

Making the most of your Adult Education Budget allocation or contract

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Real solutions for FE and Skills Sector professionals

- ❑ AEB set at indicative level of £1.5 billion in spending plans to 2019-20
- ❑ Underspend on AEB regularly reported (outside the tolerance)
- ❑ One million fewer adults are learning than five years ago, including English and maths (200,000 since 2011/12)
- ❑ Devolution of AEB in 6 MCAs and delegation to GLA in 2019/20
- ❑ Still significant volumes of sub-contracting

- ❑ FE Loans facility set at £480 million for 2019-20
- ❑ Significant underspend of almost £1 billion since 2013
- ❑ Fall in demand from all age groups other than 19-23 year olds
- ❑ Poor take-up from learners from disadvantaged communities
- ❑ Problems of learner acceptance and availability of information and resources on the benefits of learning have been highlighted
- ❑ Private providers increasing their share of the loans market

Policy Focus

A lot of the policy focus has been on the **supply** side of the education and training market

- ☐ Skills and Industrial Strategies
- ☐ Area Based Review and Institutes of Technology
- ☐ New funding arrangements
- ☐ Reviews of qualifications

But increasingly the focus must be on the **demand** for learning by adults

- ☐ How to engage more adults in learning
- ☐ How to overcome barriers to learning, e.g. age, confidence, finance
- ☐ How to sell the benefits of learning, not just to individuals
- ☐ Commissioning of skills development by devolved authorities



Optimising funding for adults

- ☐ Is your model 'plan and provide' or 'demand led'?
- ☐ How do establish the demand for learning from adults – outreach, market research, LMI, employers, LA data?

How do you use ILR data for market analysis?

- ☐ **What motivates adult learners to learn?**

Motives for learning?

- ☐ What **benefits** are they seeking from learning?
- ☐ What are the differences between adults in work and those without work?
- ☐ How do patterns of demand change, e.g. over a year, weather, fashions?
- ☐ How do they want their learning delivered?
- ☐ How much are they willing to pay for the learning?
- ☐ What stops them from learning?
- ☐ What do they want to do next?

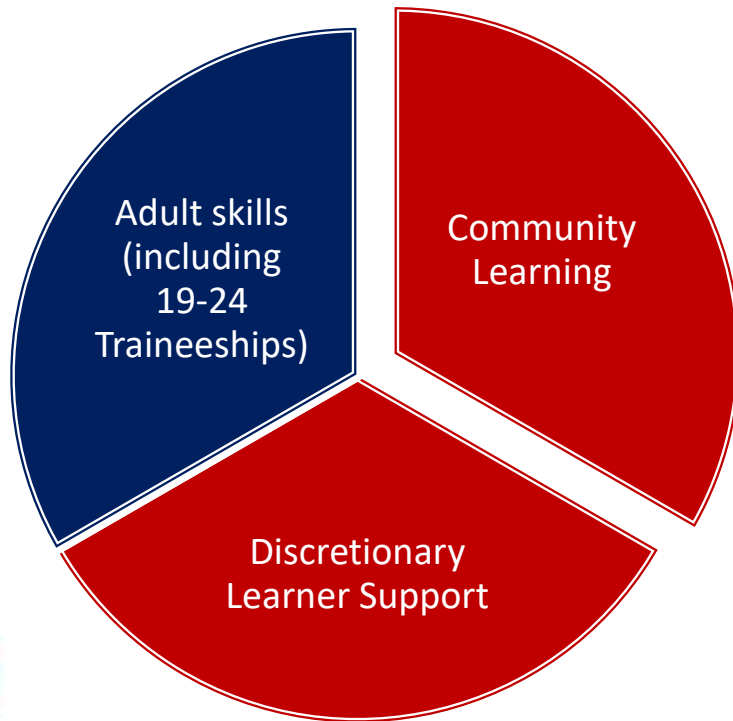


Making the most of AEB funding

- ☐ Legal entitlements
 - ☐ First level 2 and 3
 - ☐ English and maths
 - ☐ Unemployed and low paid adults
- ☐ Local flexibilities
 - ☐ Entry and level 1 for progression to level 2
 - ☐ Retraining and upskilling at level 2
- ☐ Non-regulated learning
 - ☐ Return to learning
 - ☐ Those furthest away from education or employment
- ☐ Learning in the workplace
 - ☐ Your own workforce
 - ☐ Other employers and employees
- ☐ Setting fee levels for co-funded learners that maximise revenue
- ☐ Making the most of non-formula funded community learning
- ☐ **Making the most of devolved AEB arrangements**



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
- ❑ Community Learning can provide opportunities for flexibility and progression including from non-regulated learning



Adult Education Budget (AEB)

- ☐ 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
- ☐ 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
- ☐ Funds a range of qualifications from entry up to level 2 and non-regulated learning



Adult Education Budget (AEB)

- ☐ 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)
- ☐ Adults who are employed on low wages and cannot contribute towards the cost of co-funding fees is fully funded in 2019 to 2020 (extension of trial period)
 - ☐ Less than £16,009.50 annual gross salary
 - ☐ Boost for the low paid and ESOL learners
 - ☐ Increases level of ESFA funding per learner (previously co-funded)





The level of government contribution for ESFA funded AEB is as follows.

