

AEB rates reform

13:00 - 14:00
1 February 2023

> Nick Linford



1

ESFA announcement on Monday

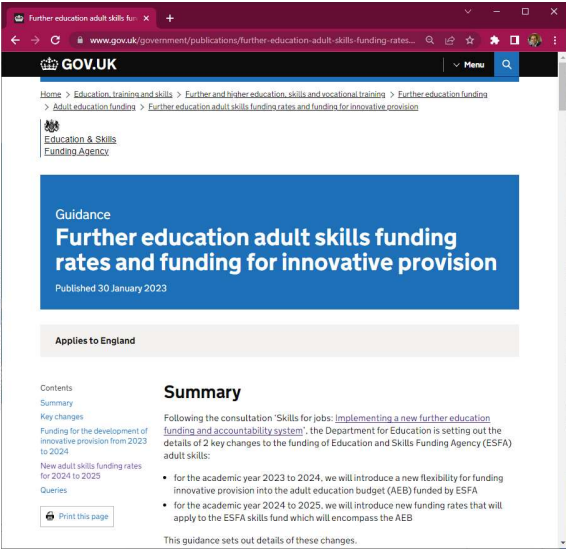
This document sets out 2 important changes to ESFA funded adult education budget (AEB):

- for the academic year 2023 to 2024, we will introduce a new flexibility for funding innovative provision into ESFA funded AEB
- for the academic year 2024 to 2025, we will introduce new funding rates that will apply to the ESFA skills fund which will encompass AEB

Applies to ESFA AEB (national) provision

Two caveats:

- 1. Unclear if MCAs will replicate for devolved AEB funding**
- 2. Lot of time to change (547 days) between now and implementation (August 2024)**



<https://www.gov.uk/government/publications/further-education-adult-skills-funding-rates-and-funding-for-innovative-provision/further-education-adult-skills-funding-rates-and-funding-for-innovative-provision>

2

Funding for the development of innovative provision from 2023 to 2024

We will introduce a new flexibility into the AEB from academic year 2023 to 2024 for non-devolved areas. This flexibility will allow eligible ESFA grant funded providers to earn up to 3% of their AEB grant allocation, for the development of new innovative provision.

The purpose of this flexibility is to encourage local innovation and support providers to develop new provision, in partnership with local employers, that meets emerging employer need.

Eligibility

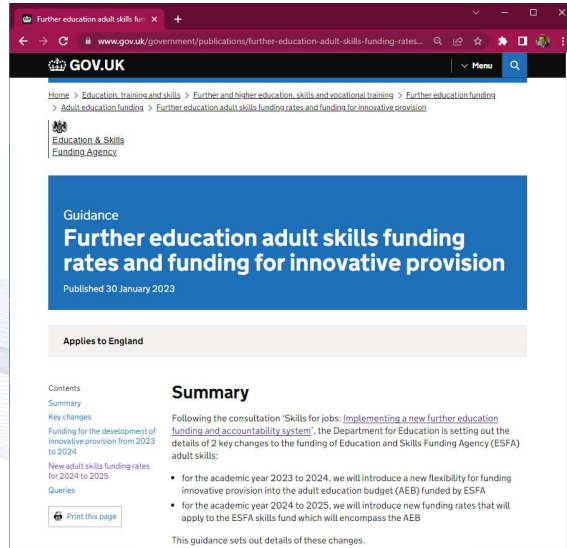
To be eligible, grant-funded providers must:

- deliver adult skills provision
- have an AEB allocation of more than £500,000 and
- have existing non-qualification provision of less than 20% of their adult skills funding delivery

Approach

We will explain how this flexibility will work in practice when we publish our ESFA AEB funding rules for academic year 2023 to 2024. For eligible providers only, we will identify the allocation amount they can use for this provision in their allocation statements.

- **All the info we have right now**
- **About 200 (25%) have >£500k but unclear if they will add up all the contract values**
- **Provider with >20% non-qualification delivery will mostly be local authorities**



<https://www.gov.uk/government/publications/further-education-adult-skills-funding-rates-and-funding-for-innovative-provision/further-education-adult-skills-funding-rates-and-funding-for-innovative-provision>

3

AEB non-devolved rates in 2024/25 (new 'Skills Fund')

“We will use these rates for both ESFA grant-funded provision and procured provision by ESFA for learners living in non-devolved areas. Mayoral combined authorities and the Greater London Authority are responsible for setting their own funding rates but can use these rates if they wish.”

