFA funded Adult Education Budget (AEB) delivery. We may make changes to these principles and features during the funding year"

"There are no changes to how we set funding rates or the funding calculation in the funding year 2019 to 2020"

https://www.gov.uk/government/publications/adult-education-budget-
aeb-funding-rates-and-formula-2019-to-2020

AEB fully funded formula

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

$$BR \times PW \times DU \times ACU = Funding$$

Base rate   Programme weighting   Disadvantage uplift   Area cost uplift   Funding

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 2015 in 17/18) 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)

The base rate for the relevant learning aim comes via single activity matrix (SAM)

Funding bands - hours	Type	Base rate (1 PW)	Low rate (1.12 PW)	Medium rate (1.3 PW)	High rate (1.6 PW)	Specialist rate (1.72)*
Up to 2		£14	£16	£18	£22	£24
3 to 4	Very small	£21	£24	£27	£27	£36
5 to 6		£35	£39	£46	£46	£60
7 to 12		£50	£56	£65	£80	£86
13 to 20	Small	£100	£112	£130	£160	£172
21 to 44		£150	£168	£195	£240	£258
45 to 68		£300	£336	£390	£480	£516
69 to 92	Medium	£450	£504	£585	£720	£774
93 to 100		£600	£672	£780	£960	£1,032
101 to 196		£724	£811	£941	£1,159	£1,246
197 to 292	Large	£1,265	£1,417	£1,645	£2,025	£2,176
293 to 388		£1,987	£2,225	£2,583	£3,179	£3,417
389 to 580		£2,573	£2,882	£3,345	£4,117	£4,425
581 to 1060	Very large	£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 (unchanged from 2016/17)

Qualification type	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	-	-	-
Access to HE	£3,022	£3,384	£3,928	£4,835	£5,197

BUT ALWAYS CHECK LARS

The single work-placement and work-preparation rate for traineeships of £970

Annual funding cap of £4,400 for each learner each year, before any weightings

Learning Support a fixed monthly rate of £150

Finding a fundable qualification base rate on LARs

Category will confirm if part of legal entitlement

Weighted and unweighted base rate listed

Check dates

'Matrix' category for AEB

https://hub.fasst.org.uk/Learning%20Aims/Pages/default.aspx

Finding a non-qualification (non-regulated) base rate on LARs

Non-regulated learning aims identify the level, sector subject area and SAMs funding hour band

E.g. Z0001543 for "Non regulated Adult skills formula funded provision, Entry Level, Preparation for Work, 101 to 196 hrs, PW A"

Use the category additional filter to help find category A where it isn't English, Maths or ESOL or category B where it is

Appendix H for the ILR 2017/18 explains how these and other learning aim class codes are to be used.

https://hub.fasst.org.uk/Learning%20Aims/Pages/default.aspx

Example of how bands are efficiency steps

Very small and small aim rates

Most efficient at start of a step (e.g. 21 hours)

Funding band hours

Funding per SAM hour

£5.34 average
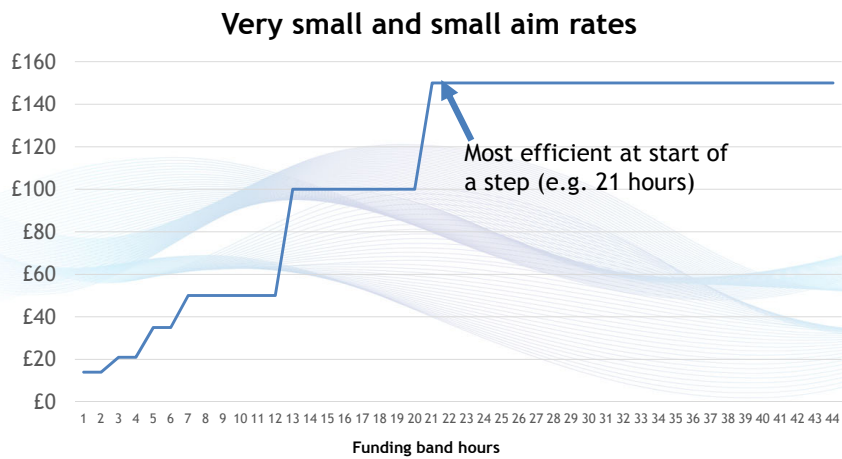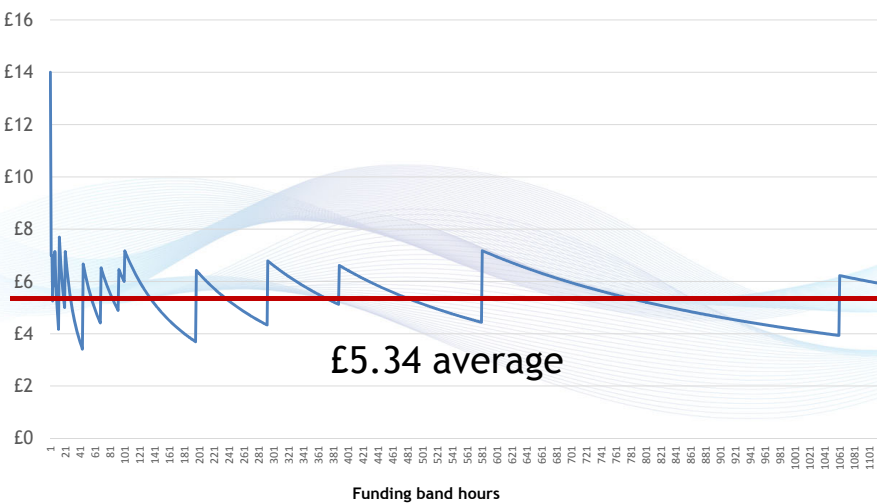
Funding band hours

