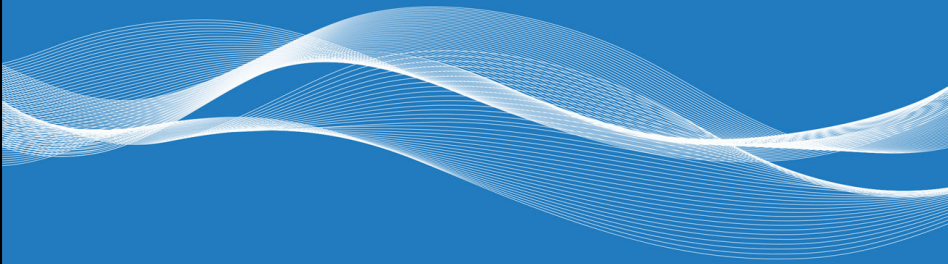


# Essential guide to AEB funding and formula in 2020/21

30 June 2020

Nick Linford  
Director at Lsect

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



## Agenda

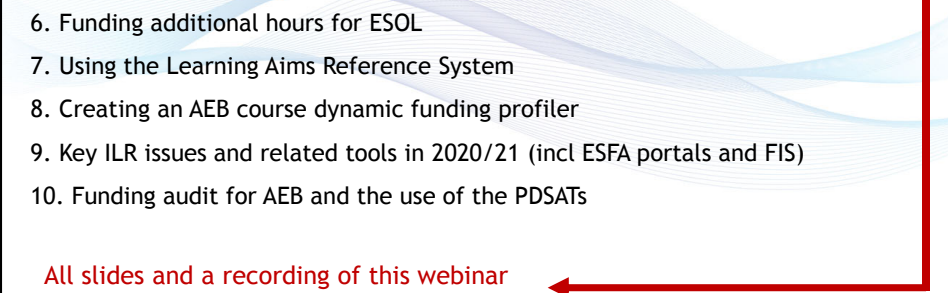
12:00 - 14:30

**Warning**  
Technical training

**Topics covered:**

1. AEB overview, key documents and changes for 2020/21
2. AEB devolution - key differences from ESFA and changes for 2020/21
3. Funding eligibility and evidence
4. Full-funding entitlements and local flexibilities
5. Funding formula and rates for full and co-funding (incl. Single Activity Matrix)
6. Funding additional hours for ESOL
7. Using the Learning Aims Reference System
8. Creating an AEB course dynamic funding profiler
9. Key ILR issues and related tools in 2020/21 (incl ESFA portals and FIS)
10. Funding audit for AEB and the use of the PDSATs

All slides and a recording of this webinar will be sent to attendees after the webinar



# 1. AEB overview, key documents and changes for 2020/21

Nick Linford  
Director at Lsect

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

## AEB overview

ESFA for 2020/21: “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 wellbeing.” This includes 19 to 24 year-old traineeships

- > ESFA allocate around £1.3bn every year to providers
- > Devolved authority areas allocate around £600m every year
- > Grant funded providers (typically colleges and LAs) do not tender
- > Contract funded providers (typically ITPs) tender - sometimes referred to as ‘procured AEB’

<https://www.gov.uk/government/publications/adult-education-budget-aeb-funding-rates-and-formula-2020-to-2021>

## AEB purpose

In past DfE said AEB provision fits 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?

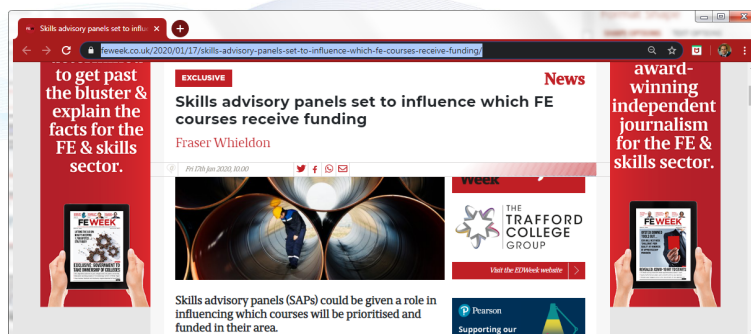
## Who decides the AEB course priorities?

2019/20 rules

3. Providers must respond to the priorities set by local commissioners and other stakeholders, for example, local enterprise partnerships and their [Skills Advisory Panels](#).

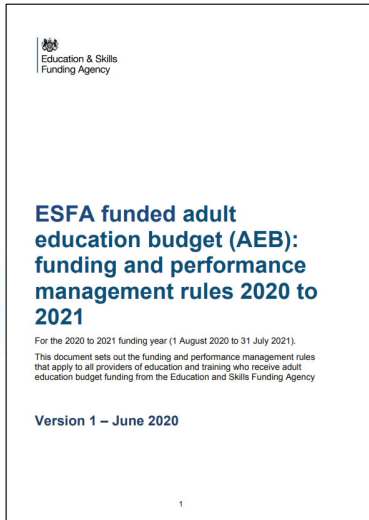
2020/21 rules

3. Providers must have due regard to the skills analysis and priorities of Local Enterprise Partnership(s) and their Skills Advisory Panels.

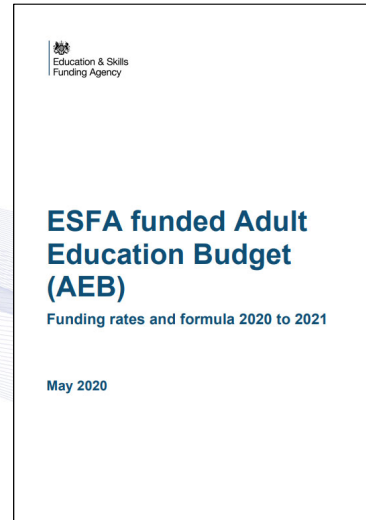


<https://feweek.co.uk/2020/01/17/skills-advisory-panels-set-to-influence-which-fe-courses-receive-funding/>

## AEB funding documents for 2020/21



<https://www.gov.uk/guidance/adult-education-budget-aeb-funding-rules-2020-to-2021>



<https://www.gov.uk/government/publications/adult-education-budget-aeb-funding-rates-and-formula-2020-to-2021>

## Changes for 2020/21



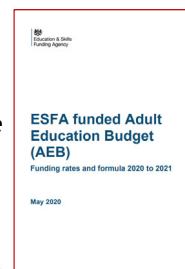
ESFA: “We know that providers are working through exceptional circumstances due to Coronavirus (COVID19). We may publish further updates to this guide about the impact of COVID-19 on our funding rules as these become clear. We will tell you about any changes in our ESFA update.”

