



Education & Skills  
Funding Agency

# **ESFA Adult Education Budget 2020 to 2021 Reconciliation Business Case**

**Guidance: for organisations eligible to  
submit a business case**

**September 2021**

# Contents

1. Information about this guidance	3
2. Business case process	5
3. Eligibility	6
4. Assessment criteria	7
5. Information you will need to supply to support your business case	9
6. Eligible and ineligible costs	18
7. Evidence requirements	20
8. How to apply	21
9. What happens next	22
10. Help and support	24

# 1. Information about this guidance

1.1 We recognise that in many instances grant funded organisations have changed their delivery models during the pandemic. This has ensured that they have been able to utilise at least 90% of their ESFA grant funded Adult Education Budget (AEB) allocation, whilst continuing to support adults to acquire new skills.

1.2 We have however listened to feedback from the sector and the year-end claims submissions indicate that there are a small number of cases where the under-delivery of ESFA grant funded AEB may cause financial difficulties or local circumstances have made it impossible for grant funded organisations to deliver at the 90% level. Therefore, we are providing an opportunity for eligible organisations to put a business case forward to retain proportionate funds, to cover the cost of delivery, that would otherwise be reconciled and repaid.

1.3 This guidance is intended to assist organisations in receipt of ESFA grant funded AEB who meet the eligibility criteria to submit a reconciliation business case. This applies where:

- a) local circumstances have made it impossible to deliver at the 90% level and recovery of funds based on the 90% threshold could lead to the organisation's costs of ESFA grant funded AEB delivery not being covered: and/or
- b) the consequences of any recovery following reconciliation of ESFA grant funded AEB would cause difficulties for the organisation

1.4 Where we refer to ESFA grant funded AEB allocation in this document, this also includes Community Learning (CL), if applicable.

1.5 This guidance covers:

- the business case process
- eligibility
- assessment criteria
- Information you will need to supply to support your business case
- eligible and ineligible costs
- evidence requirements
- how to apply
- what happens next; and
- help and support

1.6 Further information is available in the [ESFA Adult Education Budget 2020 to 2021 Reconciliation Business Case Policy](#).

1.7 Organisations in receipt of ESFA grant funded AEB in 2020 to 2021 are not required to submit a business case where:

- they have delivered at least 90% of their allocation as reported in their final ILR and / or final funding claim. or
- they intend repaying all reconciled funds because of under-delivery by March 2022

## 2. Business case process

2.1 We are seeking whatever information you wish to provide so we can assess fully:

- the impact of the local circumstances which has affected your ability to achieve the 90% threshold; and / or
- financial need caused by the recovery of the full amount due under the AEB reconciliation policy for 2020 to 2021; and
- the actual costs of delivering your ESFA grant funded AEB in 2020 to 2021 that are not covered by the value of earnings reported in your final 2020 to 2021 Individualised learner record (ILR) return and / or final funding claim

2.2 We reserve the right to change, amend, extend, or withdraw this guidance at any time, with or without notice as required.

### **3. Eligibility**

3.1 To be eligible to request that you retain some of your ESFA grant funded AEB, your organisation:

- was in receipt of granted funded AEB from the ESFA during 2020 to 2021 funding year
- delivered less than 90% of your 2020 to 2021 AEB allocation and are subject to a recovery of funds

3.2 Only organisations who meet the eligibility criteria will be allowed to submit a business case.

## 4. Assessment criteria

4.1 Where your business case is seeking support because of local circumstances, you will need to provide sufficient evidence that demonstrates why this impacted your ability to deliver at least 90% of your ESFA grant funded AEB. In addition, you should also consider how you mitigated these risks in planning your delivery and the characteristics of learners and type of provision that were affected as a consequence. Our evaluation of your business case will determine if the information you supply sufficiently demonstrates that matters completely outside of your control affected your delivery plans and therefore reduced your ability to earn sufficient funds to cover the costs of delivery.

4.2 Section 5 provides more detail of the type of information you may include in your business case. This is not an exhaustive list, and you should consider what information and evidence best describes your organisation's individual circumstances.

4.3 We will seek to validate the information you have provided, through information published by Local Authorities, Public Health England, other government data related to the impact of COVID-19 on local areas. We will also use ILR data submitted by your organisation for the 2019 to 2020 & 2020 to 2021 funding year(s) as well as information on the delivery of other, comparable organisations.