SAM high and low efficiency points

Funding band hours	Rate	Bottom of band per hour £	Top of band per hour £	Value of extra hour at boundary
Up to 2	£14	£14.00	£7.00	£7
3 to 4	£21	£7.00	£5.25	£14
5 to 6	£35	£7.00	£5.83	£15
7 to 12	£50	£7.14	£4.17	£50
13 to 20	£100	£7.69	£5.00	£50
21 to 44	£150	£7.14	£3.41	£150
45 to 68	£300	£6.67	£4.41	£150
69 to 92	£450	£6.52	£4.89	£150
93 to 100	£600	£6.45	£6.00	£124
101 to 196	£724	£7.17	£3.69	£541
197 to 292	£1,265	£6.42	£4.33	£722
293 to 388	£1,987	£6.78	£5.12	£586
389 to 580	£2,573	£6.61	£4.44	£1,597
581 to 1060	£4,170	£7.18	£3.93	£2,432
1061 or more	£6,602	£6.22	-	-

AEB co-funded formula

Funding is reduced by half the unweighted base rate

$$(\text{BR} \times \text{PW} \times \text{DU} \times \text{ACU}) - (\text{BR} \times 0.5) =$$

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

So if you choose to set fees on this level, it is the same for that base rate for all learners across England

Special top-up funding for ESOL

If you deliver more hours for an ESOL qualification than the top of a SAMs hour band you can be funded for the extra

E.g. You deliver 60 hours, on a qualification in band 21 to 44 hours (£150). So you can top up 16 hours.

In the ILR you record 16 hours in the 'Additional delivery hours' field

16 hours is in band 13 to 20 hours (£100), so the funding software makes the base rate £250 for your 60 hour course (£150 learning aim + £100 top-up)

Traineeship funding example

Using likely scenario (10 week traineeship)

Very different funding between study programmes and AEB

Activity	Total hours	Learning aim	Learning aim title	16-18 unweighted funding	19-24 unweighted funding
Induction and work preparation 2 weeks (5hrs x 5 days)	50	Z0003511 (no funding as must be in LARs category 'Work Preparation – SFA Traineeships')	Non regulated SFA formula funded provision, Level 1, Preparation for Work, 45 to 68 hrs, PW A	314 hours so in the 280-359 band	£970 (always, regardless of hours)
Work placement (28hrs x 8 weeks)	224	Z0007837 (LARs category I and always £970)	Work placement (200 - 499 hours)		
Maths (2.5hrs x 8 weeks)	20	50123257	L1 Functional Skills in Mathematics		£724
English (2.5hrs x 8 weeks)	20	50116605	L2 Functional Skills in English		£724

Example shows only base rates (excludes learner and provider specific weightings for disadvantage and area cost)

£2,133   **£2,418**

Profiling monthly full and co-funding
Including an editable Excel version of the dynamic AEB profiling calculator which will be shared with delegates

Nick Linford
Director at Lsect

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Qualifying period for funding

An 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 and 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 and actual end date before the qualifying period and is not completed then the aim is not counted and no funding is earned