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+
<p>*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.</p> <p>*Must be delivered as entry or level one provision from local flexibility.</p> <p># Excludes flexible element where funding depends on age and level.</p> <p>## 16- to 18-year-old learners must be eligible under the ESFA's young people's residency requirements.</p> <p>** 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.</p> <p>+ Low wage flexibility may apply, refer to paragraph 152.</p>			



Learners in receipt of low wage

What have you done to promote this offer to the low paid?

What has been impact of this change so far?

152. 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:

- 152.1. eligible for co-funding, and
- 152.2. earns less than £16,009.50 annual gross salary

153. 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.

154. You must use LDM code 363 and FFI code 1 to claim full funding for learners who meet the requirements set out in paragraph 152.

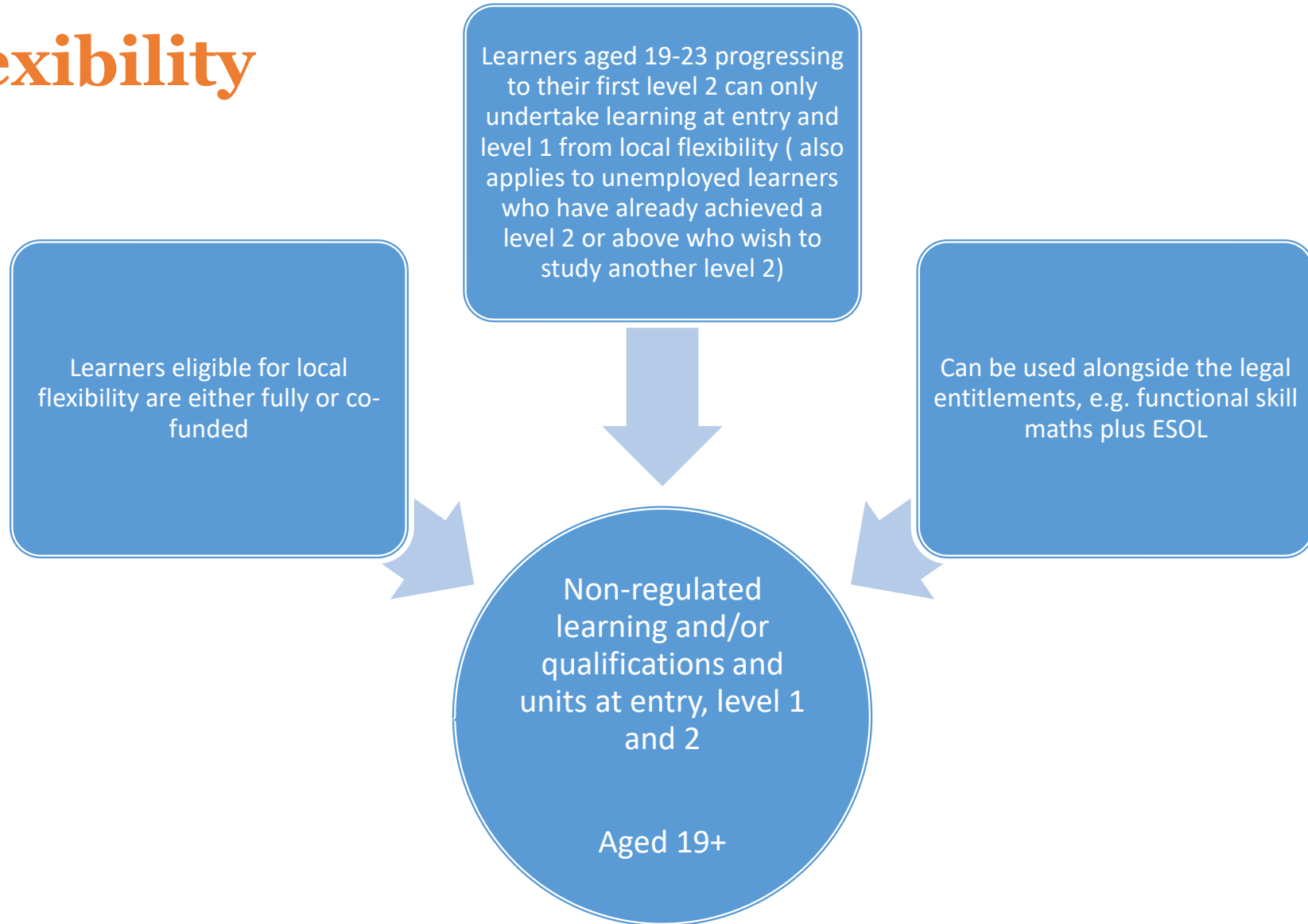


