

Update on the Funding of Adult Community Learning 2017 to 2018

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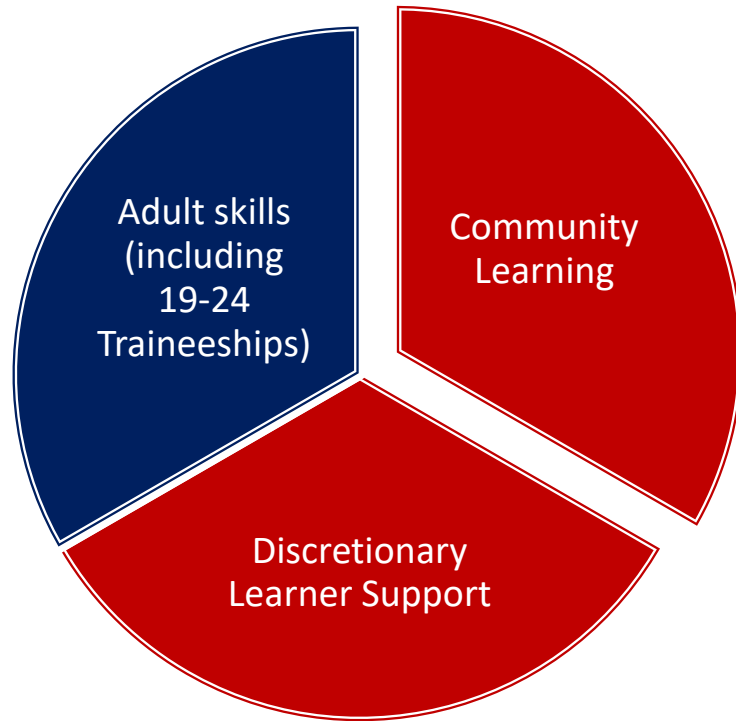


Adult Education Budget (AEB) 1

- A single funding line that replaced adult further education outside of apprenticeships, **Community Learning** and Discretionary Learner Support (**ESFA participation and support funding**)
- It brings together a range of **'formula funded'** and **'non-formula funded'** budgets
- Budget of £1.5 billion set for 2017 to 2018
- Principle purpose is to engage adults and provide them with the skills and learning needed for work, an apprenticeship or further learning
- Enables adults to achieve qualifications as well as tailored programmes of learning, which do not need to include qualifications, to help those furthest from learning or employment
- Funds broader types of learning activities rather than qualifications, e.g. preparation for life, adult re-engagement, independent living, employability skills
- Increasingly subject to local devolution of funding and commissioning after 2018 to 2019



How the AEB is made up



- Formula funded - based on the funding formula underpinned by information on the ILR
- Non-formula funded – based on funding claims during the year and year end



What the AEB funds

Education and training provision

- Legal entitlements
- Skills provision for the unemployed
- Traineeships
- Community Learning

Support funding

- Learning support (learning difficulties and/or disabilities)
- Learner support (including hardship, child care and residential costs)



Questions ?

1. How is your AEB allocated between formula funded and non-formula funded activity?
2. What would be the implications of moving to a wholly formula funded approach?
3. To what extent do you currently subcontract ACL?