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- or full-funding 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:
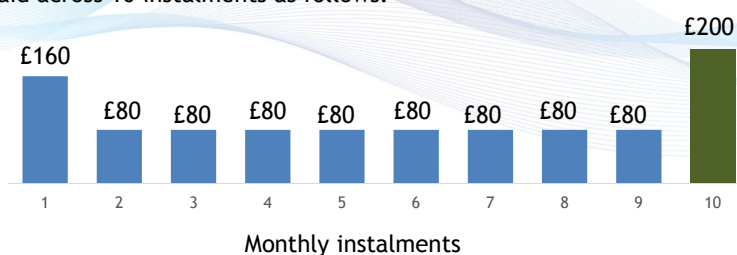
Job outcome payment (1 of 2)

234.   For fully funded learners who are unemployed (including traineeships), we will pay 50% of the achievement payment if they start a job before achieving the learning aim. If the learner then achieves the learning aim, we will pay the remaining achievement payment. The following conditions apply:

234.1. the learner must provide you with evidence through a declaration, that they have a job for at least 16 hours or more a week for four consecutive weeks

234.2. where the learner was claiming benefits relating to unemployment they must also declare that they have stopped claiming these

Learning delivery employment outcome code 1 or 2 in the ILR to claim the payment, and enrolment would be excluded from achievement rates

Para 240: https://www.gov.uk/government/publications/adult-education-budget-funding-rules-2018-to-2019

Job outcome payment (2 of 2)

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

Dynamic profiling your AEB...

See demo

Calculator will be shared with delegates via email

Key planning factors to remember

> It is a per enrolment funding system (so larger classes usually mean more efficiency)

> In-year funding methodology (such as disadvantage uplift) makes for fair income and expenditure models, but use averages when planning

> Not every enrolment will be funded as a start and not every start will complete or achieve

> Curriculum plans need monitoring and adjustment within academic and ESFA financial year constraints

AEB performance policies and intervention regime

Including the calculation of retention, pass and achievement rates as well as minimum standards

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Director at Lsect

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Performance management of AEB (1 of 2)

"The funding agreements for AEB grant allocations and AEB contract for services remain separate with different payment and performance-management arrangements. You cannot vire funds between the two."

Increases to your adult education budget contract value

331. We reviewed ESFA funded adult education budget allocations in May 2019 using 2018 to 2019 data and increased allocations for providers with significant performance increases.

332. We have committed to fund over-delivery of up to 3% for all providers (subject to you meeting our track record criteria set out in paragraph 266).

333. We do not anticipate there being any opportunities to increase ESFA funded AEB allocations in the 2019 to 2020 funding year. It is unlikely that additional funding will become available, however, if growth funds do become available, we will distribute them through a formulaic calculation based on provider performance (not through a provider bidding/business case approach).

Performance management of AEB (2 of 2)

Annex C: Review points

Adult education budget, 19 to 24 traineeships and 16 to 18 traineeships review points, tolerances and minimum thresholds

	Review point 1	Review point 2
Funding in scope for growth (increases calculated by ESFA, there will be no growth form)	• 19 to 24 traineeships • 16 to 18 traineeships	• 19 to 24 traineeships • 16 to 18 traineeships
Funding in scope for reductions	• None	• AEB contract for services (excluding 19 to 24 traineeships) • 16 to 18 traineeships
Virements that can be requested	• between your adult skills and learner support allocations (contract for service providers)	• between your adult skills and learner support allocations (contract for service providers)
Virement request form published	22 November 2019	20 March 2020
Virement requests and/or exceptional business cases to be received by	6 December 2019	3 April 2020
Tolerance for under-delivery	-	7%
Lower threshold for contract value adjustments		£25,000
Delivery information using the latest validated ILR data you provide	5 December 2019 (R04 data return)	6 April 2020 (R08 data return)
Providers told the outcome by	10 January 2020	8 May 2020

Qualification Achievement Rates (QARs)

Terminology

Cohort	=	Enrolment for a leaver in the relevant academic year
Retention rate	=	% of cohort that completed (finished the course)
Pass rate	=	% of completed that fully passed
Achievement rate	=	% of cohort that passed

Calculation

Retention rate =	Retained / Cohort
Pass rate =	Passed / Retained
Achievement rate =	Passed / Cohort Or same answer with Retention rate x Pass rate

https://www.gov.uk/government/publications/qualification-achievement-rates-2017-to-2018

National Achievement Rate Tables (NARTs)

2017 to 2018 education and training NARTs overall headline
MS Excel Spreadsheet, 1.11MB
This file may not be suitable for users of assistive technology.
Request an accessible format.

2017 to 2018 education and training NARTs overall institution
MS Excel Spreadsheet, 6.98MB
This file may not be suitable for users of assistive technology.
Request an accessible format.

