


Guidance

ESFA 2020 to 2021 end of year reconciliation for adult education budget (AEB) and advanced learner loans bursary (ALLB) grant funded providers

Updated 31 March 2021

- Contents
- [Summary](#)
 - [Reconciliation process](#)
 - [Changes to the threshold for 2020 to 2021](#)
 - [AEB funding allocations for 2021 to 2022](#)
 - [Further information](#)

 [Print this page](#)

Summary

We are lowering the reconciliation threshold for Education and Skills Funding Agency (ESFA) grant funded AEB adult skills, including non-formula funded community learning and 19 to 24 traineeships, and ALLB providers for 2020 to 2021 academic year.

The threshold will be lowered from 97% and 100% respectively, to 90% in recognition of the difficulties and uncertainties many providers are facing as a result of the impact of Coronavirus (COVID-19).

Reconciliation process

To incentivise delivery of adult skills and ensure value for money, we normally claw back any funding from ESFA grant funded providers (for the AEB adult skills and 19-24 traineeships) that under deliver below 97% of their grant allocation. For ALLB funding, 100% of under-delivery is normally clawed back.

Changes to the threshold for 2020 to 2021

Where providers deliver 90% or more of their AEB and ALLB allocations there will be no end of year reconciliation. Where providers deliver less than 90%, we will recover the difference between their actual delivery and 90%. For example, delivery of 85% would result in a recovery of 5% of the allocation. This change is for this year only, the reconciliation threshold will revert to its normal level of 97% for next academic year.

Your regulated and non-regulated provision along with learner support is combined with your non-formula funded community learning delivery to form your final delivery value. This is divided by the allocation value to calculate the final delivery percentage on which reconciliation is based.

The calculation for your delivery will only include delivery of non-formula funded community learning up to the value specified in your funding agreement (where applicable).

This 90% threshold is the final position for the 2020 to 2021 academic year and will not be subject to change. There will not be a business case process.

We will update our AEB funding rules for the 2020 to 2021 academic year in April to include this change. We are announcing this change now to help providers better plan their provision for the remainder of the 2020 to 2021 academic year.

Allocations for the COVID-19 Skills Offer, including funding for the new level 3 adult offer, are ringfenced and the reconciliation threshold for under-delivery of this provision will remain unchanged at 97%.

Summary of revised thresholds

Funding strand	Revised threshold
AEB (adult skills including learner support and community learning)	Only delivery below 90% is recovered, for example, delivery of 85% results in 5% of the allocation being recovered (the only other rule to consider is that community learning over delivery will not be taken into account)
19 to 24 traineeships (ringfenced)	Only delivery below 90% is recovered, for example, delivery of 85% results in 5% of the allocation being recovered
COVID-19 Skills Offer (ringfenced)	Unchanged - any delivery above 97% and there is no recovery, but delivery below 97% will result in all under delivery being recovered
ALLB	Only delivery below 90% is recovered, for example, delivery of 85% results in 5% of the allocation being recovered

Our primary aim is to support providers to continue to deliver as much quality provision as possible, including above the 90% threshold, whether that be face-to-face where permitted, online or otherwise remotely, and including through subcontracting (for AEB-funded provision only) where that is in line with our subcontracting requirements. Where providers are successfully delivering to adults, we will identify and share best practice to aid all providers.

We will seek to schedule recoveries from December 2021 following the final funding claims process as normal, and will preferably recover in full within the 2021 to 2022 financial year. We will work with providers that would like to request a phased recovery plan (up to 4 months). Where this would cause financial difficulties, we will consider cases beyond this with your ESFA territorial team.

AEB funding allocations for 2021 to 2022

We will be publishing ESFA AEB provider allocations for the 2021 to 2022 funding year shortly.

Further information

We will continue to fund delivery up to 103% of providers' ESFA funded AEB grant allocation (110% for 19 to 24 traineeships) in 2020 to 2021.

In areas where the AEB has been devolved, Mayoral Combined Authorities or the Greater London Authority are responsible for considering any provider flexibilities in their areas.

If you have any questions, please contact your ESFA territorial team or use our [online enquiry form](#).

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