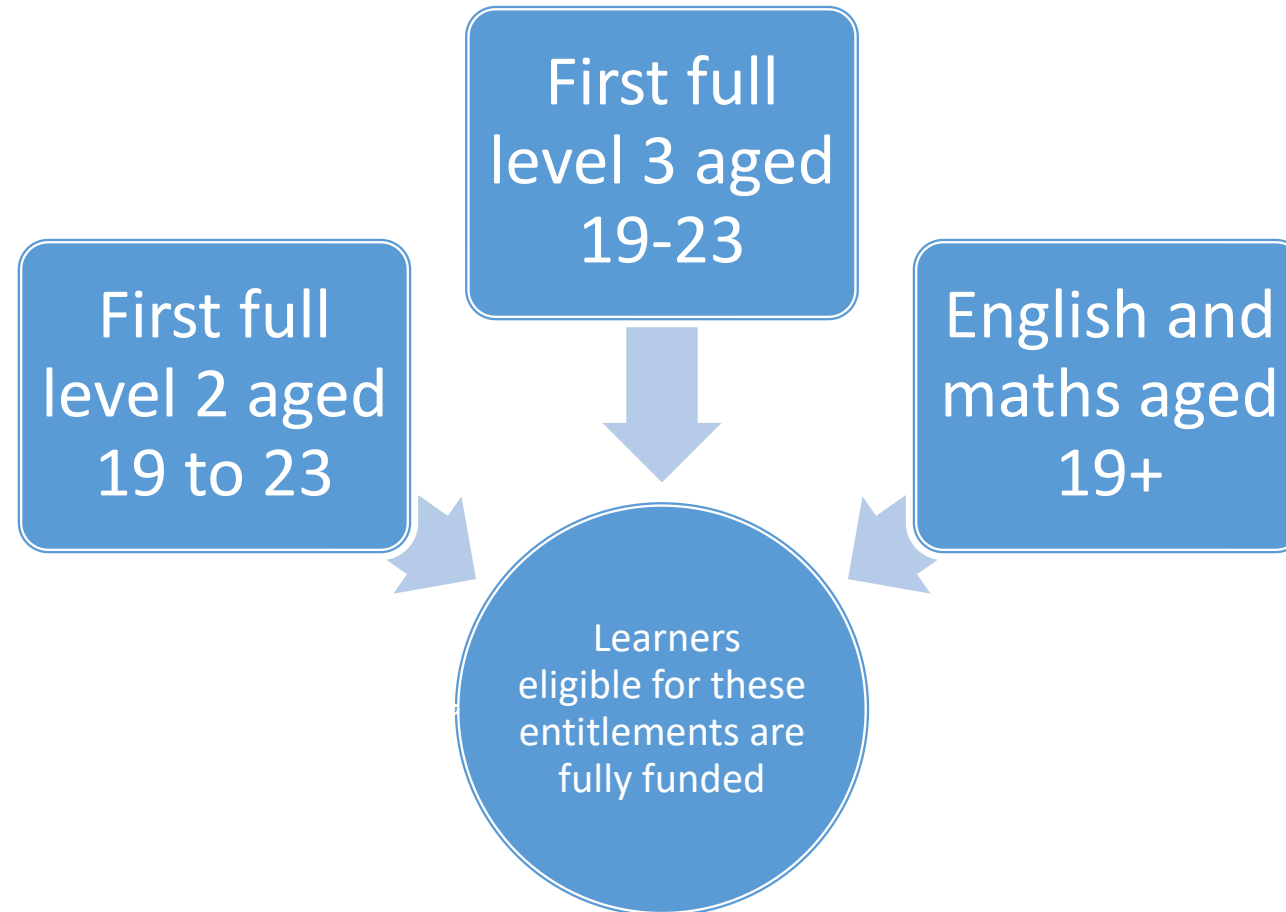


Adult Education Budget (AEB) 2

- Providers have the freedom and flexibility to deliver programmes of learning that can include a range of activities which may, or may not include, qualifications
- For the legal entitlements to a first full Level 2 or 3 for 19- to 23-year-olds, or English and maths entitlements for learners aged 19 or older, providers must deliver the qualifications listed in the table of qualifications for entitlement (**updated on the Hub**)
- ESFA will fully fund 19 to 23 year olds on the day they start the following learning: provision, up to and including level 2 for those who already have a full level 2, **if they are unemployed** (otherwise co-funded)
- ESFA will fully fund learners aged 24 or over on the day they start learning, up to and including notional level 2, **if they are unemployed** (otherwise co-funded)



Legal entitlements



Qualifications required for the legal entitlements

| First full Level 2 and Level 3 | English and maths (not ESOL) |
|--|---|
| 16 to 23 core offer* – technical and applied qualifications in the 2018 and 2019 16 to 19 performance tables (tech levels, applied general, technical certificates), A-levels, AS-levels, Access to HE and GCSEs | English and maths core offer – GCSE English language and maths, functional skills in English language and maths at entry level to level 2 |
| Certain qualifications in the 2017 16 to 19 performance tables | Limited number of stepping stone English language and maths qualifications from the RQF at entry level to level 1 (including Free Standing Maths) |



Changes to fully funded categories introduced in 2017 to 2018

- ESFA will fully fund 19- to 23-year-olds on the day they start the following learning: provision, up to and including, level 1 to support progression to a first full level 2 (must be delivered as entry or level one provision from local flexibility)
- Also applies to 24+ unemployed