2017 to 2018 education and training NARTs overall qualifications
MS Excel Spreadsheet, 2.64MB
This file may not be suitable for users of assistive technology.
Request an accessible format.

Age	Overall Cohort	Retention Rate %	Pass Rate %	Overall Achievement Rate %
16-18	1,521,060	89.5	91.6	82.1
19+	1,570,270	93.4	94.5	88.3
All Age	3,091,330	91.5	93.1	85.2

You can compare your rates to other providers (by type or in the region) – can help with both benchmarking and marketing

https://www.gov.uk/government/statistics/national-achievement-rates-tables-2017-to-2018

Minimum Standards

"Minimum Standards policy had been reviewed we will stop taking intervention action on 19+ Minimum Standards. Instead, we will use all education performance data available to us earlier in our overall risk assessments."

Changes since the 2017 to 2018 version

7.   We will **no longer** apply Minimum Standards to **19+ education and training** from 2018 to 2019 as a trigger for intervention. We may, however, consider Minimum Standards in respect of decisions as to whether to lift existing additional conditions related to failures to comply with Minimum Standards in previous years (for 19+ education and training), or as an indicator of poor or declining education performance. See paragraph 25 onwards for further information.

25.   We will supply Minimum Standards reports to providers for 19+ Education and Training for 2018 to 2019 data. **This will not be an automatic trigger upon which we will take action**. However, we have included this data in the wider QAR data sets to review performance where providers are under additional conditions from 2017 to 2018, and potentially lift these additional conditions. We expect providers to be evaluating their in-year education and training data and taking remedial action for themselves.
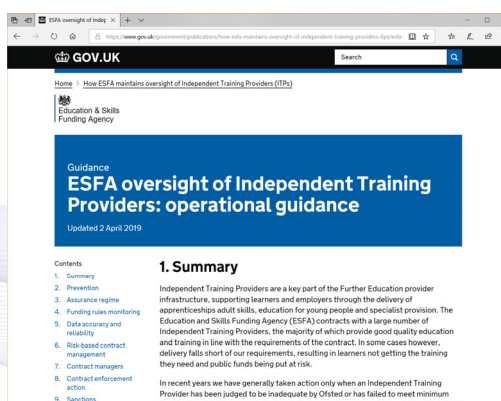

Intervention regime

Department for Education

College Oversight: Support and Intervention

Policy Document

April 2019

https://www.gov.uk/government/publications/college-oversight-support-and-intervention

GOV.UK

Home > How ESFA maintains oversight of Independent Training Providers (ITPs)

Education & Skills Funding Agency

Guidance
ESFA oversight of Independent Training Providers: operational guidance
Updated 2 April 2019

Contents
1. Summary
2. Prevention
3. Assurance regime
4. Funding rules monitoring
5. Data accuracy and reliability
6. Risk-based contract management
7. Contract managers
8. Contract enforcement action
9. Sanctions

1. Summary

Independent Training Providers are a key part of the Further Education provider infrastructure, supporting learners and employers through the delivery of apprenticeships adult skills, education for young people and specialist provision. The Education and Skills Funding Agency (ESFA) contracts with a large number of Independent Training Providers, the majority of which provide good quality education and training in line with the requirements of the contract. In some cases however, delivery falls short of our requirements, resulting in learners not getting the training they need and public funds being put at risk.