Local flexibility

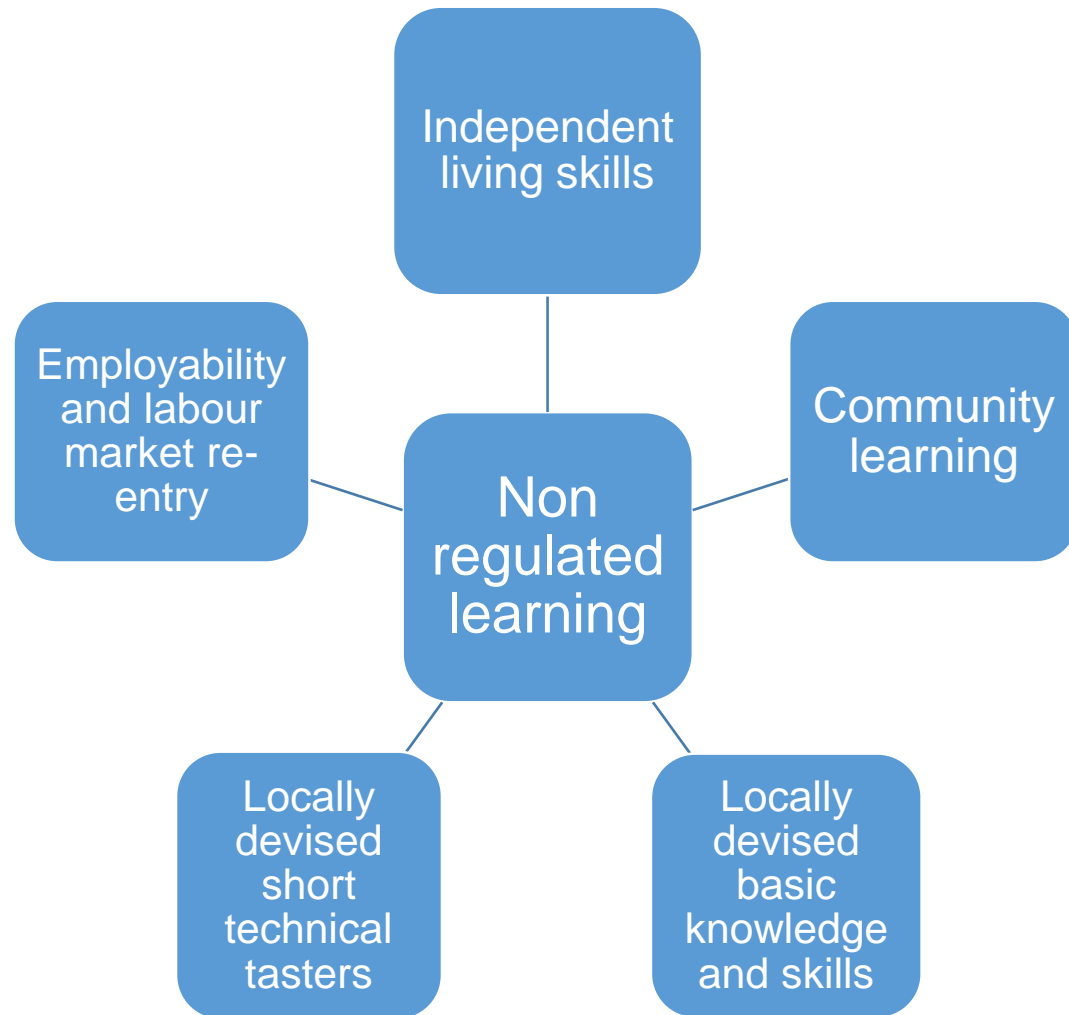
- ☐ Bespoke locally designed learning, that can include both qualifications and non-regulated learning to support
 - ☐ Progression to full level 2
 - ☐ Retraining/upskilling for learners already in receipt of level 2 or above
- ☐ Qualifications and units of qualifications which are specified on the Hub, 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



Non-regulated learning for adults



Importance of quality assurance

Where you are delivering non-regulated learning you must ensure you have appropriate and robust quality assurance processes in place. For instance 'The Recognising and Recording Progress and Achievement (RARPA) Cycle'. Further information on RARPA is available from the Learning and Work Institute.

"RARPA has a critical role to play across all locally designed provision in the changing context of funding and commissioning. It is fundamental in capturing and measuring outcomes agreed and commissioned locally".
LWI 2017



