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A guide to the
Adult Education Budget,
the **National Skills Fund,**
and **Advanced Learner**
Loans 2021/22

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Adult Education Budget (AEB)

Where can I find qualifications from Pearson that are eligible for AEB funding?

All qualifications from Pearson that can be funded using Adult Education Budget (AEB) funding can be found on our [Adult Education Funding webpage](#).

PDF documents showing [eligible qualifications by sector](#) can also be downloaded.

You can also use the [downloadable data file](#) to access the full list of our AEB, NSF and ALLB qualifications for 2021/22.

What is the purpose of the AEB?

The AEB is a funding stream which supports and engages adults (19+ year-olds) to provide the skills and learning they need to progress into work or equip them for an apprenticeship or other learning.

Providers are expected to use their AEB funding to respond to the priorities set by local commissioners and other stakeholders, for example, local enterprise partnerships and their [Skills Advisory Panels](#).

What is not covered by the AEB?

The AEB does not cover:

- 16-19 year-olds;
- Apprenticeships;
- education and training services funded by the European Social Fund;
- individuals resident in an area where the AEB is devolved unless they meet certain criteria;
- 19+ advanced learner loans.

See sections below for more on devolution of the AEB and Advanced Learner Loans.

What does devolution of the AEB mean?

As part of the devolution deals, certain adult education functions which are usually funded under the AEB have been transferred from the Secretary of State for Education to the devolved Mayoral Combined Authorities (MCAs) in relation to their respective areas by Legislative Orders. These functions have been delegated to the Mayor of London in respect of the Greater London Authority (GLA).

This means that the MCAs in nine devolved areas and the GLA will make their own commissioning decisions about where to allocate AEB funds for delivery to residents of devolved areas.

The AEB is therefore split into:

- ESFA funded AEB budget for ESFA to distribute, and
- Ten devolved AEB budgets for MCAs and the GLA to distribute.

What is exempt from devolved AEB funding?

The following are exempt from devolved funding and will be funded nationally:

- Adult Traineeships (19-24) (see sections below for more on Traineeships).
- Continuing AEB funded individuals who are resident in devolved authority areas, who have not completed their learning by 31 July 2021, but started their learning before the authority's devolution date.

What are the funding rules for the non-devolved AEB?

Who and what can be funded?

AEB funding is focussed on specific provision, for particular groups of learners, and can be fully funded or co-funded:

- **19-23 Entitlement funding:** level 2 and 3, qualifications only, for 19-23 year-olds who do not hold a level 2 or level 3 qualification. This is fully funded.
- **19+ Local Flexibility funding:** Flexible tailored provision from Entry to level 2, including qualifications, units and non-regulated learning, for 19+ year-olds. This is either fully or co-funded, depending on the learner's age, employment status, and wage if employed.
- **English and Maths Entitlement funding:** Entry to level 2, GCSEs and Functional Skills qualifications, other English and Maths qualifications and units, for 19+ learners who have not previously attained a GCSE grade A* to C or grade 4, or higher, in English and maths. This is fully funded.
- **Digital Skills Entitlement funding:** Entry and level 1, [Digital Skills Qualifications available from September 2020](#), for adults who don't have the basic digital skills they need for life and work. This is fully funded.
- **ESOL funding:** Entry to level 2, qualifications and units for 19+ learners. This is fully funded for the unemployed, and co-funded for the employed.

Also see the summary table at the front of our sector lists of qualifications.

Has the way the funding rates for provision are calculated changed?

There are no changes to how the ESFA set funding rates or the funding calculation in the funding year 2021/22.

It remains: Funding = rate x disadvantage uplift x area cost uplift.

What does 'co-funded' mean?

In some cases the government expect learners and employers to share responsibility for investing in eligible provision and a learner is 'co-funded'.

Where this is the case, the funding rate is reduced by 50% of the un-weighted rate. The un-weighted rate is the funding rate calculated based on the size of the provision, but which does not include the weighted costs.

Weighted costs are added to reflect how expensive the provision is due to the costs associated with the subject or sector, for example the costs associated with running an engineering course rather than a business course.

The funding is reduced using the un-weighted rate to ensure the learner or the employer does not pay more just because the provision they are taking is more costly to deliver.

This means that the government will contribute more towards learning aims with higher operational and delivery costs.

Will the flexibility for the low-waged continue in 2021/22?

The ESFA introduced the AEB low-wage trial for 2018/19 to support adults in low-paid employment and who want to progress further in work and in their chosen career. The low wage flexibility is still in place for the 2021/22 academic year.

The flexibility for the low-waged means that learners can be fully funded if they 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 eligible for co-funding and earns less than £17,374.50 annual gross salary.

How are Adult Traineeships (19-24) funded under the AEB?

Traineeships are programmes for 16-24-year-olds who are unemployed, have little or no work experience and are focused on employment or an apprenticeship or the prospect of this. They have been assessed as having the potential to be ready for employment or an apprenticeship within six months.

The core offer is made up of work preparation training, a work placement, English and maths or ESOL if required. A flexible element can also be added to help the learner move into work or remove a barrier to them entering work.