In recent years we have generally taken action only when an Independent Training Provider has been judged to be inadequate by Ofsted or has failed to meet minimum standards or financial health requirements. We do not think that this approach provides
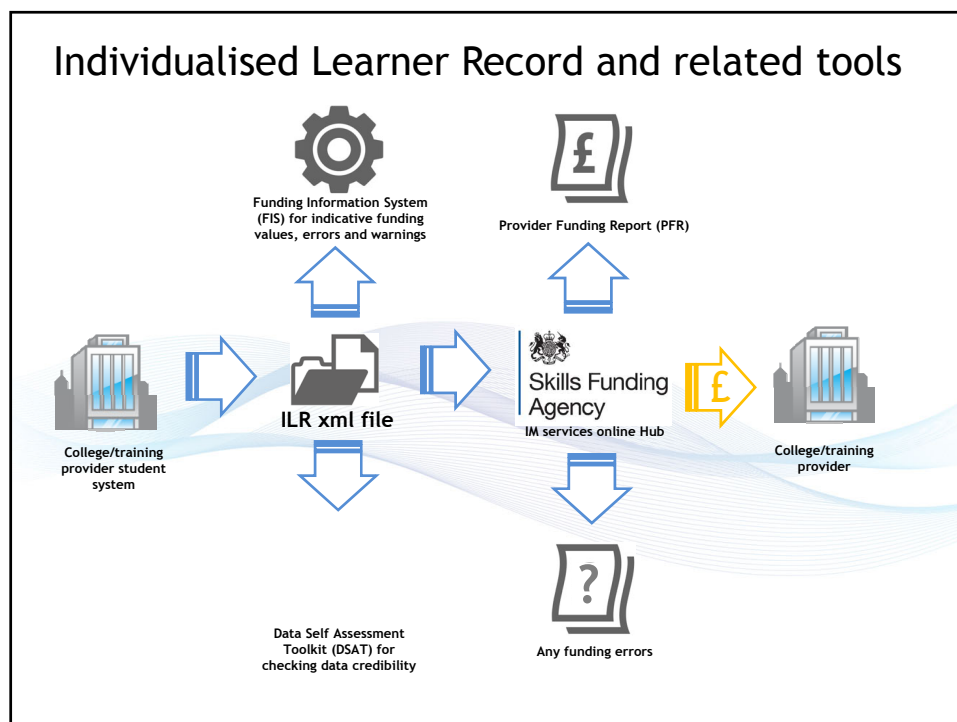
https://www.gov.uk/government/publications/how-esfa-maintains-oversight-of-independent-training-providers-itps/esfa-oversight-of-independent-training-providers-operational-guidance
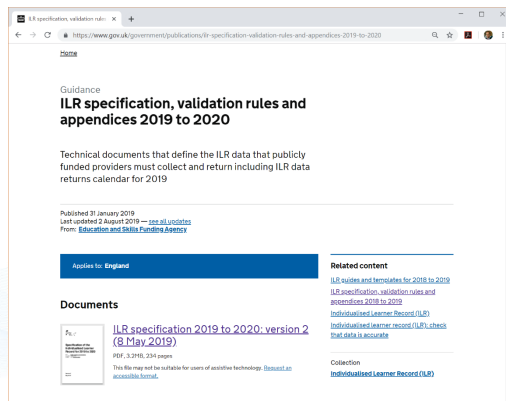
The ILR and related data tools for AEB in 2019/20

Including hints and tips on the best use of key funding and data quality reports from FIS, Hub and DSATs

Nick Linford
Director at Lsect

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Individualised Learner Record and related tools

Funding Information System (FIS) for indicative funding values, errors and warnings

Provider Funding Report (PFR)

College/training provider student system

ILR xml file

Skills Funding Agency
IM services online Hub

College/training provider

Data Self Assessment Toolkit (DSAT) for checking data credibility

Any funding errors

Individualised Learner Record in 2019/20

Important changes to for AEB

- SOF codes

- DAM codes

- New 'Learning start date postcode field'

https://www.gov.uk/government/publications/ilr-specification-validation-rules-and-appendices-2019-to-2020

Source of Funding and DAM Codes

Learning Delivery Funding and Monitoring Code - LearnDelFAMCode				
Definition	The funding or monitoring attribute being recorded			
Reason required	To identify additional funding and/or funding characteristics of the learning delivery			
Schema definitions				
XML Element Name	LearnDelFAMCode			
Field length	5	**Data type**		RestrictedString
Minimum occurrences	1	**Maximum occurrences**		1
Part of	LearningDeliveryFAM			
Collection requirements				
Collected for all aims				
Attribute Codes				
Type	**Code**	**Definition**		**Valid To**
SOF	1	Office for Students (OfS)		
SOF	105	Education and Skills Funding Agency (ESFA) - Adult		
SOF	107	Education and Skills Funding Agency (ESFA) - 16-19		
SOF	108	Local authority (Community Learning funds)		
SOF	110	Greater Manchester Combined Authority		
SOF	111	Liverpool City Region Combined Authority		
SOF	112	West Midlands Combined Authority		
SOF	113	West of England Combined Authority		
SOF	114	Tees Valley Combined Authority		
SOF	115	Cambridgeshire and Peterborough Combined Authority		

FIS 2019/20 may include a postcode checking feature

Devolved area monitoring codes

Code	Title	Description	Valid From	Valid To	Applicable Source of Funding	Requesting Agency
001	Postcode validation exclusion	postcode border issues.	01/08/2019		All	ESFA
002	Procured Devolved Adult Education		01/08/2019		All	ESFA
003	Devolved AEB Innovation Fund -	To enable devolved authorities to monitor participation, achievement and outcomes associated with the fund.	01/08/2019		116	Greater London Authority
004	Devolved AEB flexible allocation provision -	GLA Procured provision will be funded under AEB eligibility rules, as described in the GLA AEB Funding and Performance Rules for Procured Providers. For this provision to be used by the GLA to generate ESF match funding, it will also be required to meet ESF eligibility rules.