### Summary of main changes since funding rules 2019 to 2020

- 372. We have highlighted the main changes made in this document compared to the final version we published for 2019 to 2020 in the table below.
- 373. Please note this is not an exhaustive list of all changes. You must refer to the main document for the definitive rules, which apply to all providers of education and training who receive funding from the Secretary of State for Education acting through the ESFA.
- 374. If you have a specific query on the funding rules, please use the enquiry form or speak to your provider management manager/advisor.

<https://www.gov.uk/guidance/adult-education-budget-aeb-funding-rules-2020-to-2021>

“There are no changes to how we set funding rates or the funding calculation in the 2020 to 2021 funding year”



<https://www.gov.uk/government/publications/adult-education-budget-aeb-funding-rates-and-formula-2020-to-2021>

North of Tyne (Newcastle, North Tyneside and Northumberland local authorities) added to devolved authorities. £22.7m of which £6m went to tender

## Funding rule summary of changes (1 of 2)

Section	Paragraph	Change
Devolution of adult education functions section and relevant paragraphs in <a href="#">section 1</a> and <a href="#">2</a>	Devolution of adult education functions – Page 5, 6 and 27.2	We have updated these sections to include the Order made for the transfer of education functions and associated budget to Newcastle upon Tyne, North Tyneside and Northumberland Combined Authority.
Introduction and purpose of the document	23 – this document	Contact details have been updated and now includes an <a href="#">enquiry form</a>
Who we will fund	29 – this document	The devolution postcode checker for learner residency has been linked to paragraph 28.
Individuals with certain types of immigration status and their family members	44 – this document	Additional text has been added by the Home Office to clarify evidence for immigration permission.
Individuals who are not eligible for funding	55 – this document	Removed Fees and Awards Regulations 2007 as it is not necessary to reference
Fees and charging	67 – this document	Paragraph was added in draft and after consultation received, we removed this paragraph so we can undertake further consultation with providers
What we will not fund	78.6 – this document	We have made it clear that legacy GCSE grade C or higher is the equivalent of a grade 4 or higher under the new grading scheme.
Subcontracting	82 to 117 – this document	This section has been reorganised for clarity, no paragraphs have changed or been removed.
Evidence	123	We have removed all references to 'learner file' and replaced them with 'evidence pack' for accuracy. Minor drafting changes have been made for clarity and has not changed policy.
Unemployed definition	155.3, 156.1 and 156.2	We have updated these paragraphs in line with the definition. For clarity, references to 'earned income' have been replaced with 'take-home pay'.

<https://www.gov.uk/guidance/adult-education-budget-aeb-funding-rules-2020-to-2021>

## Funding rule summary of changes (2 of 2)

Full level 2 and English and maths for those aged 19 or older	160.1 and 176 – this document	We have made it clear that legacy GCSE grade C or higher is the equivalent of a grade 4 or higher under the new marking scheme.
Full level 3	162 – this document	No policy changes have been made this paragraph has been revised for clarity.
Eligible qualifications	167 – this document	This paragraph has been added to clarify your role where you deliver eligible qualifications and/or their components.
Digital Skills for those aged 19 and over	185 - 186 this document	The addition of new rules for the Information technology ('digital') skills entitlement
English for speakers of other languages (ESOL)	193 – this document	Paragraph added to clarify that we will fund ESOL learning up to and including Level 2.
Learning support	222 – this document	Paragraphs revised for claiming learning support, referencing evidence kept on learner file for any extra costs over the monthly fixed rate
Learner support	229.7 – this document	Paragraph revised for using ALL bursary fund and Learner support
Learner support	237 - this document	Paragraphs revised for residential support funding
Section 4 Performance Management	267 – this document	New paragraph added to provide assurance that growth or increases are not guaranteed and dependant on budget availability
	Annex C: Performance management review	We have reduced the number of performance management reviews we will operate.
Continuing Learners – Section 4 Performance Management	281 to 285 – this document	Change to how ESFA will support and fund continuing learners that started prior to devolution in a devolved authority for future years. Also made clearer the arrangements for continuing learners for those that devolve in later years.

<https://www.gov.uk/guidance/adult-education-budget-aeb-funding-rules-2020-to-2021>

## 2. AEB devolution - key differences from ESFA and changes for 2020/21

Nick Linford  
Director at Lsect

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

### 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”





## Example of devolved funding docs & different rates from ESFA

- Performance management
  - Audit and assurance
  - GLA systems and payments
  - Subcontracting
  - Guidance documents for academic year 2019/2020
  - Guidance documents for academic year 2020/2021
- 
- Guidance for all providers
    - [Draft GLA AEB Funding Rates and Formula 2020/21](#)
  - Guidance for grant providers
    - [Draft GLA AEB Grant Funding and Performance Management Rules 2](#)
  - Guidance for procured providers
    - [Draft GLA AEB Procured Funding and Performance Management Rules](#)

Section	Paragraph	Change
Introduction and purpose of the document	Para 2	<p>In 2020 to 2021, the GLA's AEB programme will only pay an amount different to the ESFA's national programme under the following circumstances:</p> <ul style="list-style-type: none"> <li>• we will fully fund some British Sign Language learning aims, which the ESFA may in some circumstances co-fund;</li> <li>• we will fully fund some in work learners that the ESFA would co-fund;</li> <li>• we will increase funding for English and maths legal entitlement qualifications at Levels 1 and 2; and</li> <li>• we will fully fund teaching and learning support staff to deliver improved specialist provision for learners with SEND within the adult/further education sector.</li> </ul> <p>These circumstances are laid out in more detail in the GLA's Adult Education Budget Funding and Performance Management Rules documents ('The Rules').</p>
Funding Rates	Para 47	<p>For all providers, we will provide an additional funding uplift for fully funded Level 1 and Level 2 English and maths learning aims under the legal entitlement. The value of this uplift will be £77 for each funded enrolment. This is a flat rate increase for all eligible enrolments that will be flagged in the ILR using <b>DAM code X</b>, and claimed in the Earnings Adjustment Statement.</p>

<https://www.london.gov.uk/what-we-do/skills-and-employment/skills-londoners/adult-education-budget/information-gla-aeb-providers#acc-i-60652>

## Low wage differences

**ESFA**  
£17,004  
up from  
£16,009.50  
in 2019/20

**GLA**  
£20,962  
up from  
£20,572  
in 2019/20

### Learners in receipt of low wage

159. 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:

- 159.1. eligible for co-funding, and
- 159.2. earns less than £17,004.00 annual gross salary

160. 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.

161. You must use LDM code 363 and FFI code 1 to claim full funding for learners who meet the requirements set out in paragraph 159.

### Paragraph 152.2 – Revision to Text (March 2020)

#### Original Text (August 2019)

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.

#### Revised Text (March 2020)

Amended using the updated London Living Wage: '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 **2019/20** London Living Wage, this would be **£20,962**, but AEB Procured providers will need to check the updated rates each year.