AEB is approximately £1.5bn per year (of which non-devolved is just 40%)

Reminder of the devolved areas



- Plus?:** Expanded North East area by 2024/25
 North Yorkshire by 2025/26
 Derbyshire & Nottinghamshire by 2025/26
 East Midlands by 2025/26
 All of England by 2030?

<https://www.gov.uk/government/publications/further-education-adult-skills-funding-rates-and-funding-for-innovative-provision/further-education-adult-skills-funding-rates-and-funding-for-innovative-provision>

4

AEB rates now and in 2024/56

Currently (since 2013)

Funding bands - hours	Base 1	Low 1.12	Medium 1.3	High 1.6	Specialist 1.72
Up to 2	£14	£16	£18	£22	£24
3 to 4	£21	£24	£27	£27	£36
5 to 6	£35	£39	£46	£46	£60
7 to 12	£50	£56	£65	£80	£86
13 to 20	£100	£112	£130	£160	£172
21 to 44	£150	£168	£195	£240	£258
45 to 68	£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	£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	£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

Proposed for 2024/25

One rate. 5 weightings (don't call them bands!)

Skills band	Base 1	Low 1.2	Medium 1.4	High 1.6	Specialist 2.0
Hourly rate	£6.00	£7.20	£8.40	£9.60	£12.00

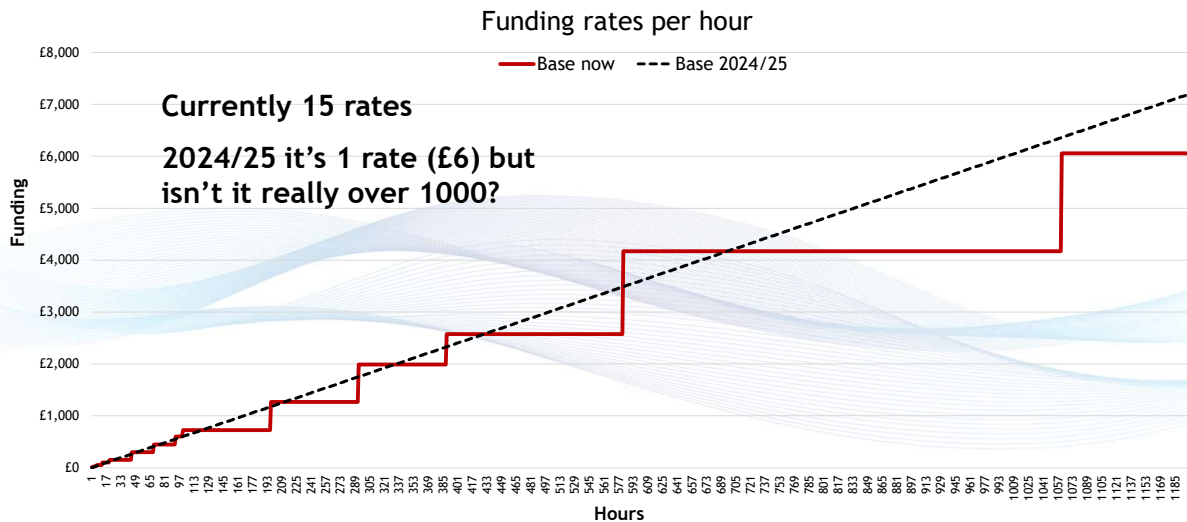
Weighting determined by Sector Subject Area tier 2

The SSAs in the higher funding weightings are “those in areas of greatest skills needs and/or with higher cost of delivery.”