The GLA recognises that this may not be possible in all cases and has given providers the flexibility of delivering provision that is only AEB-eligible, up to an AEB Flexible Allocation threshold of 15% of contract value.

Provision flagged with the DAM code for AEB Flexible | 01/08/2019 | | 116 | Greater London Authority |
005	Test and Learn Pilot English and Maths.	funding pot to develop innovative delivery of English and Maths within the area	01/08/2019	########	111	Liverpool City Region Combined Authority
006	Test and Learn Pilot ESOL.	funding pot to develop innovative delivery of ESOL within the area	01/08/2019	########	111	Liverpool City Region Combined Authority
007	Test and Learn Pilot Digital.	funding pot to develop innovative delivery of Digital programmes within the area	01/08/2019	########	111	Liverpool City Region Combined Authority
008	Sector Specific Monitoring.	funding pot assigned to particular providers targeting particular growth sectors through targeted delivery.	01/08/2019	########	111	Liverpool City Region Combined Authority

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/823094/ILRSpecification_Monitoring_Codes_2019_20_version_1.xlsx

New postcode field

Learning Start Date Postcode - LSDPostcode			
Definition	The residency postcode of the learner for the purposes of funding		
Reason required	To determine whether learners are in a devolved or non-devolved area		
Schema definitions			
XML Element Name	LSDPostcode		
Field length	8	Data type	RestrictedString
Minimum occurrences	0	Maximum occurrences	1
Part of	LearningDelivery		
Collection requirements			
Adult skills (FundModel 35), Community Learning (FundModel 10), and Local authority funded Community Learning (FundModel 99) and Source of funding 108)			
Valid entries			
A valid postcode that must be in upper case.			
Pattern			
Notes			

- This field to be returned for aims that start on or after 1 August 2019 (this does not include restarts).
- This postcode is completed for Adult skills (Funding Model 35) excluding traineeships, Community Learning (Funding Model 10), and Local authority funded Community Learning (Funding model 99 and Source of funding 108).
- This field is returned at the start of the learning aim and will continue for the duration of the aim. For example if the learner is in a devolved area at the start of the learning aim and then moves to outside of a devolved area, this postcode field will not be updated and the funding arrangement will remain in place by the devolved area for the duration of the aim.
- Please refer to the Adult Education Budget (AEB) funding rule for the definition of residency.
- If the learner's postcode is unknown, providers must return a postcode of ZZ99 9ZZ
- Full valid postcodes can be located at the Royal Mail Postcode finder website, https://www.royalmail.com/find-a-postcode

Change Management Notes	
v1: New for 2019 to 2020	

Key ILR fields used by funding software

> Funding model
> Learning aim
> Start date
> Planned and actual end date
> Completion status
> Outcome

Also employment status (ESF match issues)

And how important will the Destination and Progression records become?

Funding Information System

Import an ILR for error/warning and funding reports – but where possible use the Hub as more likely to be accurate and comprehensive

Two key advantage with FIS

1. Unlike the Hub it is always available to run an ILR

2. You can produce a database which includes funding values and calculations

The Hub (for error/warning and funding reports)

ILR return deadline is 4th working day of every month at 6pm
Grant funded (R04, R06, R10, R13 and R14). Contract funded every month

https://hub.fasst.org.uk/

16-19 Funding Claim Report 20180406-135645
16-19 Summary of Funding by Student Report 20180406-135645
Adult Funding Claim Report 20180406-135645
Adult Funding Claim Report 20180406-135645
ALLB Occupancy Report 20180406-135645
Apps Indicative Earnings Report 20180406-141228
CL Summary of Learners by Non-Single Budget Category Report 20180406-135645
ESF Aim and Deliverable Report 20180406-135645
ESF Funding Summary Report 20180406-141159
Funding Summary Report 20180406-135645
High Needs Students Detail Report 20180406-135645
High Needs Students Summary Report 20180406-135645
Main Occupancy Report 20180406-135645
Maths and English Report 20180406-135645
Non-Contracted Apprenticeships Activity Report 20180406-141229
Summary of Funding Model 35 Funding by Learner Report 20180406-135645
Summary of Funding Model 35 Funding Report 20180406-135645
Summary of Funding Model 35 Funding Report 20180406-135645
Trailblazer Apprenticeships Employer Incentives Report 20180406-135645
Trailblazer Apprenticeships Occupancy Report 20180406-135645