4.4 Where you are submitting a business case on the grounds of financial impact, if applicable to your organisation, we will assess your College Financial Forecasting Record (CFFR) submission and establish your total cash days when the under-delivery of ESFA grant funded AEB would usually be recovered, i.e., between December 2021 and July 2022. Where your organisation is not required to submit a CFFR, you should complete the financial information requested in the business case template. We will also consider your track record of meeting the ESFA reconciliation thresholds for AEB in 2017 to 2018, 2018 to 2019 and 2019 to 2020 funding years. These factors will determine the level of any support which may be provided.

4.5 We retain the right to adjust or amend cash day benchmarks used in the assessment of business cases received for financial impact, however the level we do apply will need to demonstrate that you have a financial need.

4.6 Information you supply in your business case regarding the costs of delivery will be used to determine the value of any funds we agree you can retain or repay over a longer period if your business case is supported either fully or partially. In some cases, additional conditions may be applied in return for the support provided. Any support

offered will not exceed your ESFA grant funded allocation for 2020 to 2021 funding year.

## 5. Information you will need to supply to support your business case

5.1 Eligible organisations can submit a business case under the following categories, (1) local circumstances and / or (2) financial impact. Where an eligible organisation submits a business case under both categories, we will consider the local circumstances first and will only consider the financial impact if there is no award under local circumstances or if the proposed award does not eradicate the risk of financial difficulty.

5.2 If you are planning to submit a business case, you must only use the [template](#) we have published for this purpose. If you intend to request support due to financial impact, we will also use the financial information submitted in your July 2021 CFFR if applicable to your organisation. In some cases, you may be required to submit an updated version of the CFFR in September 2021, in which case, we will use the latest version submitted. Should you wish to submit a further updated version of your CFFR to support your business case you are able to do so. Eligible organisations who are not required to provide us with a CFFR can use the business case template to provide the financial information we need.

5.3 Please ensure you complete all relevant sections in the business case template as outlined in the guidance notes in Section 5.4 to 5.13 with the information we need from you and do not add to or change the format of the business case template.

### 5.4 Section A - Information about your organisation

Question	Guidance notes for completion
1. Provider Name	<b>Insert the name of your organisation as it appears on UK RLP.</b>
2. UKPRN	<b>Insert your UKPRN.</b>
3. Contact Details for this application?	Please ensure that the person completing the template does have the authority to submit a business case.

## 5.5 Section B – Local circumstances

Questions to be addressed in your business case	Guidance notes for completion
<p>Q1. Detail the specific impact that local circumstances have had on your ability to deliver at least 90% of your ESFA grant funded AEB allocation in 2020 to 2021 funding year. (Q1a) Provide details of any relevant advice received that supports your case. (Q1b) Confirm what parts of the funding year these circumstances applied. (Q1c) Describe the characteristics of learners who were affected, such as those enrolled in 2020 to 2021 or in previous years.</p>	<p><b>Examples of information and evidence which may support your business case, but these are not intended to be an exhaustive list:</b></p> <ul style="list-style-type: none"> <li>• a description of the local circumstances which affected your organisation’s ability to deliver its ESFA grant funded AEB allocation. These circumstances might have been supported by relevant advice, for example by local Public Health England officials or another relevant organisation which relate to the periods that your ESFA grant funded AEB delivery was disrupted.</li> <li>• details of those learners affected or likely to be affected by the restrictions caused by those local circumstances, which we can validate through your ILR data returns</li> <li>• the proportion of your ESFA grant funded AEB allocation that was planned to be delivered in areas affected by these local circumstances. For example, 75% of the AEB allocation was planned to be delivered in the areas affected by the local circumstances you have highlighted.</li> <li>• details of the periods and overall length of time, as a proportion of the funding year, that these local circumstances were in place and impacted your ability to deliver AEB. This may include periods when you were unable to enrol learners.</li> </ul>

<p>Q2. Describe any adjustments that you put in place to mitigate the potential risks of under-delivery of your ESFA grant funded AEB allocation in 2020 to 2021. (Q2a) Confirm any alternative methods of delivery you considered and how successful these were in mitigating the risks of under-delivery of your AEB allocation. (Q2b) Confirm any barriers you encountered. (Q2c) Provide details about the type of provision that you were unable to deliver due to these local restrictions.</p>	<p><b>Examples of information and evidence which may support your business case but are not intended to be an exhaustive list:</b></p> <ul style="list-style-type: none"> <li>• details of the delivery plans for your ESFA grant funded AEB that you put in place for the start of the 2020 to 2021 funding year.</li> <li>• any alternative delivery methods, such as online learning, you offered during the funding year to manage the risks of under delivery.</li> <li>• any expansion of your online offer to adults, if this allowed you to utilise more of your ESFA grant funded AEB? If not, were there any specific reasons, for example, staff capacity, appropriateness of delivery method or limitations of available learning platforms.</li> <li>• were any management decisions implemented in year which attempted to mitigate the impact on your grant funded AEB outturn.</li> <li>• you do need to provide a statement that staff delivering AEB funded provision were not furloughed and that you maintained the capacity to deliver all your ESFA grant funded AEB during 2020 to 2021. If funding from the Coronavirus Job Retention Scheme (CJRS) was claimed, please confirm of the types of job roles which were furloughed, any provision that was subsequently cancelled and the dates when this applied.</li> </ul>
<p>Q3. Was any subcontracted delivery contracted in the 2020 to 2021 funding year affected by these local circumstances? <b>If your business case includes the impact of subcontracted provision, the costs retained are</b></p>	<p><b>Examples of information and evidence which may support your business case, but these are not intended to be an exhaustive list:</b></p> <p><b>Leave blank if you did not subcontract AEB in 2020 to 2021 funding year</b></p>