The RARPA process

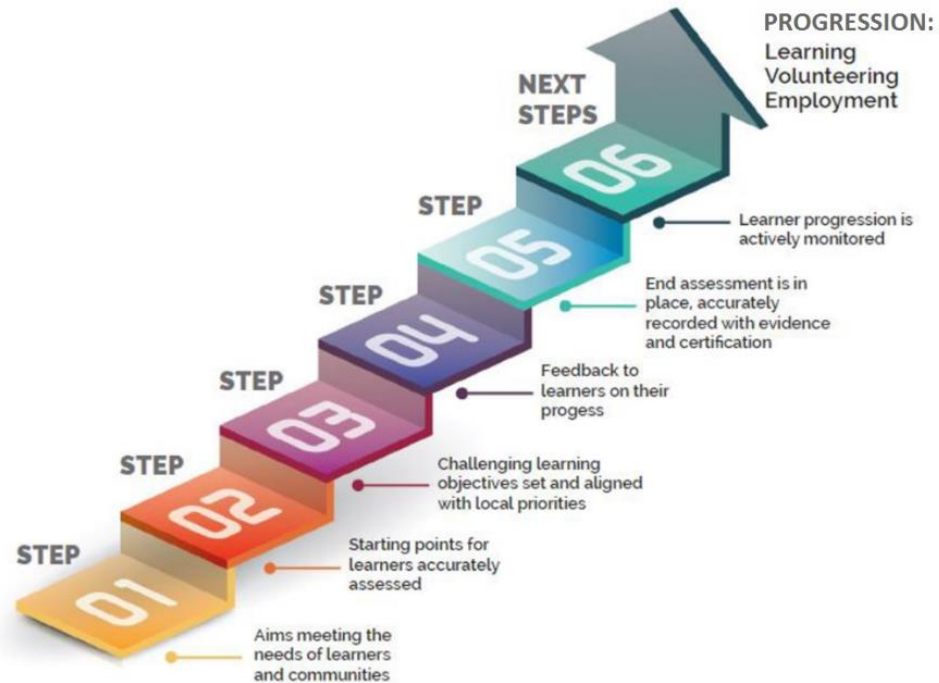


Figure 2. The RARPA steps in detail, showing how progression towards outcomes is facilitated by the process.

“Management Information: the same rigour in analysis and collation of achievements and outcomes is required for non-regulated provision as for regulated qualifications. Where appropriate this should include outcomes gathered from sample post course reviews. Stage one of the RARPA process integrates outcomes required to meet local needs and effective collation of achievements and supports reporting for the local commissioning processes. Local commissioners will expect to see robust evidence of this”.

Learning in the workplace

169. We will fund learning in the workplace where a learner has a statutory entitlement to full funding for:

- 169.1. English and/or maths up to and including level 2 (paragraph 171), and/or
- 169.2. a first full level 2 (paragraph 178.1.1), or
- 169.3. a first full level 3 qualification (paragraph 178.1.2)

170. We will not fund any qualification or learning aim delivered at an employee's workplace, **and is either** relevant to their job or their employer's business, unless:

- 170.1. it is a statutory entitlement qualification stated in paragraph 169, or
- 170.2. we have confirmed a national level concession that responds to a significant negative economic impact for a specific industry, or work placement or work experience, unless it is delivered as part of a traineeship programme, or the Prince's Trust Team programme .



What opportunities have you pursued with employers outside of apprenticeships?

AEB funding formula

The Adult Education Budget gives colleges and other training organisations more flexibility to respond to the needs of their local area. This enables the funding of programmes that really make a difference by including locally designed learning activity alongside qualifications, or instead of them.

The Single Activity Matrix enables colleges and other training organisations to calculate and claim funding for qualifications and other learning activity that is not qualification based.

Activity that is not a regulated qualification uses generic learning aims called 'class codes'. You can download the class codes to be used to record non-regulated provision in the ILR for 2019-20'.



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 Higher Education	£3,022	£3,384	£3,928	£4,835	£5,197

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Planning and delivering adult learning

- ☐ Seeing the AEB as a continuous flow of activity, e.g. balancing carry-in and new learners
- ☐ Different start points over the year to reflect patterns of demand
- ☐ How do you manage your resources to achieve greater degrees of flexibility and responsiveness?
- ☐ What kind of environment are you offering adult learners – warm and welcoming?
- ☐ Effective use of blended learning and other technologies to widen market reach
- ☐ Offering career guidance and mentoring support as an entitlement
- ☐ Aligning with LEP, MCA and DWP priorities