<https://www.gov.uk/government/publications/adult-education-budget-aeb-funding-rates-and-formula-2022-to-2023/esfa-funded-adult-education-budget-funding-rates-and-formula-2022-to-2023/annex-1-programme-weightings-by-sector-subject-area>

5

AEB base rates now and in 2024/56

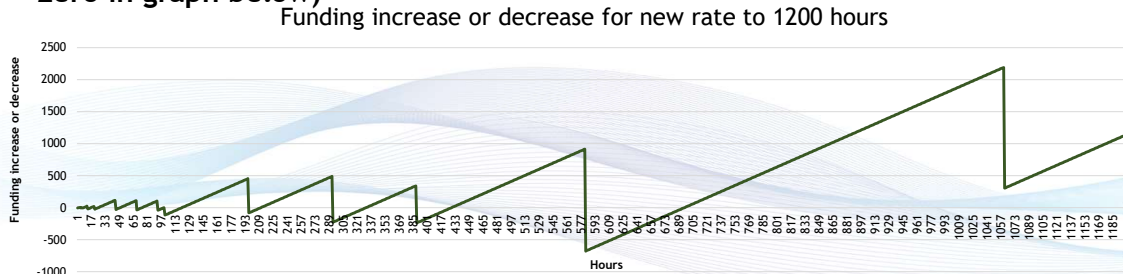


6

More winners, but there will be losers too

Current average to 1200 hours is £5.34, so £6 is 12.4% higher

But moving away from hour bands means there are still losers (hours below zero in graph below)

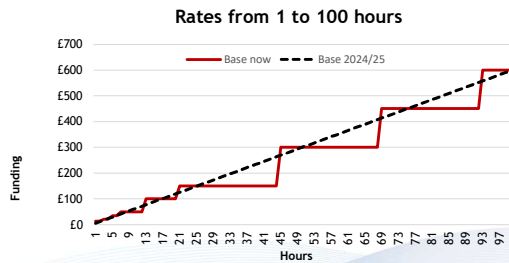


937 higher (78%), 5 same and 258 lower

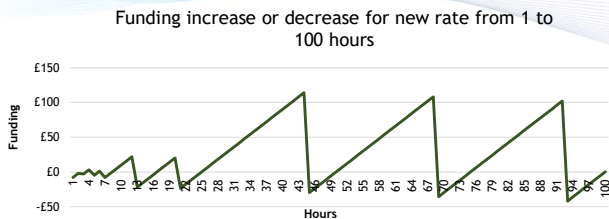
Note that the biggest winners are the hours where line is at its highest (also note 180 and 360, two very common qual hours, e.g. AS and A Levels)

7

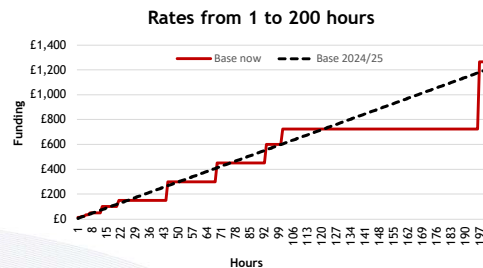
AEB base rates now and in 2024/56



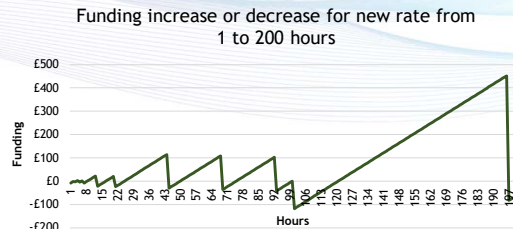
Current average up to 100 hours is £5.59
So £6 is 7% increase