<p><b>only those to manage the subcontract.</b></p>	<ul style="list-style-type: none"> <li>• if this applies, confirm the subcontractors affected, the geographical locations you agreed this provision could be delivered in and the type of AEB provision affected where delivery was reduced or did not take place.</li> <li>• for each subcontractor, provide details of all actual delivery, by financial value, learner volume, level of qualification and sector subject area, highlighting the proportion that could not be delivered due to local circumstances and the cost of non-delivery to your organisation.</li> <li>• where you are claiming costs relating to subcontracted delivery, will this continue beyond 2020 to 2021 funding year?</li> </ul>
<p>Q4. Can you confirm the impact on your capacity to deliver AEB funded by the ESFA because of your outturn this year.</p>	<p><b>Examples of information and evidence which may support your business case, but these are not intended to be an exhaustive list:</b></p> <ul style="list-style-type: none"> <li>• how the recovery of ESFA grant funded AEB will impact on your capacity to deliver skills provision to adults in the geographical areas affected by these local circumstances? This may include identifying types of provision or characteristics of learners affected and likely volumes.</li> </ul>
<p>Q5. Where you are in receipt of devolved AEB in 2020 to 2021 funding year, what support have you received from the relevant MCA, where local restrictions have similarly impacted on your ability to deliver devolved AEB as well as ESFA grant funded AEB. (Q5a) How does this affect your capacity to deliver ESFA grant funded AEB.</p>	<p><b>Examples of information and evidence which may support your business case but are not intended to be an exhaustive list. Leave blank if not in receipt of devolved AEB in 2020 to 2021 funding year</b></p> <p><b>Leave blank if not in receipt of devolved AEB in 2020 to 2021 funding year</b></p> <ul style="list-style-type: none"> <li>• if you are in receipt of devolved AEB in 2020 to 2021 as well as ESFA grant funded AEB, can you confirm if</li> </ul>

	<p>arrangements regarding reconciliation of your costs have been agreed with the relevant MCA and is there any impact on your capacity to deliver ESFA grant funded AEB because of MCA decisions? For example, have you received support from MCA's which retains capacity that will also be used to deliver ESFA grant funded AEB?</p>
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## 5.6 - Section C Financial Impact.

<p><b>Questions to be addressed in your business case</b></p>	<p><b>Guidance notes for Completion</b></p>
<p>Q1. How has the AEB reconciliation policy been reflected in your CFFR return for July 2021?</p>	<ul style="list-style-type: none"> <li>• please confirm if you have accurately reflected your expected year end outturn for AEB in your July 2021 return. Did you include any AEB clawback? If so, please specify the amount and where you accounted for this in the CFFR template.</li> <li>• highlight the material impact identified in the CFFR because of the reconciliation policy and your projected outturn?</li> <li>• if in receipt of Restructuring Funds; has the impact of AEB clawback been included in the CFFR RF monitoring return?</li> </ul>
<p>Q2 Are you submitting an updated CFFR return as part of this business case? (Q2a). If you are submitting an updated CFFR return as part of this business case, please describe the material changes to your cashflow forecast since you have made your July</p>	<ul style="list-style-type: none"> <li>• <b>for information</b> - Unless you wish to submit an updated CFFR as part of your business case; we will use your July 2021 CFFR return unless you are required to submit an updated CFFR in September 2021 where you are in receipt of Restructuring Funds. Material changes to your financial position may for example include decisions relating to</li> </ul>