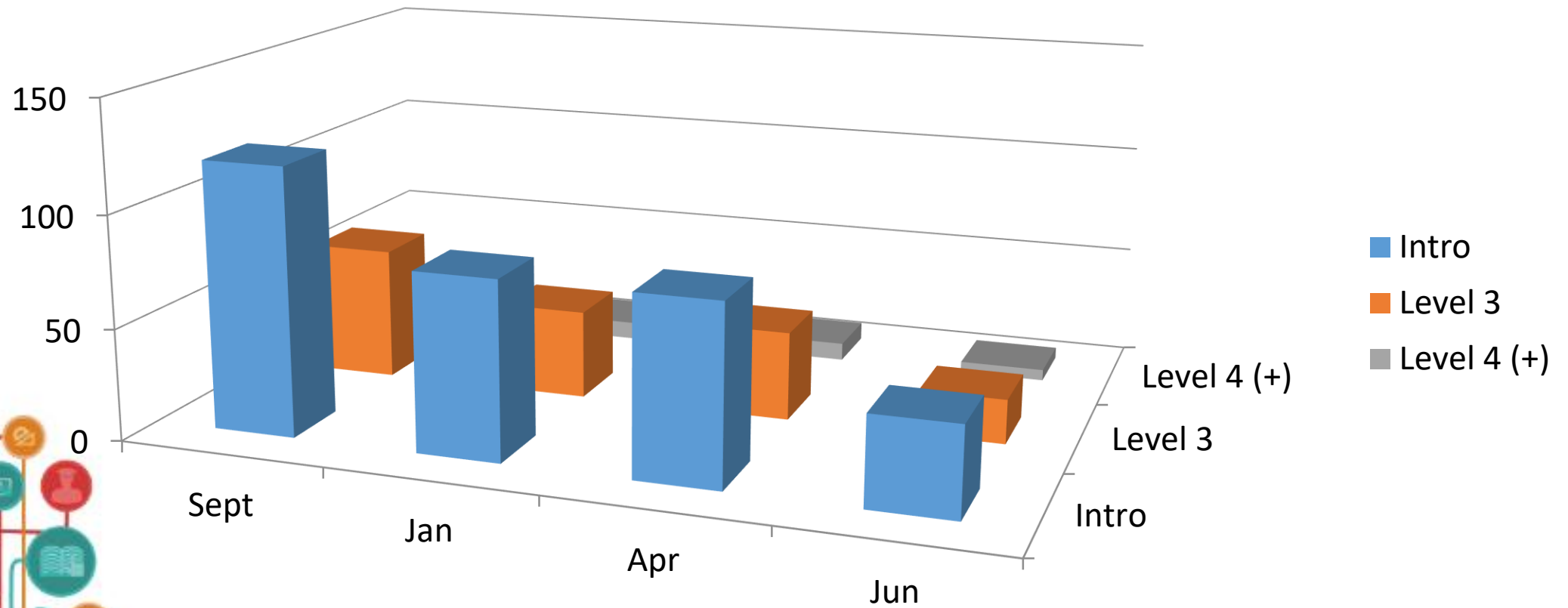
Case study – Level 2 diploma

- ☐ Can I study in the evening and at weekends?
- ☐ Can I do some of my study by distance or on-line?
- ☐ Can I attend at a different location?
- ☐ Can I do concentrated periods of study, e.g. Easter school of 30 hours in one week?
- ☐ Will this qualification really help me gain promotion?
- ☐ Will the programme make me more effective or productive?
- ☐ What qualifications can I do next, e.g. level 3, and how can they be funded, e.g. loans?
- ☐ Can you help me progress into further career advice?
- ☐ Can I work for you as an assessor/trainer when I qualify?

And many other questions that learners may ask before they commit



Beauty Therapy offer 2019 to 2020



Implications for marketing the adult offer

- ☐ Learner perceptions and expectations of learning
 - ☐ Do they want to learn first and then consider how to fund second?
- ☐ Recruitment and participation patterns by learner type
 - ☐ What does your data tell you about demand for learning?
- ☐ Engagement strategies for wider range of communities
- ☐ National information and careers services
- ☐ Learner behaviour and recruitment
- ☐ Price and non-price competition, e.g. enhancements
- ☐ Loss leaders and other incentives
- ☐ Means of communicating with the adult market, e.g. website, outreach
- ☐ **Learner journey and their experience of it**

What values
underpin your
brand?