Non-regulated activity

153. Where you deliver non-regulated activity you must ensure it is eligible for funding. Such activity could include:

- 153.1 independent living skills or engagement activity supporting adults to operate confidently and effectively in life and work
- 153.2 locally-commissioned and/or locally-developed basic knowledge and skills needed to access technical qualifications
- 153.3 employability and labour market re-entry
- 153.4 locally-commissioned and/or locally-devised technical education short courses (also known as taster sessions)
- 153.5 community learning activity



Local flexibility

- Bespoke locally designed learning, that can include both qualifications and non-regulated learning to support
 - Progression to full level 2
 - Retraining/upskilling for learners already in receipt of level 2 or above
- Qualifications and units of qualifications which are specified on the Hub, including ESOL
- Non-regulated learning, where robust and appropriate quality assurance is in place, i.e. RARPA (Recognising and Recording Progress and Achievement)



Local flexibility

Learners eligible for local flexibility are either fully or co-funded

From 1 August 2017, learners aged 19-23 progressing to their first level 2 can only undertake learning at entry and level 1 from local flexibility

Can be used alongside the legal entitlements, e.g. level 2 diploma and a non-regulated time management course

Non-regulated learning and/or qualifications and units at entry, level 1 and 2

Aged 19+



Community Learning

- Remains funded as it was in 2016 to 2017
- Providers in receipt of non-formula community learning (CL) funding are able to spend up to their 2015 to 2016 CL allocation value
- Grant funded providers have the flexibility to use any non-formula CL underspend to deliver AEB formula funded activity
- Providers can add to their non-formula CL offer, using AEB formula funding, subject to learner eligibility rules and the AEB formula funding methodology (local fee remission policy does not apply in this case)
- ESFA will reclaim unspent former community learning funding at year end from providers funded through a contract for services
- Providers must not use former community learning to fund provision that is eligible to be funded through an advanced learner loan.



Delivery of Community Learning

- ❑ Providers can deliver former community learning provision in line with existing objectives set out in “New Challenges, New Chances” subject to the following arrangements
 - ❑ ‘Pound Plus’ strategy and local fee remission policy
 - ❑ ‘non-formula’ earnings method, paid on profile with submission of year-end funding declaration
 - ❑ submitting ILR data against programme elements, e.g. Family English, Maths and Language
- ❑ Learners under 19 can be supported, but only if they are a parent on a family learning programme and funded through the former community learning non formula-funded methodology, that is, learning aims recorded using funding model 10 in the Funding model field
- ❑ Providers must make sure that, where appropriate, learners have access to initial assessment tools or processes, and have signposting to appropriate provision, if their assessment reveals an English, maths or ESOL need, or accreditation for those who want it.



Questions ?

1. How has your curriculum offer changed since 2011 in terms of meeting the objectives in “New Challenges, New Chances”?
2. How are ACL providers meeting the challenges of other providers, including FE colleges, delivering more non accredited programmes under local flexibilities?



AEB Formula Funded Methodology

Funding £

=

Rate £

X

Disadvantage Uplift (postal codes)

X

Area Cost Uplift (*delivery location)



Table 1: The single activity matrix for 2017 to 2018.

| Funding band – hours | Activity type | Programme weighting (PW) | | | | |
|----------------------|--------------------------|--------------------------|---------|------------|----------|----------------------|
| | | A – Base (unweighted) | B – Low | C – Medium | D – High | E or G* (specialist) |
| Up to 2 | Very small provision (1) | £14 | £16 | £18 | £22 | £24 |
| 3 to 4 | Very small provision (2) | £21 | £24 | £27 | £34 | £36 |
| 5 to 6 | Very small provision (3) | £35 | £39 | £46 | £56 | £60 |
| 7 to 12 | Small provision (1) | £50 | £56 | £65 | £80 | £86 |
| 13 to 20 | Small provision (2) | £100 | £112 | £130 | £160 | £172 |
| 21 to 44 | Small provision (3) | £150 | £168 | £195 | £240 | £258 |
| 45 to 68 | Medium provision (1) | £300 | £336 | £390 | £480 | £516 |
| 69 to 92 | Medium provision (2) | £450 | £504 | £585 | £720 | £774 |
| 93 to 100 | Medium provision (3) | £600 | £672 | £780 | £960 | £1,032 |
| 101 to 196 | Large provision (1) | £724 | £811 | £941 | £1,159 | £1,246 |
| 197 to 292 | Large provision (2) | £1,265 | £1,417 | £1,645 | £2,025 | £2,176 |
| 293 to 388 | Large provision (3) | £1,987 | £2,225 | £2,583 | £3,179 | £3,417 |
| 389 to 580 | Very large provision (1) | £2,573 | £2,882 | £3,345 | £4,117 | £4,425 |
| 581 to 1060 | Very large provision (2) | £4,170 | £4,670 | £5,421 | £6,671 | £7,172 |
| 1061 or more | Very large provision (3) | £6,602 | £7,395 | £8,583 | £10,564 | £11,356 |