## Exceptions to devolution

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

In the 2020 to 2021 funding year this excludes the 19-24 traineeship programme, funding to support learners resident in North of Tyne who are continuing their learning from 2019 to 2020 and learners who attend a provider that will be funded nationally because they meet the criteria above.

As a result of the above changes, the content and requirements set out in this document **only** apply to:

- individual's resident in areas of England outside of the devolved authority areas undertaking ESFA funded AEB provision
- continuing AEB funded learners resident in North of Tyne devolved authority area, who have not completed their learning by 31 July 2020
- 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 to 24 traineeship programme

## 3. Funding eligibility and evidence

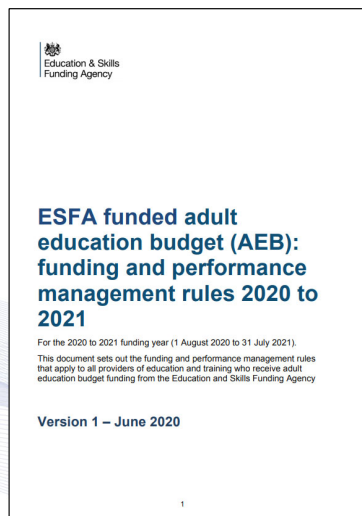
Nick Linford  
Director at Lsect

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



## Funding rules

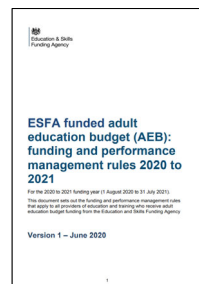
“This document forms part of the terms and conditions of funding and you must read them in conjunction with your funding agreement. You must operate within the terms and conditions of the funding agreement, these rules, and the Individualised Learner Record (ILR) specification. If you do not, you are in breach of your funding agreement with us.”



<https://www.gov.uk/guidance/adult-education-budget-aeb-funding-rules-2020-to-2021>

## Residency eligibility

Residency eligibility	11
Non-EEA citizens	12
Individuals with certain types of immigration status and their family members	13
Asylum seekers	13
Family members of EU and EEA nationals	14
Children of Turkish workers	14
Persons granted stateless leave	15
Individuals who are not eligible for funding	15




<https://www.gov.uk/guidance/adult-education-budget-aeb-funding-rules-2020-to-2021>

Identify an eligibility lead at the provider to make the final decision and liaise with Home Office where needed

## Evidence requirements

Evidence	27
Evidence Pack	27
Confirmation and signatures	28
Starting, participating and achieving	29
Leaving learning	29
Individualised learner record (ILR)	30
Self-declarations by learners	30



**ESFA funded adult education budget (AEB): funding and performance management rules 2020 to 2021**

For the 2020 to 2021 funding year (1 August 2020 to 31 July 2021)

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

Version 1 – June 2020

<https://www.gov.uk/guidance/adult-education-budget-aeb-funding-rules-2020-to-2021>

“The evidence pack must contain evidence to support the funding claimed and must be available to us if we need it.”

## New digital quals

### Digital entitlement for those aged 19 or older

183. We will fully fund individuals, including individuals who are employed, aged 19 or older, assessed at below level 1, as part of their legal entitlement on the day they start the following qualifications:

183.1. Essential Digital Skills qualification (EDSQ up to and including level 1)

184. We will fully fund non-regulated learning for learners, including those assessed at pre-entry level with significant learning difficulties and/or disabilities as part of a personalised learning programme, where assessment has identified the learner cannot undertake provision identified in paragraph 183.1.

185. You must:

- 185.1. carry out an initial assessment using current assessment tools based on the national standards for essential digital skills
- 185.2. carry out an appropriate diagnostic assessment to inform and structure a learner's learner file to use as a basis for a programme of study
- 185.3. enrol the learner on a level above that at which they were assessed and be able to provide evidence of this
- 185.4. deliver ongoing assessment to support learning
- 185.5. record the evidence of all assessment outcomes in the evidence pack

186. The assessments must place a learner's current skills levels within the level descriptors used for the RQF.

The status, as at 18 June 2020, of each of the qualifications that awarding organisations have notified Ofqual they are developing is as follows.

Organisation	Entry Level	Level 1
Ascentia	4	4
BCS: for life <sup>1</sup>	3	3
BCS: for work <sup>1</sup>	3	3
Gateway	5	5
NCFE	3	3
NOCN	3	3
OCN London: daily life <sup>1</sup>	3	3
OCN London: work life <sup>1</sup>	3	3
OCR	3	3
Pearson	1	1
The Learning Machine	3	3

### Key

1. Awarding organisation is yet to submit materials to Ofqual for technical evaluation
2. Currently undergoing technical evaluation by Ofqual
3. Has been through technical evaluation by Ofqual and is back with awarding organisation
4. Resubmitted to Ofqual and undergoing technical evaluation
5. Has completed Ofqual process of technical evaluation

We will update this table on a weekly basis, so that centres have a clearer idea about when they can expect to receive final versions of materials from awarding organisations.

<https://www.gov.uk/government/publications/digital-qualifications-evaluation-progress/essential-digital-skills-qualifications-progress-so-far>

## Subcontracting

Subcontracting	19
Your policy for delivery subcontracting	19
Review and publication of your policy for delivery subcontracting	20
Minimum content requirements for your policy for delivery subcontracting	21
Selection and procurement of your delivery subcontractors	21
Entering into a delivery subcontract	23
Terms that you must include in your contracts with delivery subcontractors	24
Monitoring of your delivery subcontractors and subcontracted provision	25
Second-level delivery subcontracting	25
Reporting your subcontracting arrangements	26

“Minor changes have been made to this section which will be subject to further amendment following the outcome of the planned consultation on subcontracting. Once the government response is published, all funding rules across all funding streams will be updated to reflect those reforms”

### Annex C: Performance management review

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

	December review point (increases and reductions)
Funding in scope for growth (increases calculated by ESFA, no growth form)	<ul style="list-style-type: none"> <li>• 19 to 24 traineeships</li> <li>• 16 to 18 traineeships</li> </ul>
Funding in scope for reductions	<ul style="list-style-type: none"> <li>• AEB contract for services</li> <li>• 19 to 24 traineeships</li> <li>• 16 to 18 traineeships</li> </ul>
Virements that can be requested	<ul style="list-style-type: none"> <li>• between your adult skills and learner support allocations (contract for service providers)</li> <li>• between your 19 to 24 traineeships and 19 to 24 traineeships learner support allocations (contract for service providers)</li> </ul>
Tolerance for under-delivery	5% of cumulative profile to November
Lower threshold for contract value adjustments	£25,000
Virement, exception case and first time request form published	24 November 2020
Virement requests and/or exceptional business cases to be received by	8 December 2020
Delivery information using the latest validated ILR data you provide	4 December 2020 (R04 data return)
Providers told the outcome by	11 January 2021

## 4. Full-funding entitlements and local flexibilities

Nick Linford  
Director at Lsect

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

### Legal entitlements = fully funded

ESFA funded AEB supports 3 legal entitlements to full funding for eligible adult learners. These are set out in the [Apprenticeships, Skills and Children's Learning Act 2009](#), and enable eligible learners to be fully funded for the following qualifications:

- English and maths, up to and including level 2, for individuals aged 19 and over, who have not previously attained a GCSE grade 4 (C), or higher, and/or
- first full qualification at level 2 for individuals aged 19 to 23, and/or
- first full qualification at level 3 for individuals aged 19 to 23

“If an individual meets the legal entitlement eligibility criteria, you must not charge them any course fees.”