64 higher (64%), 4 same and 32 lower



Current average up to 200 hours is £5.35
So £6 is 12% increase



140 higher (70%), 4 same and 56 lower

8

And some significant increase to the rate weightings

SSA tier 2	SSA T2	Current weighting	Weighting from 2024/25	Increase
1.1	Medicine and Dentistry	1.12	1.4	25%
1.2	Nursing and Subjects and Vocations Allied to Medicine	1.12	1.4	25%
1.3	Health and Social Care	1.12	1.4	25%
1.4	Public Services	1	1.2	20%
1.5	Child Development and Well Being	1.12	1.2	7%
2.1	Science	1.12	1.2	7%
2.2	Mathematics and Statistics	1	1.2	20%
3.1	Agriculture	1.72	1.6 or 2	Up to 16%
3.2	Horticulture and Forestry	1.72	1.6 or 2	Up to 16%
3.3	Animal Care and Veterinary Science	1.72	1.6 or 2	Up to 16%
3.4	Environmental Conservation	1.12	1.4	25%
4.1	Engineering	1.3	1.6	23%
4.2	Manufacturing Technologies	1.3	1.6	23%
4.3	Transportation Operations and Maintenance	1.3	1.6	23%
5.1	Architecture	1.3	1.4	8%
5.2	Building and Construction	1.3	1.6	23%
5.3	Urban, Rural and Regional Planning	1.3	1.4	8%
6.1	ICT Practitioners	1.2 or 1.3	1.4	Up to 17%
6.2	ICT for Users	1 or 1.2	1.4	Up to 40%
7.1	Retailing and Wholesaling	1	1.2	20%
7.2	Warehousing and Distribution	1	1.2	20%
7.3	Service Enterprises	1.12	1.2	7%
7.4	Hospitality and Catering	1.3	1.4	8%
8.1	Sport, Leisure and Recreation	1.12	1.2	7%
8.2	Travel and Tourism	1	1	0%

Especially, up to level 1 ICT for users (40% increase!!)

SSA tier 2	SSA T2	Current weighting	Weighting from 2024/25	Increase
9.1	Performing Arts	1.12	1.2	7%
9.2	Crafts, Creative Arts and Design	1.3	1.4	8%
9.3	Media and Communication	1.12	1.2	7%
9.4	Publishing and Information Services	1	1.2	20%
10.1	History	1	1	0%
10.2	Archaeology and Archaeological Sciences	1.12	1.2	7%
10.3	Philosophy	1	1	0%
10.4	Theology and Religious Studies	1	1	0%
11.1	Geography	1.12	1.2	7%
11.2	Sociology and Social Policy	1	1	0%
11.3	Politics	1	1	0%
11.4	Economics	1	1	0%
11.5	Anthropology	1	1	0%
12.1	Languages, Literature and Culture of the British Isles	1	1	0%
12.2	Other Languages, Literature and Culture	1	1	0%
12.3	Linguistics	1	1	0%
13.1	Teaching and Lecturing	1.12	1.2	7%
13.2	Direct Learning Support	1.12	1.2	7%
14.1	Foundations for Learning and Life (excluding Functional Skills)	1	1	0%
14.2	Preparation for Work	1	1	0%
15.1	Accounting and Finance	1	1.2	20%
15.2	Administration	1	1	0%
15.3	Business Management	1	1.2	20%
15.4	Marketing and Sales	1	1	0%
15.5	Law and Legal Services	1	1	0%

9

Let's do some examples..

Essential Digital Skills Qualification (60376168)

Level 1 with NOCN

Guided learning hours = 45

SSA T2 = 6.2

Current Rate = £300

Weighting = 1

Weighted rate = £300

2024/25 Rate = £6 x 45 = £270

Weighting = 1.4

Weighted rate = £378

So new rate is £78 (26%) higher

Essential Digital Skills Qualification (60370762)

Level 1 with The Learning Machine

Guided learning hours = 50

SSA T2 = 6.2

Current Rate = £300

Weighting = 1

Weighted rate = £300

2024/25 Rate = £6 x 50 = £300

Weighting = 1.4

Weighted rate = £420

So new rate is £120 (40%) higher

Note the different glh for the same qualification (as recorded on the find a learning aim website). Currently irrelevant as both £300. But once £6 per hour, this could become problematic given they are the same qual..

10

Let's do some examples..

Intro Award in Employability Skills (60136236)
 Entry level 2 with C&G
 Guided learning hours = 13
 SSA T2 = 14.2
 Current Rate = £100
 Weighting = 1
 Weighted rate = £100

2024/25 Rate = £6 x 13 = £78
 Weighting = 1
 Weighted rate = £78

So new rate is £12 (12%) lower!

Cert in Employability Skills (60136340)
 Entry level 2 with C&G
 Guided learning hours = 105
 SSA T2 = 14.2
 Current Rate = £724
 Weighting = 1
 Weighted rate = £724

2024/25 Rate = £6 x 105 = £630
 Weighting = 1
 Weighted rate = £630

So new rate is £94 (13%) lower!