Traineeships can last from 6 weeks up to 1 year (although most will last for less than 6 months).

Adult Traineeships (19-24) are funded through:

- A single work-placement and work-preparation rate of £1,500 (for traineeships starting on or before 31 August 2020 the rate was £970)
- Funding for the GCSE English and maths (if required) or level 2 Functional Skills, or other qualifications to support progress towards GCSE or Functional Skills
- Funding for the flexible element designed to help the learner move into work or remove a barrier to them entering work.

Both the English and maths, and the flexible elements of Traineeships, are funded using the same method as ESFA funded AEB provision. All qualifications from Pearson that can be funded using Adult Education Budget (AEB), funding can be found on our Adult Education Funding webpage. Traineeships are exempt from devolved AEB funding and will be funded nationally (see below for more on devolved funding).

In addition:

- From September 2020, learners aged 19 to 24 are eligible for Adult Traineeships (19-24) if they have a level 3 qualification or below. Previously, learners aged 16 to 24 (25 with EHCP) qualified up to level 2 were eligible.
- Employers providing new work placements may be eligible for an incentive payment per trainee as an incentive and to help meet the costs. Employer incentives are currently only agreed for work placements from 1 September 2020 until 31 July 2022.

What are the funding rules for the devolved AEB?

Devolved authorities will publish their own funding rules that will apply to providers in receipt of devolved AEB funding, for AEB delivery to residents in their areas.

Where is the AEB devolved?

The AEB is devolved to nine MCAs and the GLA:

- Barnsley, Doncaster, Rotherham and Sheffield Combined Authority
- Cambridgeshire and Peterborough Combined Authority
- Greater London Authority
- Greater Manchester Combined Authority
- Liverpool City Region Combined Authority
- Newcastle Upon Tyne, North Tyneside and Northumberland Combined Authority
- Tees Valley Combined Authority
- West Midlands Combined Authority
- West of England Combined Authority
- West Yorkshire Combined Authority

The Barnsley, Doncaster, Rotherham and Sheffield Combined Authority, and the West Yorkshire Combined Authority, became responsible for administering the AEB from 1 August 2021.

Who do I speak to about the AEB if I deliver to adults living in devolved areas and want to access AEB funding?

Providers who wish to deliver to learners residing in areas where the AEB funding support is devolved will need to discuss funding arrangements directly with the relevant MCA.

National Skills Fund (NSF) level 3 adult offer

Where can I find qualifications from Pearson that are eligible for the NSF – level 3 adult offer?

All qualifications from Pearson that are eligible for the National Skills Fund can be found on our [Adult Education Funding webpage](#).

PDF documents showing [eligible qualifications by sector](#) can also be downloaded.

You can also use the [downloadable data file](#) to access the full list of our AEB, NSF and ALLB qualifications for 2021/22. This data file includes information on which qualifications in the offer are identified as “short” (see below for more information).

What is the purpose of the NSF level 3 adult offer

The NSF level 3 adult offer is an offer for all adults without a full level 3 qualification which supports the development of new skills for adult learners to improve their prospects in the labour market. The offer also opens up choice for those eligible for 19-23 Entitlement funding under the AEB as it allows learners to choose qualifications from either list.

Is the NSF level 3 adult offer devolved?

Funding for the new level 3 adult offer will be delivered through the Education and Skills Funding Agency in non-devolved areas and delivered through MCAs and the GLA through a separate grant.

What are the funding rules for the NSF level 3 adult offer?

Who and what can be funded?

Level 3 adult offer: Level 3 qualifications for adults aged 24+ who do not hold a full level 3 qualification. This is fully funded.

Some qualifications in the NSF level 3 adult offer are identified as “short” (see section below on how these courses are differentially funded).

For learners eligible for the NSF level 3 adult offer only:

- If a learner chooses a qualification eligible for the NSF level 3 adult offer which the ESFA identify as a ‘short’ qualification, they will remain eligible to take another qualification from the list. These qualifications have a category code ‘46’.
- A learner will not be eligible for this additional short qualification offer if they have already achieved one of the short qualifications prior to 1 April 2021.

For learners eligible for 19-23 entitlement:

- Those eligible for AEB 19-23 entitlement funding can choose a qualification from the list of qualifications eligible for the AEB 19-23 entitlement or the NSF level 3 adult offer.
- If a learner who is eligible for AEB 19-23 entitlement funding chooses a qualification eligible for the AEB 19-23 entitlement they will have exercised their level 3 legal entitlement.
- If a learner takes a qualification from the NSF level 3 adult offer which is not on the 19-23 entitlement list, they will still remain eligible to take a qualification from AEB 19-23 entitlement.

Also see the summary table at the front of our [sector lists of qualifications](#). And see the [downloadable data file](#) of our full AEB, NSF and ALLB qualifications for 2021/22 if you need to find out which qualifications in the offer are identified as ‘short’ (category code ‘46’).

Is the way these courses are funded different from the way courses are funded under the AEB?

Yes.