## Legal entitlement eligible qualifications

New website

Spreadsheet download

<https://www.qualifications.education.gov.uk/Home/Downloads>

Please take a few minutes to give us feedback on how we can improve this site.

ESFA List of Qualifications approved for funding  
**Qualification Search**

To search for funding approval information about a particular qualification or group of qualifications, please use the search function below. If you need to download the spreadsheet, please click on the Downloads link.

The Education and Skills Funding Agency (ESFA) will stop funding some qualifications for 16 to 19 from 1 August 2020. From 1 September 2020, we will also introduce a moratorium on approving new qualifications at level 2 and below for funding, for students aged 16 and over. You can find more information about these changes to funding approval on the [Further information](#) page.

You can find more information about searching for qualifications on the [How this website works](#) page.

The information about qualifications was last updated on 14 May 2020.

**Quick search**

Qualification title

Qualification number  
60349001

All  
 Approved  
 Archived

Qualifications offer  
Please Select one

Awarding organisation  
114 Support Qualifications  
ABE

**Display results**  
10 per page

**Sort results**  
Status

**OCR Entry Level 2 Functional Skills Mathematics**

Awarding organisation: OCR  
Qualification number: 60349001  
Status: Approved  
Qualification Type: Functional Skills  
Sector Subject Area: Foundations for learning and life  
Level: Entry Level

[Funding details](#)

Qualifications Offer	Funding Approval Start Date	Funding Approval End Date	Notes
Age 14-16	01/09/2019	31/07/2021	
Legal Entitlement English and Maths	01/09/2019	31/07/2021	

<https://www.qualifications.education.gov.uk/Search>

## 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. Please refer to the ['level of government contribution'](#) table on page 36 and paragraphs 157 to 199 for learner eligibility. Where appropriate for the learner, you can deliver local flexibility provision alongside a legal entitlement qualification.

“Learners aged 19 to 23 progressing towards their first full level 2, must undertake learning at entry and/or level 1 only from local flexibility”

## Learner contributions

Learners aged 19 to 23 who progress to their first full level 2, must only enrol on a qualification from the legal entitlement list

Learners aged 19 to 23 and aged 24 and over, who have already achieved at level 2, or above can undertake learning up to and including level 2 qualifications from the local flexibility offer or qualifications in the level 2 legal entitlement list

Learners aged 24 and over who have not achieved a level 2 qualification can undertake learning up to and including level 2 qualifications from the local flexibility offer or qualifications in the level 2 legal entitlement list

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 <sup>+</sup> (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 <sup>#</sup>	Fully funded (including 16- to 24-year-olds <sup>##</sup> )	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 159.

## 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/>

## 5. Funding formula and rates for full and co-funding (incl. Single Activity Matrix)

Return @ 13:20

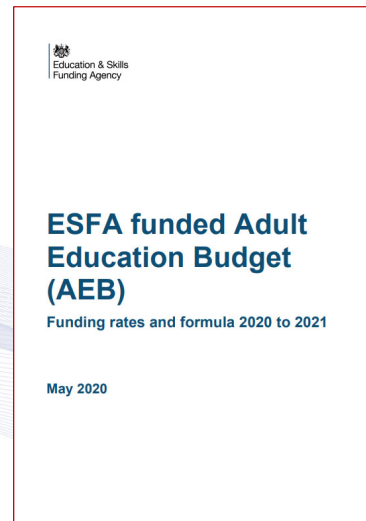
Nick Linford  
Director at Lsect

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

## Funding rates and formula

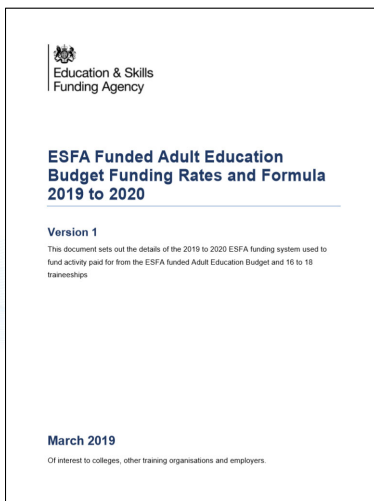
“This document sets out the principles and features of our funding system for the 2020 to 2021 funding year (1 August to 31 July) for ESFA funded Adult Education Budget (AEB) delivery and 16 to 18 Traineeships. We may make changes to these principles and features during the funding year.”

There are no changes to how we set funding rates or the funding calculation in the 2020 to 2021 funding year



<https://www.gov.uk/government/publications/adult-education-budget-aeb-funding-rates-and-formula-2020-to-2021>

## Funding rates and formula



“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



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 20/21) 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	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	£811	£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
389 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 type	PW A Base (unweighted)	PW B Low	PW C Medium	PW D High	PW E or G Specialist <sup>2</sup>
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	£724	-	-	-	-
Functional skills in entry level maths	-	-	£941	-	-
Functional skills in IT	-	£336	-	-	-
Access to Higher Education	£3,022	£3,384	£3,928	£4,835	£5,197