So in these examples, funding rate for basic IT courses going up 40% and basic employability courses going down 13%

11

A level maths example

GCE A Level in Mathematics A (60310388)
 Level 3 with OCR
 Guided learning hours = 360
 SSA T2 = 2.2
 Current Rate = £1,987
 Weighting = 1
 Weighted rate = £1,987

2024/25 Rate = £6 x 360 = £2,160
 Weighting = 1.2
 Weighted rate = £2,592

So new rate is £605 (30%) higher

GCE AS Level in Mathematics A (60313079)
 Level 3 with Edexcel
 Guided learning hours = 180
 SSA T2 = 2.2
 Current Rate = £724
 Weighting = 1
 Weighted rate = £724

2024/25 Rate = £6 x 180 = £1,080
 Weighting = 1.2
 Weighted rate = £1,296

So new rate is £572 (79%) higher!

Very advantage hours *and* a weighting increase

12

BTEC extended diploma example

BTEC National Extended Diploma in Business (60171601)
 Level 3 with Pearson
 Guided learning hours = 1080
 SSA T2 = 15.3
 Current Rate = £6,602
 Weighting = 1
 Weighted rate = £6,602

2024/25 Rate = £6 x 1080 = £6,480
 Weighting = 1.2
 Weighted rate = £7,776

So new rate is £1,174 (18%) higher

BTEC National Extended Diploma in Sport (60304595)
 Level 3 with Pearson
 Guided learning hours = 1080
 SSA T2 = 8.1
 Current Rate = £6,602
 Weighting = 1.12
 Weighted rate = £7,395

2024/25 Rate = £6 x 1080 = £6,480
 Weighting = 1.2
 Weighted rate = £7,776

So new rate is £381 (5%) higher

In these examples, the hours remain the same, but the rate weightings differ

13

Policy Exceptions

The consultation asked for views on the qualifications which are currently treated as an exception to the existing funding rates.

The following exceptions will remain for some qualifications given their policy importance:

- English GCSEs, which will be included within the low funding band rather than the base funding rate band
- Functional skills in English entry level, level 1 and level 2, which will continue to receive a current policy rate of £724
- Functional skills in maths entry level, which will be funded at the current policy rate of £941, and level 1 and level 2 at £724
- Functional skills in ICT currently have a policy rate of £336 which will end on 31 July 2023. We will treat the new digital qualification as if it is in the ICT for users SSA from 2024 to 2025, meaning the funding rate for the new digital functional skills qualifications will increase to £462 (the new hourly skills funding rate for ICT for users SSA is £8.40 and GLH for these qualifications is 55 hours)

The consultation proposed maintaining the current policy rates for access to higher education qualifications. However, given the funding rates that have been set, this would mean in many cases funding being lower than other comparable courses and would result in unnecessary complexity. Therefore, we will fund qualifications for access to higher education in line with the new skills funding rates according to the SSAs the qualifications are in.

Access to HE has no glh set (it's regulated by QAA) so this para is not enlightening (polite way of saying it makes no sense)

14

Land-based qualifications

For land-based qualifications in the agriculture, horticulture and animal care SSAs, the principle of specialist funding for qualifications in these sectors that demand specialist resources will continue. The department is still reviewing these courses to ensure a consistent approach is taken to which qualifications require a specialist uplift. Qualifications in these 3 SSAs which are not specialist will be in the high funding band. We aim to confirm the final position as soon as possible.

Other funding elements

Funding uplifts for area cost adjustment and disadvantage will apply to the new skills funding rates in the same way as now.

We will continue to provide an additional uplift on top of the qualification funding rate in 2024 to 2025 for qualifications in the free courses for jobs offer. This uplift will be:

- £600 per qualification for courses of 360 GLH or above
- £150 per qualification for courses of 359 GLH or below

For co-funded learners, as now, the learner is expected to contribute so the funding is reduced by 50% of the base rate of the qualification.

15

Future webinars - register at www.lsect.co.uk

- > 3 February - Making sense of achievement rates
- > 7 February - Using FIS and ILR funding reports
- > 8 February - Apprenticeships and PDSAT
- > 9 February - Apprenticeship funding
- > 20 February - Apprenticeship Accountability Framework
- > 22 February - Lsect Annual Data Conference (London)
- > 8 March - AEB funding audit and PDSAT (incl. devolved)
- > 20 March - T-Level funding - an essential guide

Thank you



16



17