- The weighted rate for the qualifications will be increased by either £150 or £600 depending on whether the courses are short or not.
- The £150 uplift is available for qualifications of 359 guided learning hours or below (have a category code ‘46’).

- The £600 uplift is available for qualifications of 360 guided learning hours or above (category code '45').
- The £150 or £600 will also be increased by the area cost uplift and/or disadvantage uplift if applicable.

See the [downloadable data file](#) of our full AEB, NSF and ALLB qualifications for 2021/22 if you need to find out which qualifications in the offer are identified as category code '45' and category code '46'.

What budgets are used for the NSF level 3 adult offer?

Learners aged 19-23 taking their first level 3 qualification using the level 3 adult offer will be funded through the AEB.

Learners aged 24+ taking their first level 3 qualification using the level 3 adult offer will be funded through a ring-fenced NSF budget.

Advanced Learner Loan Budget (ALLB)

Where can I find qualifications from Pearson that are eligible for Advanced Learner Loan funding?

All qualifications from Pearson that are eligible for Advanced Learner Loan funding can be found on our [Adult Education Funding webpage](#).

PDF documents showing [eligible qualifications by sector](#) can also be downloaded.

You can also use the [downloadable data file](#) to access the full list of our AEB, NSF and ALLB qualifications for 2021/22.

What is the purpose of Advanced Learner Loans?

Advanced Learner Loans provide a source of fees and support to help people aged 19+ undertake general and technical qualifications at levels 3, 4, 5 and 6. By taking out a loan a learner is taking direct responsibility for their learning.

Are Advanced Learner Loans devolved?

Unlike the AEB, Advanced Learner Loans are not devolved. They are managed centrally by the ESFA.

What are the funding rules for Advanced Learner Loans?

Who and what can be loan funded?

Loans are not means-tested and are available to learners who are:

- Aged 19 or older on the first day of starting their designated loans qualification,
- Studying in England, with a provider in receipt of a loan facility from the ESFA
- Studying one or more designated loans qualifications at levels 3, 4, 5, or 6.

Also see the summary table at the front of our [sector lists of qualifications](#) on our [Adult Education Funding webpage](#).

Has the way the maximum loan amounts are calculated changed?

There are no changes to how the ESFA set the maximum loan amounts. The ESFA use a matrix (table) to set maximum loan amounts. The matrix contains two criteria to decide the appropriate amount for each qualification:

- the type of qualification or the size of the qualification in Guided Learning Hours (GLH), and
- the programme weighting for the qualification.

There are exceptions where the maximum loan amount is set as a matter of policy: GCE AS levels, GCE A-levels, Access to HE Diplomas, and 5 specialist Dance and Drama Diplomas.

The ESFA continue to provide a loans bursary fund to help vulnerable and disadvantaged loans learners to overcome barriers which may prevent them from taking part in or continuing in learning.

Further education COVID-19 operational guidance

The ESFA regularly updates their Further Education COVID-19 operational guidance which explains what FE and skills providers need to know so that students of all ages can benefit from their education and training. This includes:

The official funding rules

Where can I find the ESFA's Adult Education Budget funding rules?

- See the ESFA's [Adult education budget \(AEB\) funding rules 2021 to 2022](#), and [Adult education budget \(AEB\): funding rates and formula 2021 to 2022](#).
- Qualifications eligible for 19-23 Entitlement funding and English and Maths Entitlement funding can be found on the ESFA's funding website [here](#) and on the [funding hub](#).
- Qualifications and units eligible for 19+ Local Flexibility funding and ESOL funding can also all be found on the [funding hub](#).
- See the ESFA's [Traineeship webpage](#) and the [Traineeships: framework for delivery 2021 to 2022](#) for further information on Traineeships.
- For more on how the AEB operates in devolved areas see the [Adult education budget \(AEB\) devolution](#).

Where can I find the ESFA's National Skills Fund level 3 adult offer rules?

- The funding rules for the NSF level 3 adult offer are included in the ESFA's [Adult education budget \(AEB\) funding rules 2021 to 2022](#), and [Adult education budget \(AEB\): funding rates and formula 2021 to 2022](#).
- Qualifications eligible for NSF level 3 adult offer can be found on the ESFA's funding website [here](#) and on the [funding hub](#).

- For an overview of the National Skills Fund see the ESFA's [National Skills Fund webpage](#).

Where can I find the ESFA's Advanced Learner Loan funding rules?

- See the ESFA's [Advanced learner loans funding rules 2021 to 2022](#).
- Qualifications eligible for Advanced Learner Loan funding can be found on the ESFA's funding website [here](#) and on the [funding hub](#).
- Learners apply to the Student Loan Company for Advanced Learner Loans, and the Student Loan Company (SLC) is responsible for assessing whether a learner is eligible. More information on how a learner can apply for a loan can be found [here](#).
- For more on how maximum loan amounts are calculated see the ESFA's [Maximum loan amounts for advanced learner loans designated qualifications 2021 to 2022](#).

Where can I go for more information?

quals.pearson.com/adult-ed-21-22