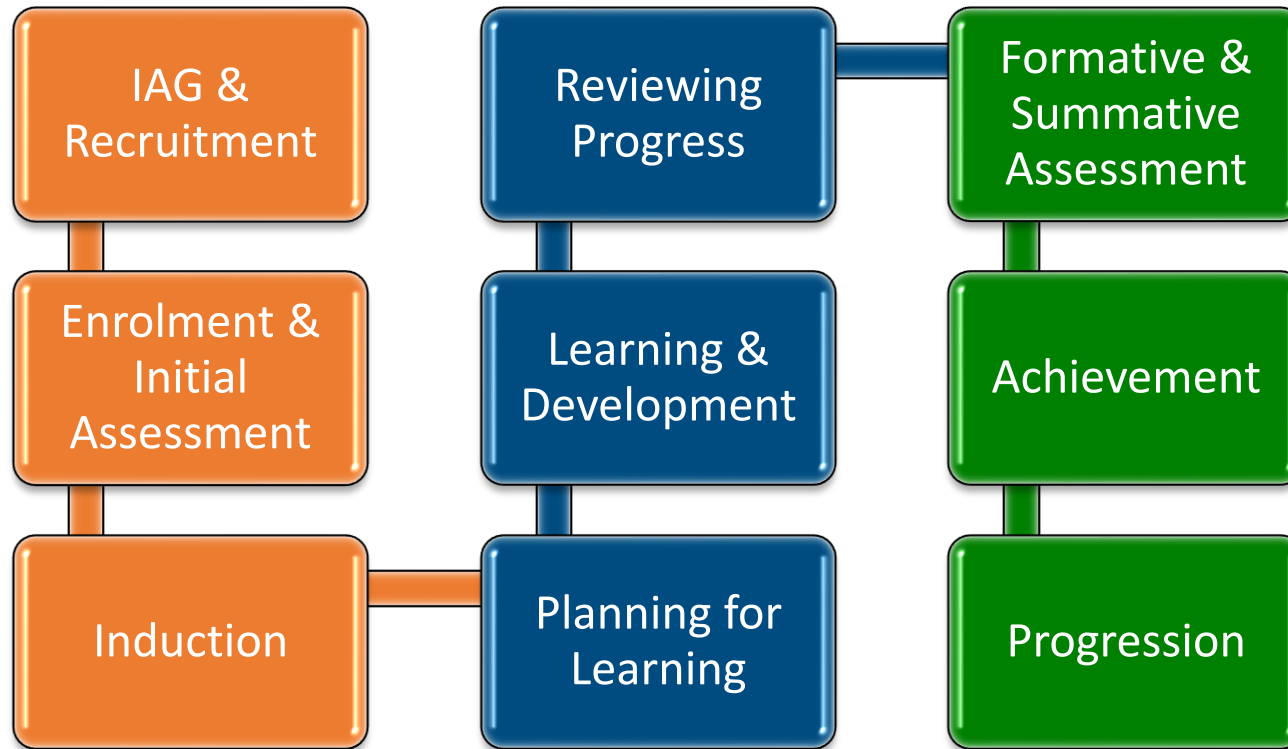
The learner journey and experience

Useful definitions

- ☐ **Customer Journey**— the stages where people interact with your brand.
- ☐ **Customer Experience**— how people feel based on what you do at each stage.
- ☐ In order to assess the quality of any process, it is often helpful to break that process into its constituent parts
- ☐ In an educational context, the idea of 'The Learner Journey' provides a useful model
- ☐ What are the key steps on this journey for an adult learner, e.g. on a level 2 programme?
- ☐ What curriculum and business support functions are critical for this journey to be a successful one?
- ☐ How do we assess learners' feelings or perceptions of their experience of the provider?



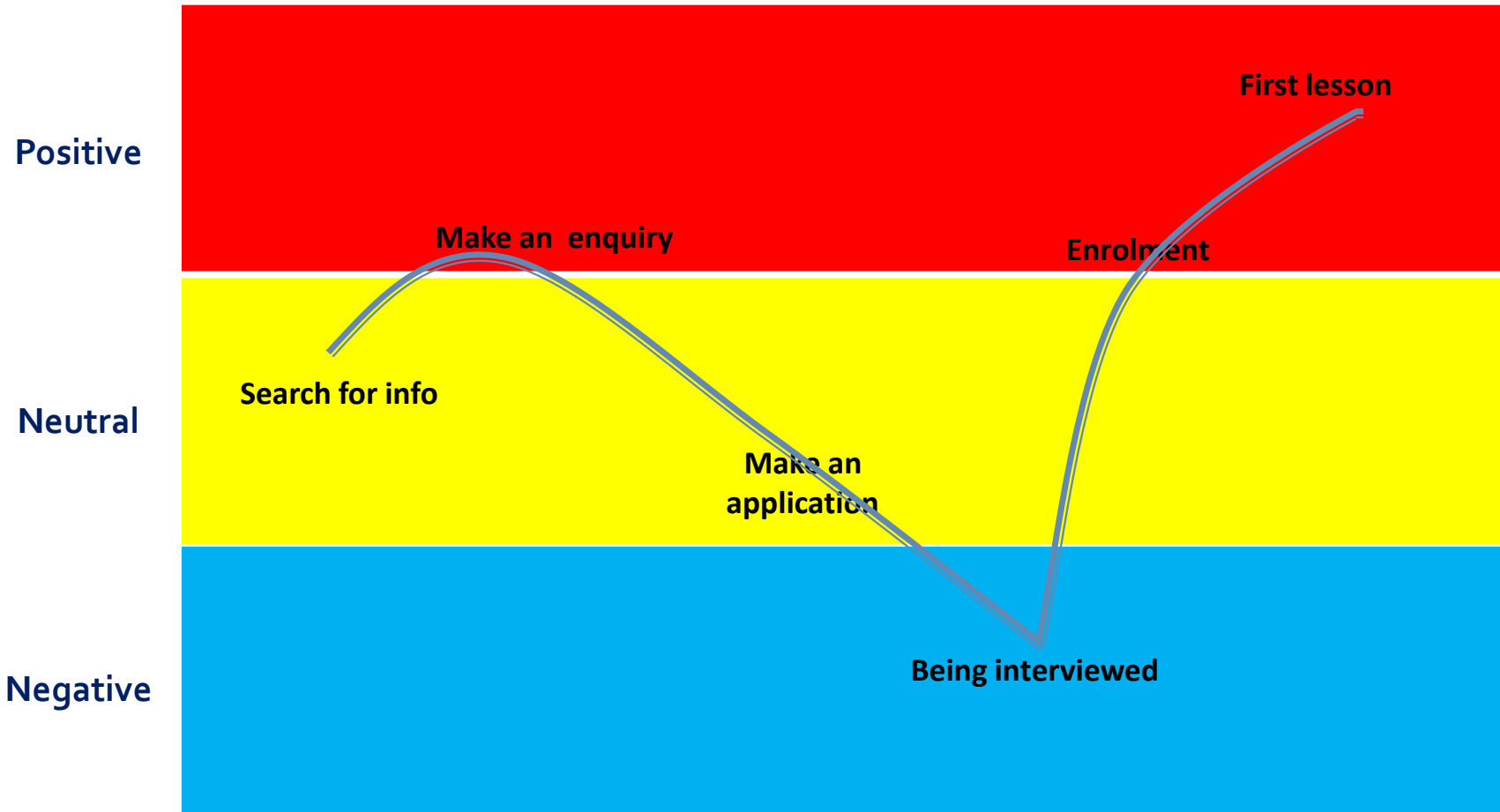
The learner journey ...plotting the key stages where the brand and the customer interact