2021 return. (Q2b) How have these material changes impacted on your financial situation?	capital programmes or 16-18 recruitment levels for 2021 to 2022 funding year.
Q3. Explain why you need the financial support you have requested in this business case?	<ul style="list-style-type: none"> <li>• confirm what the implications are for your organisation because of the level of retained funds you are requesting, with a particular focus on the impact on your financial position if we approve your request to retain funds to cover the costs of delivery.</li> <li>• how have you minimised the costs associated with the delivery of ESFA grant funded AEB?</li> <li>• you do need to provide a statement that staff delivering AEB funded provision have not been furloughed and that you maintained the capacity to deliver all your ESFA grant funded AEB during 2020 to 2021. If funding from the Coronavirus Job Retention Scheme (CJRS) was claimed, please confirm of the types of job roles which were furloughed, any provision that was subsequently cancelled and the dates when this applied?</li> </ul>

## 5.7 Section D – Costs

5.8 For both Local Circumstance and Financial Impact business cases you must complete the relevant tables in the business case template with information about income earned and the costs of delivery. In addition, please also confirm the total funding you are seeking to retain in your business case which must not exceed your total AEB allocation.

5.9 Please complete table 1 with your expected outturn for grant funded AEB, we will validate this against your R14 ILR return and / or final funding claim once submitted.

<b>Table 1 - Income:</b>	<b>Allocation</b>	<b>Claimed</b>	<b>% Claimed</b>	<b>Expected Reconciliation Amount</b>	<b>Retained funding</b>
ESFA grant funded Adult Education Budget (Including Community Learning)					
<b>Total</b>					

5.10 Table 2 requires you to provide details of any other income you earn which is related to the delivery of your ESFA grant funded AEB and CL.

<b>Table 2 - Other income:</b>	<b>Total AEB</b>	<b>Total CL</b>
Coronavirus job retention scheme (CJRS)		
Fees		
Other		
<b>Total</b>		

5.11 Table 3 relates to the total costs of your delivery; you should complete this in conjunction with Section 6 of this guidance. Please also provide a narrative detailing your apportionment methodology used to ascertain the costs of delivering ESFA grant funded AEB.

<b>Table 3 - Costs of delivery</b>	<b>Apportioned to ESFA grant funded AEB £</b>	<b>Apportioned to ESFA grant funded CL £</b>	<b>Total</b>
Staff - Teaching			
Staff – non-Teaching			
Examination			
Rent and lease			
Sub-contracting			
Operational & maintenance			
Administration			
Other (please specify in narrative)			
<b>Total</b>			

5.12 Table 4 requires you to confirm the total funds that you are requesting should be retained, this does not include those funds earned through the ILR.

<b>Table 4 - amount of the expected reconciliation amount you are requesting to retain for ESFA grant funded AEB</b>	<b>£</b>	<b>amount of the expected reconciliation amount you are requesting to retain for ESFA grant funded CL</b>	<b>£</b>
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## 5.13 Section E Declaration

Question	Guidance notes for completion
<p>Q1. By submitting this business case, you are confirming that the information provided is true and accurately reflects the local circumstances, or financial impact that has affected the ability of your organisation to deliver your grant funded AEB allocation in 2020 to 2021.</p> <p>You confirm that the costs you want to retain have not been funded by another form of public grant or through other business support provided by the government which you have received.</p> <p>You are also confirming that the organisation will retain evidence for audit purposes for both AEB and CL costs and agree upon request to make available supporting evidence for audit purposes as outlined in Section 7 of the guidance document.</p>	<p>By signing the declaration, you are confirming you have the authority to request support from the scheme, for example you are the Chief Executive Officer or Finance Director.</p>
<b>Supporting Documentation</b>	
<p>Please indicate 'Yes' if you are including additional supporting information with attachments to this business case application.</p>	<p>List additional evidence documents you are attaching to this application.</p>

## 6. Eligible and ineligible costs

### 6.1 Eligible costs

6.2 Your business case to retain some funds must only include eligible costs which relate to the actual costs of delivering your ESFA grant funded AEB allocation, which have not been met through your final ILR claim for 2020 to 2021.

6.3 The amount of retained funding you request is the proportionate cost of providing ESFA grant funded AEB provision and not costs in relation to the delivery of learning recorded in your ILR and / or final funding claim.

6.4 You are not permitted to include costs which are being funded by another form of public grant or through other business support provided by the government or another public body which you have retained.

6.5 You will need to justify that these costs are proportionate to the costs of delivering your ESFA grant funded AEB and cannot be covered by claims made by your organisation through the ILR or final funding claim.

6.6 We reserve the right to check your records submitted to HMRC and recover any funds for staff costs where those employees have been reported as being furloughed but have been included in this business case.