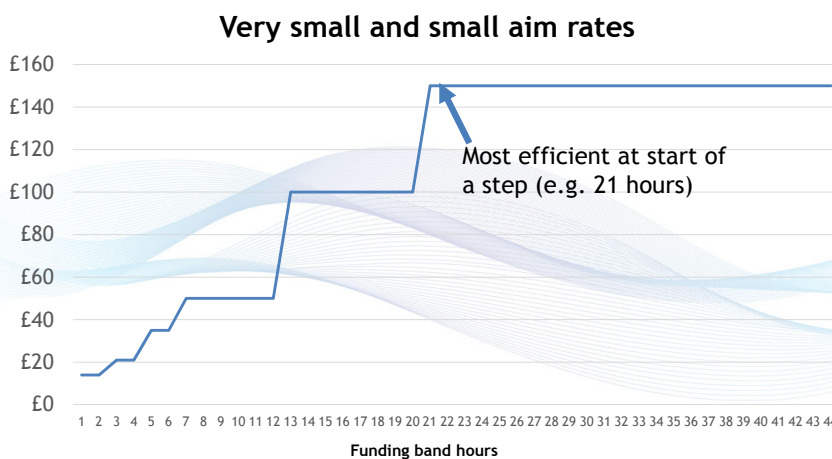
### BUT ALWAYS CHECK LARS

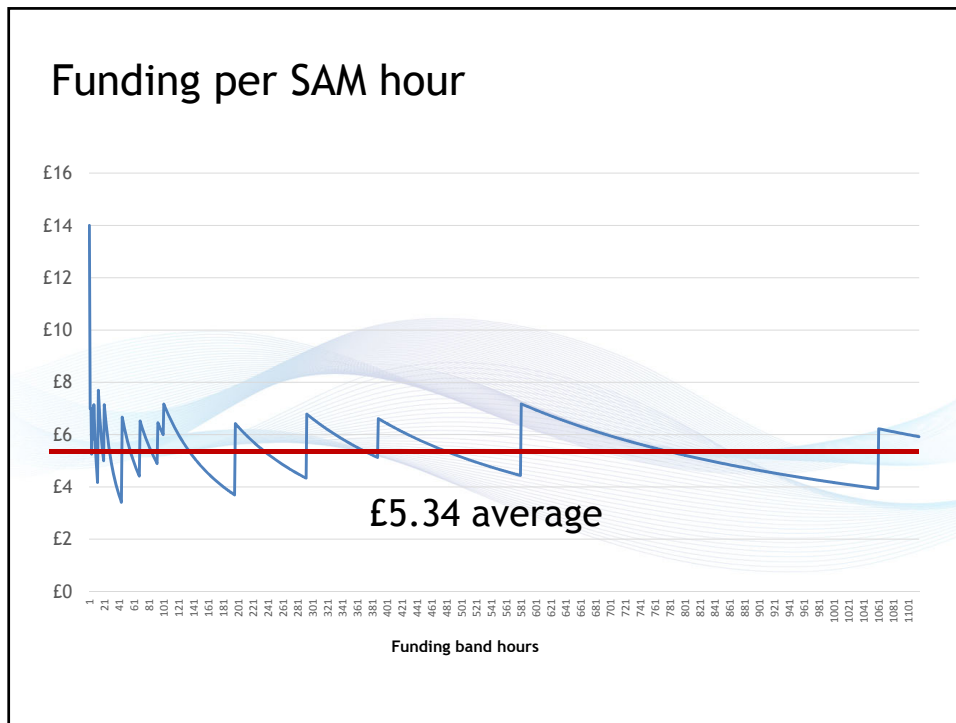
The single work-placement and work-preparation rate for traineeships of £970

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

Learning Support a fixed monthly rate of £150

## Example of how bands are efficiency steps





### 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

$$\left[ \text{BR} \times \text{PW} \times \text{DU} \times \text{ACU} \right] - \left[ \text{BR} \times 0.5 \right] = \text{Stack of coins}$$

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

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

## 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 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



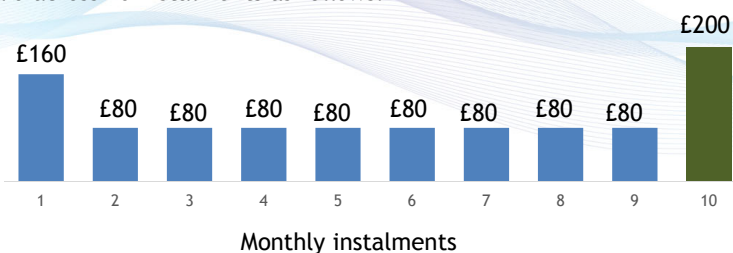
## Monthly funding instalments

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)

236. 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:

- 236.1. 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
- 236.2. where the learner was claiming benefits relating to unemployment, they must also declare that they have stopped claiming these

<https://www.gov.uk/guidance/adult-education-budget-aeb-funding-rules-2020-to-2021>

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

## 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



## 6. Funding additional hours for ESOL

Nick Linford  
Director at Lsect

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

### English for speakers of other languages (ESOL)

189. We will fully fund individuals aged 19 and over on the day they start their ESOL learning aim where they are unemployed, as set out in paragraphs 157 and 158.

190. We will co-fund all other individuals aged 19 and over on the day they start their ESOL learning aim. Where learners are employed, the low wage flexibility may apply, please refer to paragraphs 159 to 161.

191. We will fund ESOL learning up to and including level 2.

192. Providers offering ESOL qualifications may need to deliver additional learning to individual learners that incurs additional cost above the qualification rate. You can access information on how to do this in the [adult education budget: funding rates and formula 2019 to 2020](#) guidance.

“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.”

## Funding additional hours for ESOL

### 4.7.12 Additional delivery hours

299. This field records the additional hours delivered for Adult skills funded and ESF funded ESOL units or qualifications where a learner needs additional learning to that funded through the applicable matrix rate.
300. The Additional delivery hours field may be used for approved ESOL units or qualifications and must not be used for non-regulated ESOL or any other ESOL qualifications.
301. For ESOL learning aims which start before 1 August 2015, the Additional delivery hours must not be returned.

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/870376/ProviderSupportManual\\_19\\_20\\_version\\_2\\_Final.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/870376/ProviderSupportManual_19_20_version_2_Final.pdf)

ILR specification: 2020 to 2021

### Additional Delivery Hours: field

#### Definition

The number of additional guided learning hours required for the learning aim.

#### Reason required

To enable funding to be calculated.

<https://guidance.submitlearnerdatabeta.fasst.org.uk/ilr/field/addhours>

## 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

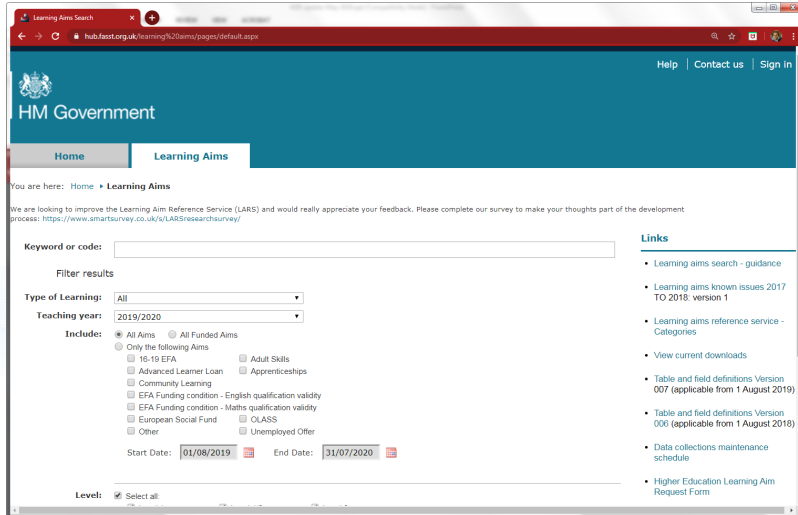
16 hours is in band 13 to 20 hours (£100), so the funding software makes the base rate £250 for your 60 hour course (£150 learning aim + £100 top-up)