Top Tip
This is a customer journey and starts and ends with them. Don't define the start and end in your own terms. It might be too late!



Insight about feelings is a great place to start



Importance of quality

- ☐ Meeting and exceeding the expectations of adult learners
- ☐ Criticality of effective engagement and retention strategies
- ☐ **Curriculum intent, implantation and impact = Ofsted expectations**
- ☐ How have you developed your own workforce to teach and support more adults?
- ☐ Progression and destinations = impacts on learners
- ☐ Not just about the skills that the economy needs but also social and educational needs
- ☐ Brand position and reputation

“You are only as good as your next learning session”



The Government's view on devolution of the AEB

- ❑ Government's view is that AEB should fund local services to support local labour market conditions and future economic and social development.
- ❑ Fully devolved authorities will be responsible for Adult Education funding, policy and provision, with an increased focus on local responsiveness and flexibility.
- ❑ Funding policy, and the balance and mix of provision will be shaped by the economic and educational needs of residents and employers, rather than being supply-side driven by providers.
- ❑ In 2019 to 2020 almost 50% of the AEB is delegated to the GLA and six MCAs.



Combined authorities



AEB devolved or delegated in 2019 to 2020 to

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

☐ **North of Tyne (2020 to 2021)**

The combined authorities will take on responsibility for the AEB to make sure learners, aged 19 and over, eligible for funding from that budget, who reside in their areas, have appropriate education and training.



Benefits from devolution 1

- ☐ **A move away from centralised control and management of education and training budgets**
- ☐ It could re-energise adult learning by providing greater freedoms and flexibilities.
- ☐ By aligning with other funding streams, e.g. ESF, Work and Health Programme, it could lead to more integrated approaches to helping individuals disadvantaged in the labour market, increasing skill levels and productivity
- ☐ At local level, it could result in more effective, better targeted provision, and more productive partnerships between communities, employers and providers
- ☐ The focus on outcomes, such as progression to sustainable employment, further study and improved earnings, rather than just on starts and qualifications is also welcome
- ☐ It could provide for a better match with needs of local economy, e.g. more of the AEB directed to higher level skills and jobs than currently



- ❑ It could make for a better balance of local and national funding streams
- ❑ Establish models for joint working across all post-16 skills activity, bringing together planning, funding and regulation, regardless of whether funding is devolved or retained
- ❑ Lead to a new relationship with providers that is more strategic and less transactional
- ❑ Encourage bottom-up innovative projects and experimentation to meet local and regional needs
- ❑ It could ensure a more stable and secure skills infrastructure but possibly with fewer high quality providers

“More broadly, what is emerging in some of the CAs is a new policy agenda that seeks to integrate economic development, a local industrial strategy, business development and support, innovation, inclusive growth, fair work, improved pay and job quality, progression and skills. This joined-up model, utterly lacking at national level, offers opportunities for FE colleges to play to their natural strengths and lead the delivery.”

Ewart Keep, Director of SKOPE at Oxford University

“Devolution may be an opportunity to reduce the number of funded providers while simultaneously relaxing some of the rules (e.g. allowing a wider choice of courses). However, if MCAs are careless about removing controls, they may find there are unexpected consequences. Dialogue with colleges will help problems in advance.” AOC