*Some specialist provision receives an uplift if it is delivered by certain providers (paragraph 44)



Table 2: The exceptions to the single activity matrix for 2017 to 2018.

| 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 |



Examples of adult learners

Fully funded

- 180 GLH level 2 ICT
- Rate = £811
- Assumed fee = 0

Co-funded

- 180 GLH level 2 ICT
- Rate = £811 - £362 = £449
- Assumed fee = £362



Single earnings methodology

- Funding earned by a provider consists of 'on programme' and 'achievement' elements – 80%/20%
- 'n + 1' methodology supports less than one month and multiple year delivery
- Payment of allocation on profile to **colleges and local authorities** with year-end reconciliation
- Payment of allocation on actuals to **training providers**, with balancing payments in month after data received



Earnings for Functional Skill in English

☐ On-programme funding = £724 x 80%

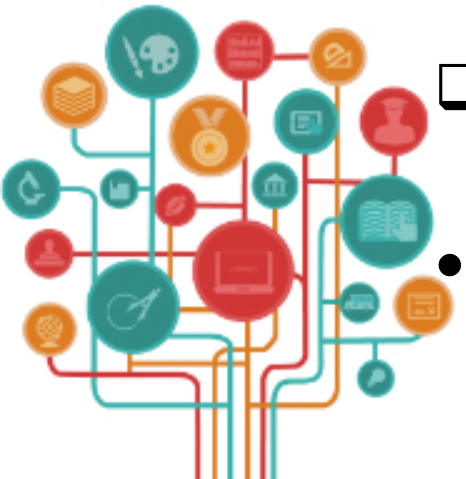
| Month | 1 | 2 | 3 | 4 | 5 | 6 | 7 | |
|-------|--------|-------|-------|-------|-------|-------|-------|--------|
| £ | 144.80 | 72.40 | 72.40 | 72.40 | 72.40 | 72.40 | 72.40 | 579.20 |

☐ Achievement funding = £724 x 20% = £144.80



Funding for Adult Learning Support 1

- ❑ ESFA funds learners with learning difficulties or disabilities as set out in the Apprenticeships, Skills, Children and Learning Act 2009. They will fund learning and provision for individuals who are:
 - ❑ aged 19 and over, and under 25, who are **not subject** to an EHC plan, or
 - ❑ aged 25 and over
- ❑ **Fixed monthly rate of £150 per learner**
- ❑ Excess Learning Support still available where required but must be **evidenced**
- ❑ Excess Learning Support claimed through Earnings Adjustment Statement (**EAS**)



Subcontracting

- Reduction in level of subcontracting (for a number of reasons)
- Sector-wide transparency
- Second level subcontracting not allowed from August 2017
- Key requirements
 - Permissions to subcontract for the first time
 - Publish subcontracting fees and charges
 - Declare subcontracting arrangements to ESFA twice a year



Payments and performance management

AEB for providers funded through a grant

- AEB allocated as a block grant
- Payments made on a standard national profile
- Provider must provide 3 funding claims setting out actual delivery to date, and forecast for remainder of funding year
- Funding claims must include adult skills, former CL and DLS funding
- No automatic payment for over delivery
- 3% tolerance applied to under-delivery