6.7 Subcontractors delivering ESFA grant funded AEB provision on behalf of your organisation are not eligible for support under this scheme. However, we will allow you to include costs relating to the management and administration of subcontractors where those costs cannot be met from the total value of ILR claim submitted for 2020 to 2021 funding year.

### 6.8 Ineligible Costs

6.9 The following costs should not be included in the retained funding you have requested in your business case.

- staff bonuses
- performance related pay
- a top up for furloughed staff salaries
- costs relating to subcontractors and awarding organisations other than those claimed for delivery through the ILR.
- tax or VAT liabilities that do not relate to the direct delivery costs of ESFA grant funded AEB
- repayments of intercompany (group) loans
- entertainment

- costs associated with the repayment of funds to the ESFA resulting from investigations and audit

## 7. Evidence requirements

7.1 Evidence of expenditure relating to the actual costs of delivering ESFA grant funded AEB provision not claimed through the ILR must be retained for 6 years.

7.2 You will need to evidence that the costs required to deliver ESFA grant funded AEB provision as described by you in your business case have been spent accordingly. Types of evidence may include the following although this list is not intended to be exhaustive:

- evidence of expenditure for actual costs, including invoices, payroll records and bank statements
- evidence for interest on loans - loan agreements and bank statements
- evidence relating to other support packages claimed e.g. the claims, supporting schedule of costs and supporting documentation (costs which have been claimed through other schemes are ineligible and must not be included)
- furloughed staff claims and supporting schedules/documentation including list of employees and job roles on furlough and the duration of the furlough. (Costs relating to furloughed staff are ineligible)

7.3 Eligible organisations wishing to receive support by submitting a business case may be required to provide auditable evidence to support the funds provided including open book accounting.

## 8. How to apply

8.1 Eligible organisations can access the [business case template](#) on GOV.UK.

8.2 Incomplete business cases will be rejected.

8.3 Applicants must not include additional information other than what is required in the business case template and supporting CFFR, if applicable.

8.4 We may seek clarification from you about the information you submit.

8.5 The deadline for submission of completed business cases is 23.59pm on Thursday 7 October 2021; business cases received after this deadline will not be considered and there is no right of appeal for late submissions.

8.6 Completed business cases must be submitted via [esfa.ppn220queries@education.gov.uk](mailto:esfa.ppn220queries@education.gov.uk).

## 9. What happens next

### 9.1 Successful business cases

9.2 If your business case is approved, we will confirm this in writing by 15 November 2021 along with the amount of funds that you will retain and in the case of financial impact only, any extended period whereby repayment of reconciled funds will be recovered. If we do not fully approve your business case, you will be provided with the reasons why your request was only partially successful.

9.3 You will receive a reconciliation statement for your AEB delivery on or before 30 November 2021, this will include details of funds that will be retained because of your business case.

### 9.4 Unsuccessful business cases

9.5 Unsuccessful business cases will be confirmed by 15 November 2021. You will be provided with the reasons why we have not supported your business case.

### 9.6 Appeals process

9.7 If your business case is not approved in full and you believe the ESFA made an error in the assessment of your business case, you have the right to appeal the outcome on the following grounds:

- ESFA did not follow the [ESFA Adult Education Budget 2020 to 2021 Reconciliation Business Case Policy](#): and / or
- failure by the ESFA to not appropriately consider and or handle any relevant evidence you submitted in your business case

9.8 You must submit your appeal in writing to [esfa.ppn220queries@education.gov.uk](mailto:esfa.ppn220queries@education.gov.uk) setting out the grounds for your appeal.

9.9 As part of your appeal, you will not be able to submit additional information or evidence to demonstrate that you now meet our requirements which was not included in your business case. The business case as submitted is final.

9.10 You must submit your appeal by 22 November 2021, at which point we will not accept further additional information to support your appeal, *unless* we request it from you.

9.11 We will aim to tell you the outcome of your appeal within 5 working days of receiving it. If it is not possible for us to fully respond to you within this time, we will let you know of the delay and the revised date for the outcome to be issued.

9.12 The appeals process will consider the procedural failing and then reconsider the business case in full, deciding whether to approve (partially or fully) or not approve your business case.

9.13 There will be no further right of appeal.

## **9.14 Make a complaint**

9.15 If after your appeal has concluded, you remain dissatisfied, you can make a complaint. Please refer to [ESFA's complaints procedure](#).

## 10. Help and support

10.1 If you have any questions regarding the submission of a business case, please contact your ESFA Territory Case Manager.

### 10.2 General Data Protection Regulation (GDPR)

10.3 See the [ESFA privacy notice](#) for details about how we collect, use, protect and secure your personal information.



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