## 7. Using the Learning Aims Reference Service

Nick Linford  
Director at Lsect

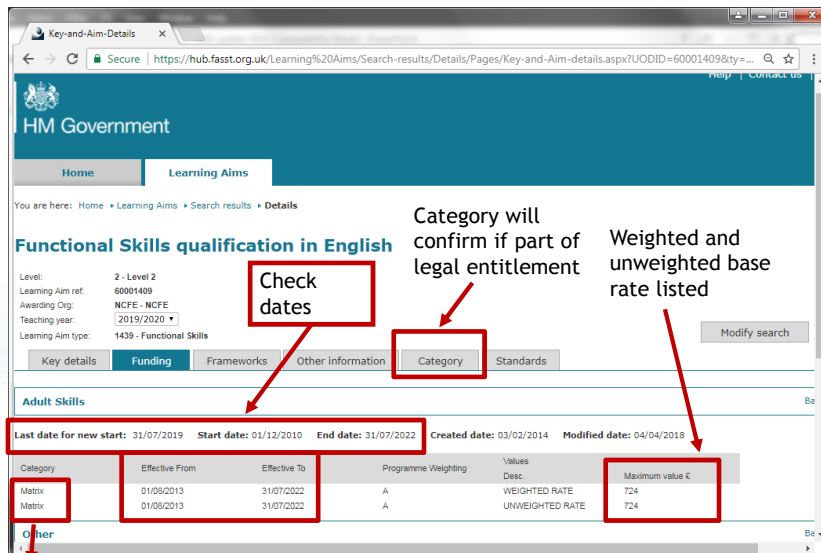
**LSECT**  
LEARNING & SKILLS  
EVENTS, CONSULTANCY & TRAINING

## LARS is used by the funding software



<https://hub.fasst.org.uk/learning%20aims/pages/default.aspx>

## Finding a fundable qualification base rate on LARS



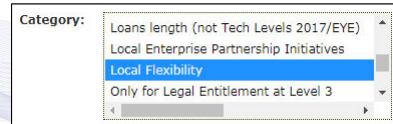
'Matrix' category for AEB

<https://hub.fasst.org.uk/learning%20aims/pages/default.aspx>

## Local flexibility

### Two types of local flexibility:

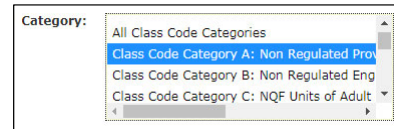
1. Qualifications and components/units learning aim must be in the 'Local Flexibility' category.



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



## 8. Creating an AEB course dynamic funding profiler

Nick Linford  
Director at Lsect

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



## Dynamic AEB funding profiler

**Adult Education Budget funding calculator [summary of courses] v1.0**

AEB 2020/21	AEB carry-in to 2021/22	Total AEB	Fee Income	Total Income	Total Cost	Total contribution
£35,000	£0	£35,000	£2,250	£37,250	£40,500	£3,250

**Adult Education Budget funding calculator [Data input] v1.0**

Start month	End month	Learning Aim	Course Title	Internal course code	Hours per week	Weeks	Base rate	PW	DU	ACU	Starts Fully funded	Starts Co-funded	Fee per Co-funded start	Cost per hour (direct)	Cost per hour (indirect)	AEB adjustment for RFA	Hours
Sep-20	Jul-21	12345678	Award in subject 1	qwertyx	12.5	36	£2,000	1.00	1,000.00	1.00	15	5	£450	£50	£40	100%	450

I will email you a copy of the spreadsheet

## Key planning factors to remember

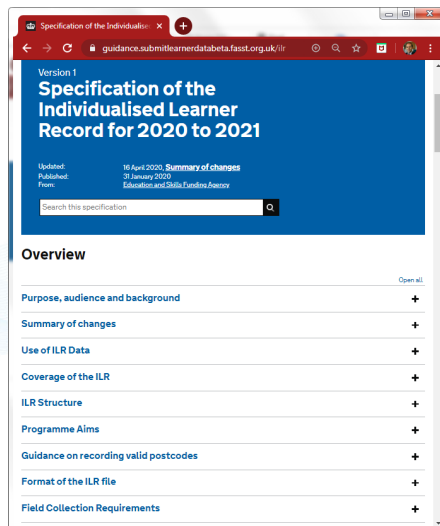
- It is a per enrolment funding system (so larger classes usually mean more efficiency)
- In-year funding methodology (such as disadvantage uplift) makes for fair income and expenditure models, but use averages when planning
- Not every enrolment will be funded as a start and not every start will complete or achieve
- Curriculum plans need monitoring and adjustment within academic and ESFA financial year constraints

## 9. Key ILR issues and related tools in 2020/21 (incl ESFA portals and FIS)

Nick Linford  
Director at Lsect

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

## Individualised Learner Record

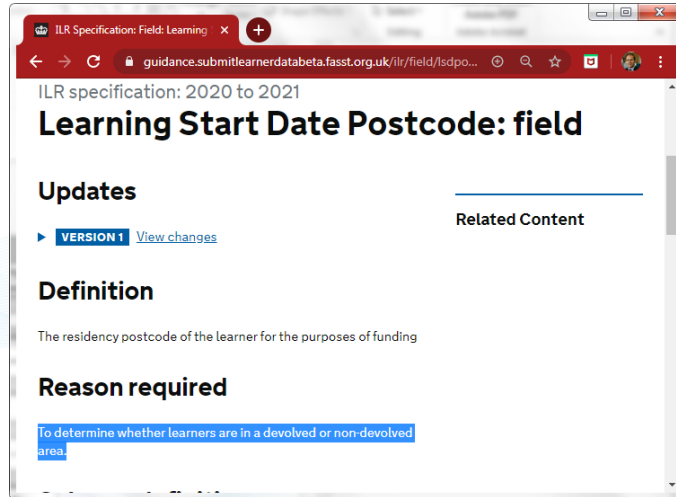


The screenshot shows a web browser window displaying the 'Specification of the Individualised Learner Record for 2020 to 2021' document. The page title is 'Version 1 Specification of the Individualised Learner Record for 2020 to 2021'. It includes a search bar and an 'Overview' section with a list of expandable items:

- Purpose, audience and background
- Summary of changes
- Use of ILR Data
- Coverage of the ILR
- ILR Structure
- Programme Aims
- Guidance on recording valid postcodes
- Format of the ILR file
- Field Collection Requirements

<https://guidance.submitlearnerdatabeta.fasst.org.uk/ilr>

## Postcode field to determine AEB funding source



<https://guidance.submitlearnerdatabeta.fasst.org.uk/ilr/field/learnselfamcode>

## Source of funding (SOF) codes

The screenshot shows a web browser window with the URL <https://guidance.submitlearnerdatabeta.fasst.org.uk/ilr/field/learnselfamcode>. The page displays a table of SOF codes with the following data:

Type	Code	Definition
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
SOF	116	Greater London Authority
SOF	998	Other
SOF	117-120	Unassigned

<https://guidance.submitlearnerdatabeta.fasst.org.uk/ilr/field/learnselfamcode>

## Devolved Area Monitoring (DAM) codes

Code	Title	Description	Valid From	Valid To	Applicable Source of Funding	Requesting Agency
001	Postcode validation exclusion	This code is used	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	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	01/08/2019		116	Greater London Authority
005	Test and Learn Pilot English and Maths.	The programme will be monitoring a	01/08/2019	31/07/2021	111	Liverpool City Region Combined Authority
006	Test and Learn Pilot ESOL.	The programme will be monitoring a	01/08/2019	31/07/2021	111	Liverpool City Region Combined Authority
007	Test and Learn Pilot Digital.	The programme will be monitoring a	01/08/2019	31/07/2021	111	Liverpool City Region Combined Authority
008	Sector Specific Monitoring.	The programme will be monitoring a	01/08/2019	31/07/2020	111	Liverpool City Region Combined Authority
009	Devolved AEB British Sign Language Entitlement	Remove barriers to participation for adult learners whose first or preferred language is British sign	01/08/2019		110 116	Greater Manchester Combined Authority Greater London Authority
010	Devolved AEB Low Wage Pilot -	Remove financial barriers from learners on a low wage by enabling	01/08/2019		All	All

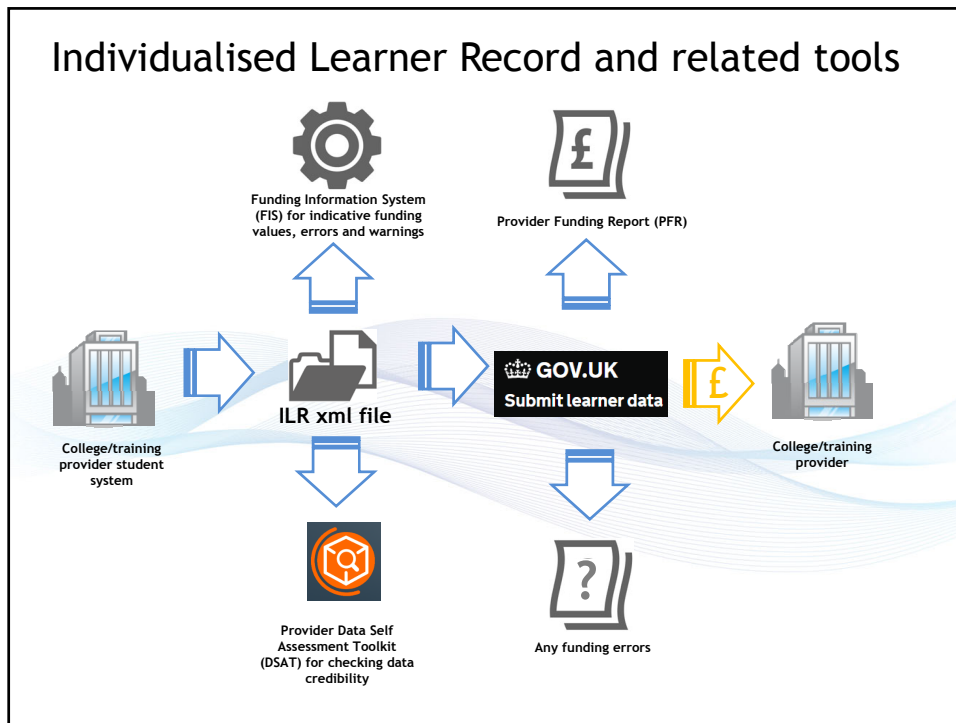
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/885324/ILRSpecification\\_Monitoring\\_Codes\\_2019\\_20\\_version\\_2.xlsx](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/885324/ILRSpecification_Monitoring_Codes_2019_20_version_2.xlsx)

## 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?



## 10. Funding audit for AEB and the use of the PDSATs

Nick Linford  
Director at Lsect

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

## Provider Self Assessment toolkit (PDSAT)

The screenshot shows the GOV.UK page for the PDSAT toolkit. The main heading is "ILR data: provider data self-assessment toolkit (PDSAT)". Below this, it states that the toolkit and reports help FE providers make accurate and complete individualised learner record (ILR) data returns. The page is published on 29 July 2019 by the Education and Skills Funding Agency. It includes sections for "Documents" with a link to a user guide for 2018 to 2019 reports, and "Details" explaining that colleges, training organisations, local authorities, and employers can use the reports to test the integrity of ILR data.

<https://www.gov.uk/government/publications/ilr-data-provider-data-self-assessment-toolkit-pdsat>

## Provider Self Assessment toolkit (PDSAT)

The screenshot shows the PDSAT software interface. On the left is a navigation menu with options: Returns, Reports, Favourites, Annotations, Cross-ILR, Sampler, and Settings. The main area is titled "Returns" and shows a "Selected Return" dropdown menu with the value "ILR-10000000-1920-20200522-125537-01". There are buttons for "Import ILR", "Import FIS", "Delete Return", and "Delete All". To the right, "Key Return Data" is displayed, including Provider, Return Import Date (27/05/2020), Return Creation Date (22/05/2020), Return Funding Period (10), Total Learner Count (10,139), and Total Funding (FIS Only Information). Below this is a "Data Overview" section with a donut chart titled "Learners by Funding Model" showing segments for FM25, FM35, FM36, and FM99. To the right of the chart is a "Top 5 Exception Reports" bar chart with the following data:

Report ID	Record Count
20Y-203	7,343
20A-504	3,188
20Y-213	2,116
20Y-205	1,893
20Y-302	1,025

<https://www.gov.uk/government/publications/ilr-data-provider-data-self-assessment-toolkit-pdsat>



## There are more than 80 PDSAT reports

The screenshot shows the PDSAT Reports interface. On the left is a navigation menu with options: Returns, Reports, Favourites, Annotations, Cross-ILR, Sampler, and Settings. The main area is titled 'Reports' and includes a 'Selected Return' dropdown (ILR-10000000-1920-20200522-125537-01), a 'Provider Name' field, and a 'Run' button. Below these are 'Favourites Group' (None), 'Filters' (No filters applied), and 'Funding Period' (10). A table lists various reports with their IDs and names, and a 'Record Count' column.