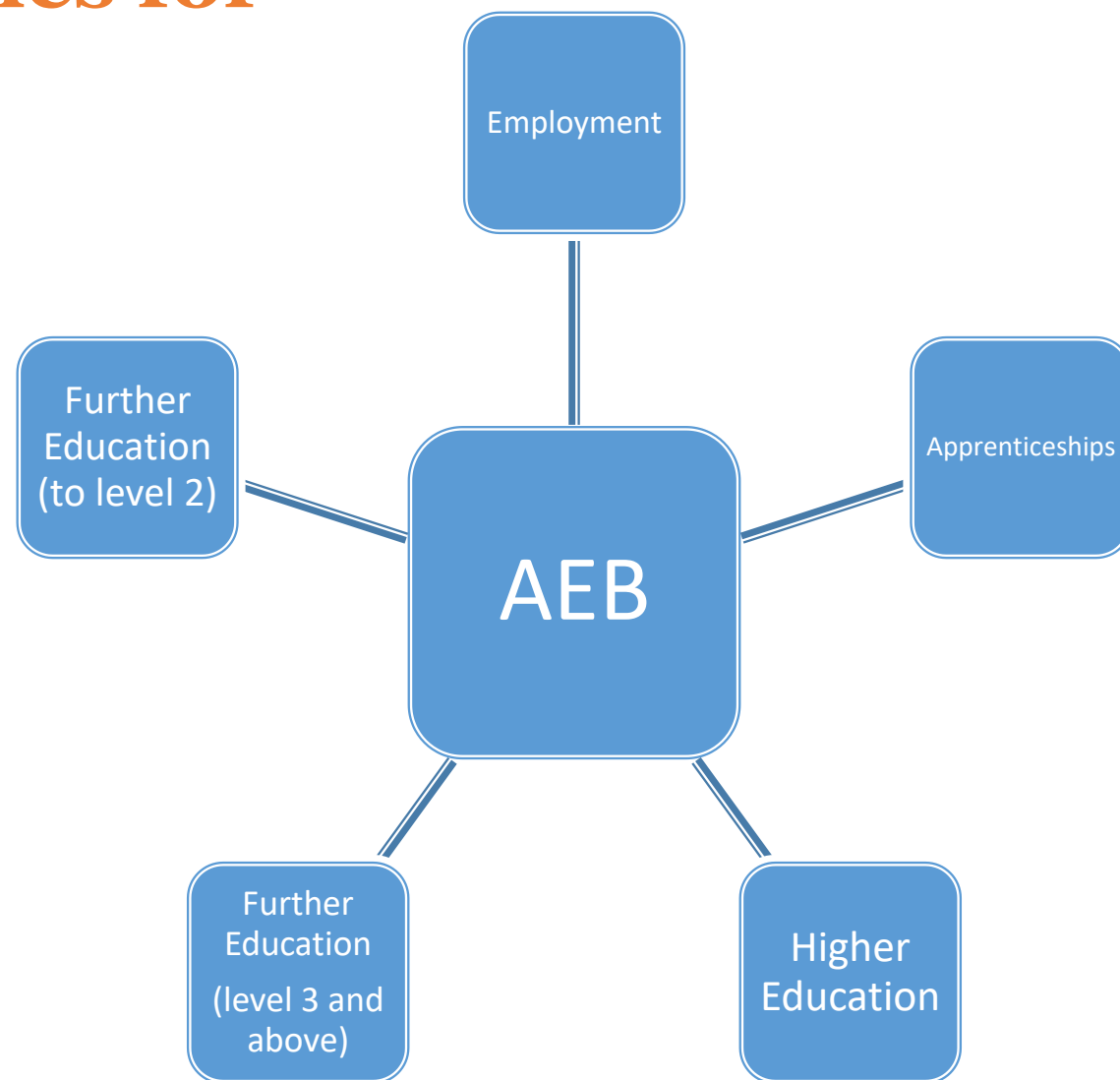
Implications of devolution for providers

- ☐ Understanding the allocation mechanism for AEB in 2019 to 2020, even if you are outside of a devolved area
- ☐ Local strategic skills plans set out the broad outcomes that the skills system needs to achieve, e.g. what priorities are identified for English and maths, digital skills?
- ☐ Devolution may lead to new funding arrangements in terms of rates and payment mechanisms in the future, e.g. variations from the national rates for your provision, or different earnings methodologies
- ☐ Problems for national providers if local arrangements vary too much
- ☐ What constitutes the national entitlements will still be the responsibility of the DfE

From the 2019 to 2020 academic year, the AEB will be apportioned into devolved and non-devolved budgets. Ministers have agreed the methodology for calculating the devolved and non-devolved AEB budget shares. Each combined authority and GLA will receive its own budget and ESFA will have a non-devolved budget.



Opportunities for growth



A new government and its promises

- ☐ £400 million additional funding for 16-19 study programme learners already announced in August
- ☐ **National Skills Fund of £3.0 billion over next 5 years for retraining, including apprenticeships (alongside National Retraining Scheme to help workers prepare for a changing labour market)**
 - ☐ Mostly devolved?
- ☐ Additional £1.8 billion of capital investment to make sure all of the FE estate would be in 'good condition' – colleges to provide 21% match funding
- ☐ **New Shared Prosperity Fund to replace European Social Funding will start in 2021**
- ☐ Increase in number and quality of apprenticeships
- ☐ Continued support for T Levels
- ☐ **New focus on adult learning especially on retraining and upskilling**
- ☐ but a lot of detail is missing !



Many thanks

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