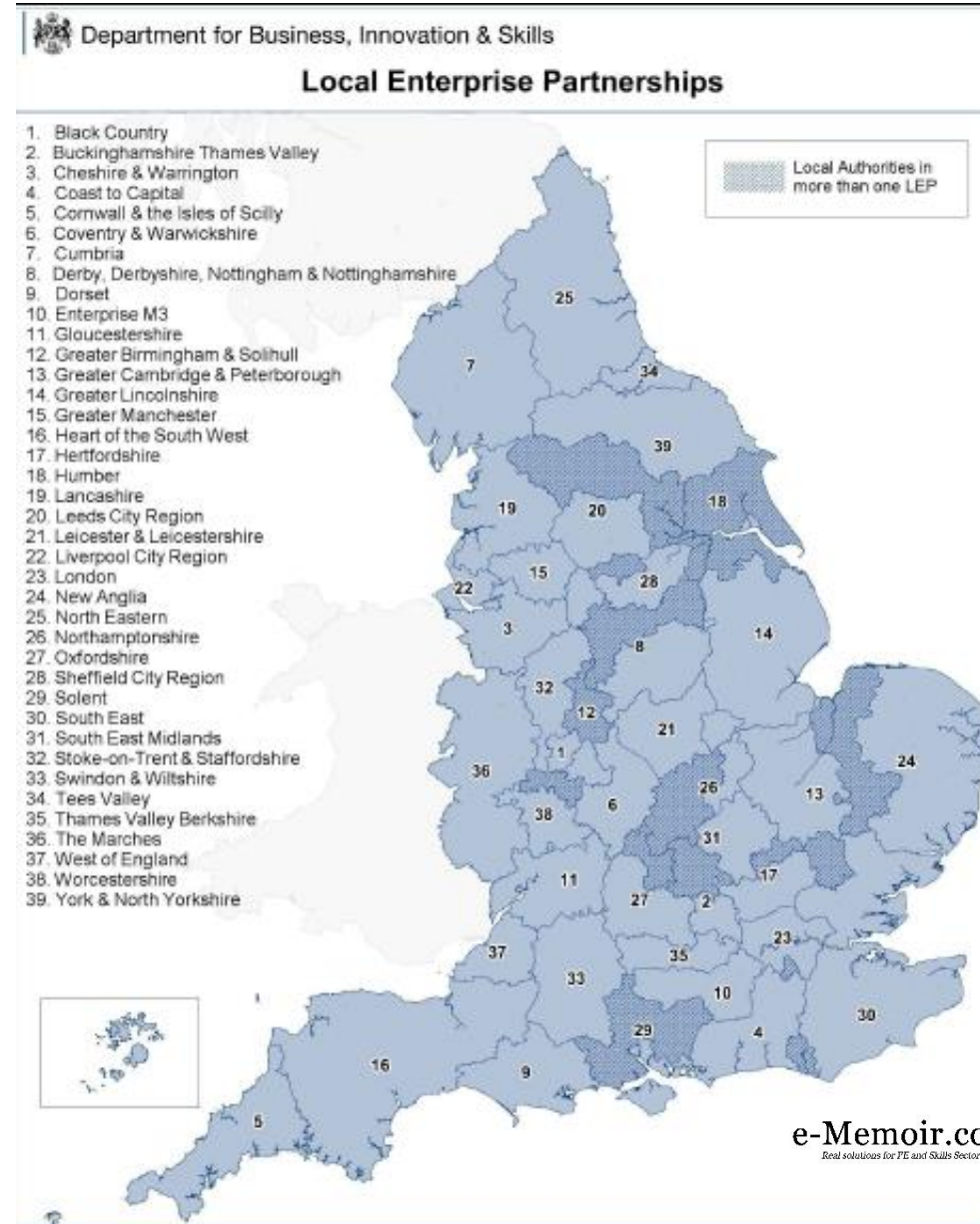
AEB for providers funded through a contract

- Allocation remains as 3 separate budgets
- Adult skills paid on actual delivery, up to contract value for the financial year (based on latest ILR and EAS data)
- Former CL paid on a standard national profile (reconciliation based on actual spend in final claim)
- DLS paid in 3 stages (50% August, 25% January and 25% April)
- Under-delivery can result in provider paying back unspent funds



Devolution

- Strong push for local control of skills to build on Growth Deals
- LEPs have ESF and skills capital funding
- 6 Metro areas and London cover 40% of population
- 39 LEPs
- 152 counties, unitaries and boroughs
- Devolve which budgets
 - All budgets
 - AEB ?
- Could happen in stages but with conditions