Report ID	Report Name	Record Count
<input type="checkbox"/> 20B-001	Report logic by report	89
<input type="checkbox"/> 20B-002	Possible duplicate learners	48
<input type="checkbox"/> 20B-003	Possible duplicate or overlapping programmes and regulated learning aims	43
<input type="checkbox"/> 20B-004	Possible duplicate or overlapping non-regulated learning aims	692
<input type="checkbox"/> 20B-005	Transferring learners	2
<input type="checkbox"/> 20A-101	All adult skills funding model learners and learning aims	8,465
<input type="checkbox"/> 20A-102	All carry-in apprenticeship standards learners and learning aims	0
<input type="checkbox"/> 20A-103	All learners and learning aims within the new apprenticeship programme	2,484
<input type="checkbox"/> 20A-104	All Advanced Learner Loan and Loans Bursary Fund learners	311
<input type="checkbox"/> 20A-105	Learners enrolled on English and/or maths learning aims	4,268
<input type="checkbox"/> 20A-106	Learning support funding	652
<input type="checkbox"/> 20A-107	Learning aims by delivery postcode	2,125
<input type="checkbox"/> 20A-108	Funding by subcontractor	27
<input type="checkbox"/> 20A-201	19+ apprentices with full funding claimed	0
<input type="checkbox"/> 20A-202	19+ apprentices with enhanced or extended funding	4

## Funding Rules Monitoring (FRM) spreadsheets

The ESFA produce reports to help providers identify data mismatches between multiple ILR files

The reports after R04 can be downloaded from the ESFA's Submit Learner Data portal

The screenshot shows the 'Submit learner data' portal on GOV.UK. It features a 'BETA' notice, a user profile for Nick Linford, and a section for 'Funding rules monitoring reports'. A table lists reports for Academic Collection Year 2019 to 2020, with columns for 'Return period' and 'Download'.

Return period	Download
R07	<a href="#">FRM-100009000920-R07-v1.xlsx</a> (0.06MB)
R06	<a href="#">FRM-100009000920-R06-v1.xlsx</a> (0.07MB)
R05	<a href="#">FRM-100009000920-R05-v1.xlsx</a> (0.09MB)
R04	<a href="#">FRM-100009000920-R04-v1.xlsx</a> (0.10MB)

## Funding Rules Monitoring report guidance

No.	Area (all policy areas)	Policy rules and guidance
FRM04	Changes to the 'Actual end date' between years	<p><b>Guidance from the provider support manual states:</b> If an aim that was recorded as complete in the previous year's R14 ILR file and continues to be returned in the current year, then the 'Learning actual end date' must not be changed.</p> <p>If a learner undertakes a learning aim, finishes learning, takes the final assessment and fails, then you should close this aim and record it as 'not achieved' (Outcome code 3). Where you later identify this learner as needing further support or additional learning to pass the assessment, then a new learning aim should be recorded as a restart with a 'Funding adjustment for prior learning' to account for the new learning required to pass the resit. You must not amend the original, closed learning aim.</p> <p>For learners who were incorrectly reported as completed at R14, and are continuing their studies in the current year, please contact the service desk.</p>
FRM05	Changes in the 'Learning planned end date' between funding years	<p><b>Guidance from the provider support manual states:</b> This data should only be changed when it is identified as incorrect due to administrative errors. The Learning planned end date must not be changed to take into account a revised planned end date due to a change in circumstances such as illness, slow progress or unemployment.</p> <p>If the planned end date is after 1 August of the current funding year, record the learning as a transfer (withdrawal reason = 40) with a learning actual end date of 1 August. Record a new learning aim with a learning start date of 2 August of the current year and the correct Learning planned end date. This new aim must be flagged as a restart with a funding adjustment for prior learning.</p> <p>If the planned end date is identified as being incorrect, and the correct date is prior to 1st August of the current year, this data error cannot be corrected.</p>

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

## 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 apprenticeship 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

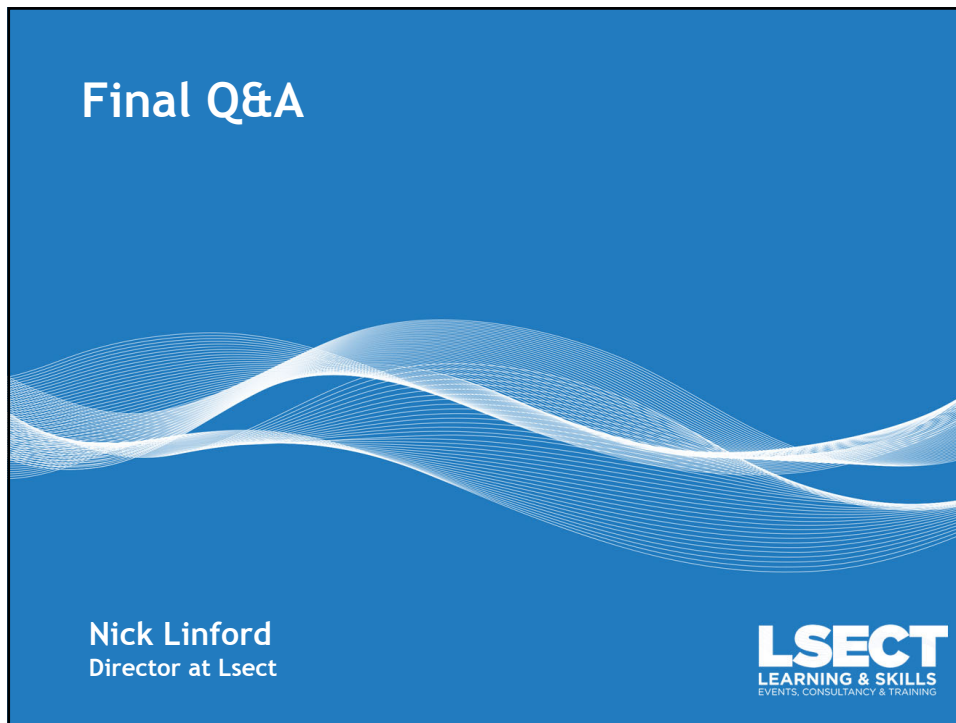
There were also instances where funding was claimed incorrectly for learners who were not entitled to full funding. Providers should only claim co-funding for these learners.

##### 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.



**Final Q&A**

Nick Linford  
Director at Lsect

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