ESFA Audit

https://www.gov.uk/government/publications/esfa-assurance-work-on-post-16-funding/common-findings-from-funding-assurance-work-on-post-16-providers-and-institutions#adult-education-budget-aeb

Adult education budget (AEB)

Funding issues

Prior attainment

One of the main issues causing funding errors in this area, as with apprenticeships programmes, relates to providers claiming funding without taking into account the learners' attainment and study of prior qualifications.

This may mean that the learner was exempt from part of their programme or should have had the funding reduced through the proportion of funding field on the ILR. Situations arose where learners had achieved units and progressed onto other qualifications, transferred, or returned from a break and the proportion of funding had not been reduced accordingly.

Learners studying programmes other than apprenticeships must be enrolled on a level of learning in English and/or Maths (and ESOL qualifications) that is beyond their assessed level. We found numerous examples where learners were studying at the same level at which they had been assessed. This resulted in funding being claimed incorrectly.

Learner status

Similar to the apprenticeships programme, funding errors occur when funding is claimed for learners' continued participation on the AEB programme, but this cannot be confirmed from the evidence of learning activity, usually for periods of learning, or occasionally from a learner's start date. This is a recurring issue found year-on-year and accounts for a significant proportion of funding error.

Full and co-funding

There were also instances where funding was claimed incorrectly for learners who were not entitled to full funding. Providers should only claim co-funding for these learners.

Workplace learning

Workplace learning is not eligible for funding unless these specific criteria are met:

- ESFA has confirmed a national level concession that responds to a significant negative economic impact for a specific industry
- it is statutory entitlement learning stated in paragraph 167 of the AEB funding rules

Where evidence to confirm the eligibility under the funding rules for workplace learning cannot be confirmed, such funding will be recovered.
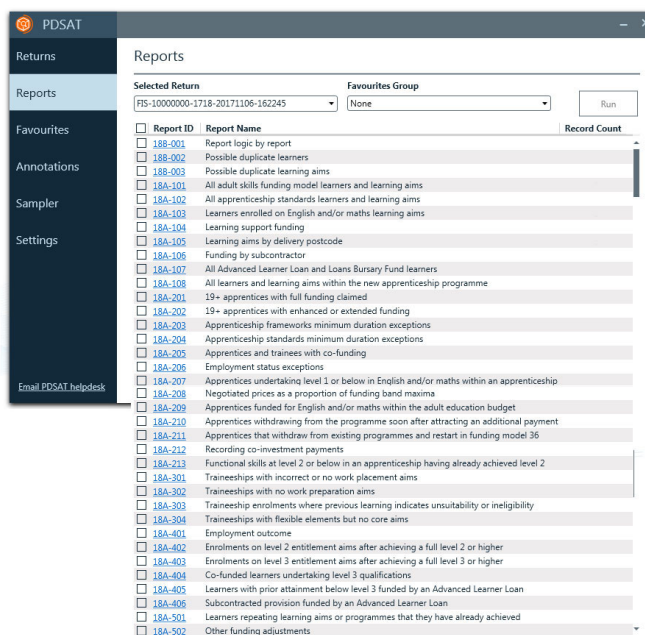
Provider Self Assessment toolkit (PDSAT)