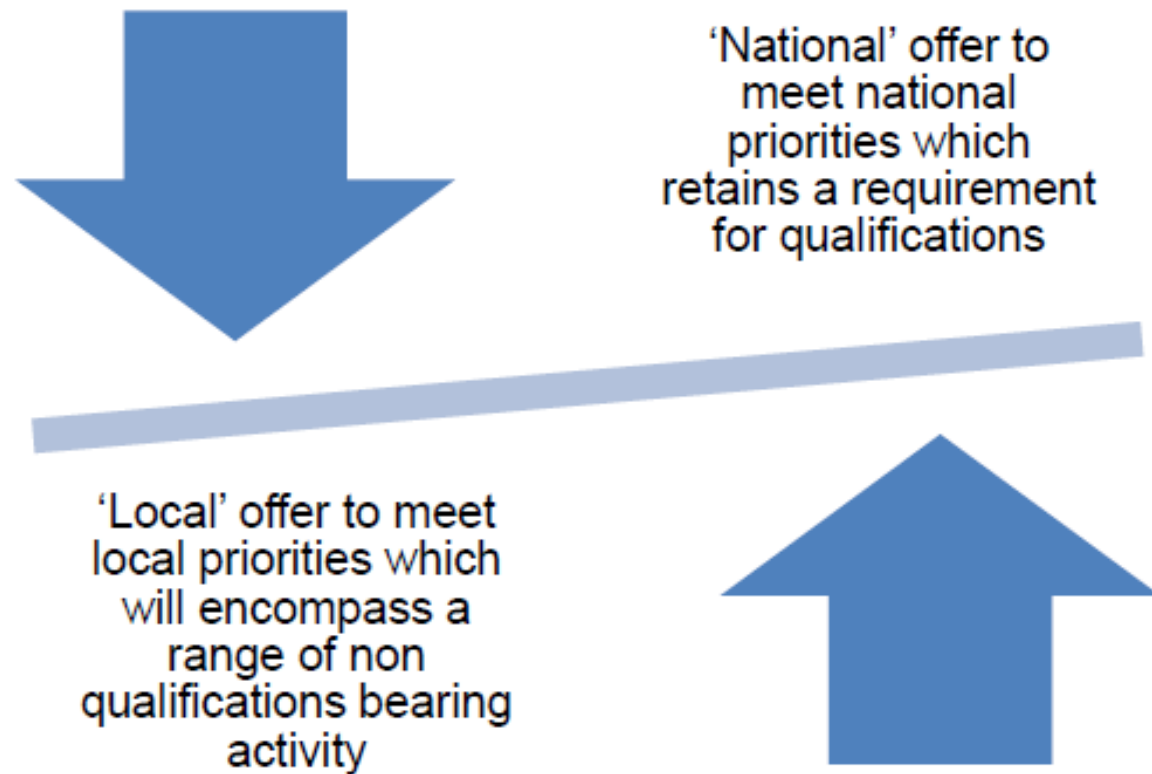


Devolution of funding

- ❑ Government views AEB as funding for a local service to respond to local needs so responsibilities should be at local level rather than national
- ❑ More devolution of AEB to LEPs and Combined Authorities to obtain a better alignment of skills delivery with local priorities
- ❑ Transitional arrangements in place, e.g. ESFA and LEPs working on joint management and monitoring of the Adult Education Budget
- ❑ Local outcome agreements to set out the broad outcomes that the skills system achieves, and could lead to new funding arrangements in terms of rates and payment mechanisms
- ❑ Area reviews focus on the best way to structure provision to best meet educational and social needs of each part of the country, e.g. London Review of ACL



The “Mixed Economy Offer”



Questions ?

1. Under a devolved system what should be the role and strategic focus of ACL services and providers in meeting local adult and community learning needs and ensuring appropriate progression routes?
2. What are the most effective and efficient delivery models for these services and institutions?



Characteristics of future funding arrangements

- Increased localism and devolution of funding
- Strategic links with economic and social policies – Skills Plan and Industrial Strategy
- Responsive to different market needs and wants
- More/less competition for funding
- Shift of skills funding away from the state and increasingly on to beneficiaries**
- Rigorous performance management, especially of **outcomes** for learners – **destinations, progression (through learning) and earnings changes**
- Value for **public money** in all arrangements