https://www.gov.uk/government/publications/ilr-data-check-that-it-meets-standards-and-quality-requirements
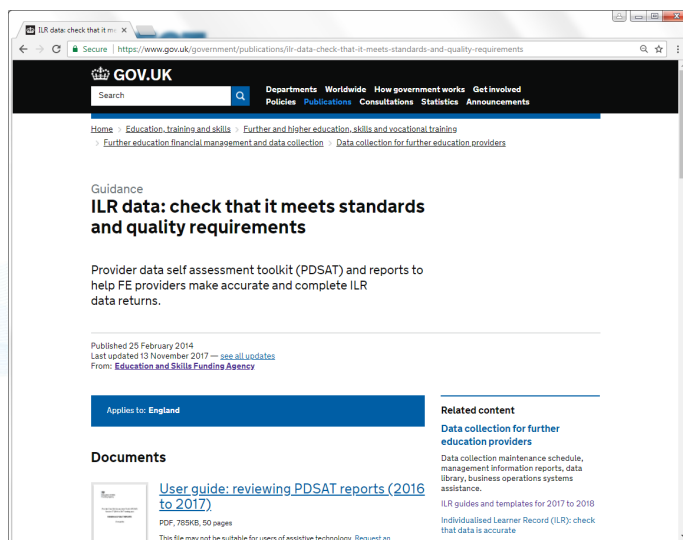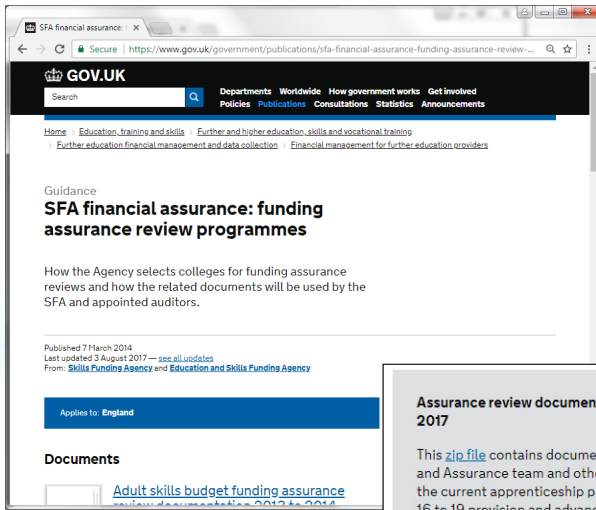
There are currently 80 PDSAT reports

First 36 here

Funding and monitoring reports (on Hub)

https://www.gov.uk/government/publications/sfa-financial-assurance-monitoring-the-funding-rules

Financial Assurance (audit regime)

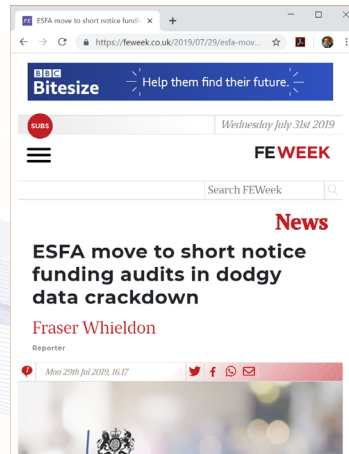
Financial Assurance (working papers)

New tougher approach to ESFA audit

"We plan to give providers between two and four weeks' notice of the assurance review visit"

"We are adapting our approach and wish to inform you that our assurance visits may take place at any point during the relevant funding year, as well as after the funding year and / or submission of the final ILR return"
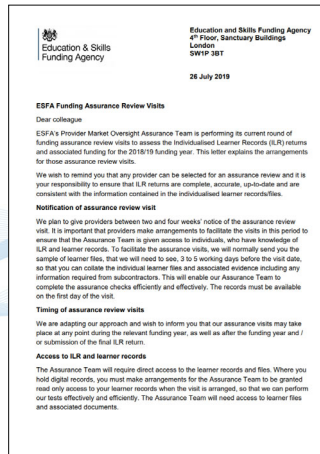
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/821538/PMOA_Assurance_Review_Visits_letter_26.07.19.pdf

https://feweek.co.uk/2019/07/29/esfa-move-to-short-notice-funding-audits-in-dodgy-data-crackdown/

New FAM reports

Breaks in learning where the closed episode is reopened upon the learner's return

Continuing learners who are now reported as withdrawing on or before 31 July of the previous funding year

Changes to funding model between years

ESFA also checking for:

Financial Assurance: Monitoring the funding rules for post-16 funding for 2019 to 2020

Version 1: July 2019

https://www.gov.uk/guidance/esfa-financial-assurance-monitoring-the-funding-rules

Policy area	Policy rules	Specific concern
All	Providers with high numbers of learners who are withdrawn on a census date for funding.	Incorrect recording of data, funding over claim.
Apprenticeships	Providers with high numbers of learners who are withdrawn on or just after qualifying for additional payments	Incorrect recording of data, funding over claim.
Apprenticeships (employers)	We will monitor to ensure that the apprentice's employer is the legal entity for the commitment, or a company that is connected to the legal entity, for the purposes of declaring and spending levy funds.	Potential gaming or pooling of levy funds.
Apprenticeships (employers)	Employees with high numbers of apprentices compared to their overall number of declared employees.	Potential gaming or misuse of funds.
Apprenticeships (transfers)	Main providers who are also a levy-paying employer, must not deliver training to apprentices that are funded through a transfer.	Monetising levy funds

Final Q&A

Nick Linford
Director at Lsect

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