



TEES VALLEY
COMBINED
AUTHORITY

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TEES VALLEY COMBINED AUTHORITY

Adult Education Budget

FUNDING RATES AND FORMULA

2019/2020

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Introduction and purpose of the document

1. This document sets out the principles and features of the Tees Valley Combined Authority (TVCA) funding system for the funding year 2019 to 2020 (1 August 2019 to 31 July 2020). TVCA may make changes to these principles and features during the funding year. Any updates will be published on the TVCA website.
2. For the funding year 2019/20, TVCA will use the same methodology as described in the [ESFA 2018/2019 Funding Rates and Formulas 2018 to 2019](#) document to fund the delivery of adult skills.
3. This document describes how we calculate 'formula-funded' earnings for the TVCA Adult Education Budget (AEB) and learning support for these programmes. We define 'formula-funded' activity as that recorded under Funding Model 35 ('Adult skills') unless specifically noted.
4. This document relates only to TVCA AEB Formula Funded learning aims for Tees Valley residents and does not include or describe:
 - The 'non-formula-funded' Community Learning activity within the TVCA AEB which is reconciled through the funding claims process. For more information on who has to submit a funding claim(s), refer to the TVCA AEB funding and performance management rules.
 - Any other funded learning provision such as Apprenticeships, Traineeships, Advanced Learner Loans or funding for learners aged under 19, or under 24 with an Educational Health Care Plan.
5. To understand how the funding system works, read this document together with:
 - the [TVCA AEB Funding and Performance Management Rules 2019 to 2020](#)
 - the [ESFA 2019 to 2020 Individualised Learner Record Specification \(ILR\)](#)
 - the [ESFA 2019 to 2020 Provider Support Manual](#).

Understanding our terminology

6. The term 'we' refers to the Tees Valley Combined Authority (TVCA). When we refer to 'you' or 'providers', this includes colleges, training organisations, Local

Authorities and employers that receive funding from TVCA to deliver education and training to Tees Valley residents.

7. The term ILR refers to the Individualised Learner Record produced to the ESFA [ILR Specification 2018/19](#). This is the mandatory data return submitted to the ESFA via the Hub by all funded providers on a monthly basis.

The data we use to calculate funding

8. Information is provided to the ESFA about Tees Valley learners and their learning in ILR and the Earnings Adjustment Statement (EAS) process.
9. The ESFA funding system uses this information to work out the funding you have earned for delivering this learning including that delivered to Tees Valley learners.
10. TVCA receives ILR derived data from the ESFA containing details of your delivery to Tees Valley learners and this is used to inform our performance, payment and reconciliation processes.

The funding system features

11. The funding system has the following 4 features, which are set out in more detail throughout this document:
 - I. The funding formula based on the 2018/19 ESFA funding formulas
 - II. The funding rates for learning aims
 - III. The earnings method linked to delivery and achievement
 - IV. Support funding where extra help is needed for learners to achieve

Funding formula

Principle

12. The funding formula is:

Funding = rate x disadvantage uplift x area cost uplift

13. The funding formula is adjusted to allow for differences in the relative cost of delivery. These differences relate to factors other than the size, sector or subject of the learning aim. Where appropriate, funding will be adjusted for 'disadvantage uplift'.
14. The basis for funding is the rate for the learning aim. The rates are referred to as 'unweighted' before the programme weightings are applied or any increase for disadvantaged learners. After the programme weighting is applied, the rate is referred to as 'weighted.' After any uplifts are applied, this is referred to as the 'aim value', as noted in the 'Main Occupancy report.'
15. In some cases, learners and employers are expected to share responsibility for investing in eligible provision. TVCA expect them to part-fund the cost of learning, in line with ESFA requirements, known as co-funding. For more information on co-funding, refer to the 'Provision and individuals we fund' section of the TVCA 2019/20 AEB funding and performance management rules.

Disadvantage uplift

16. The disadvantage uplift provides extra funding to support the most disadvantaged learners in the Tees Valley, recognising that they are sometimes more costly to recruit and retain. We apply this consistently across TVCA AEB 'formula-funded' provision.
17. To calculate the disadvantage uplift for new starts from 1 August 2019 we use the [Index of Multiple Deprivation](#) 2015 (IMD), in line with the ESFA. This results in a funding increase for learners living in the most deprived areas of Tees Valley. We base the uplift on the learner's postcode (based upon the 'Postcode Prior to Enrolment' ILR field). If required the uplift factor is between 1.084 and 1.336, otherwise we default the factor to 1. The disadvantage uplift factors are available at this link: [Uplift Factors and Postcode Files](#).
18. The disadvantage uplift factor at the start of the learning aim will apply throughout the duration of the learning aim. For the disadvantage factors used for starts before 1 August 2018, refer to the appropriate ESFA Funding Rates and Formula document.
19. The disadvantage uplift factors are the same in 2019 to 2020 compared to 2018 to 2019.

Financial contributions

20. If a learner meets the criteria for full funding (refer to the 'Provision and individuals we fund' section of the TVCA AEB Funding and Performance Management Rules for more information), they can claim the fully funded rate shown in the matrix. For co-funded learners, we expect the learner or employer to contribute so we reduce the funding by 50% of the un-weighted rate of the learning aim.
21. We reduce the funding using the unweighted base rate because a learner should not contribute more for the same size of the learning aim just because that learning aim is more costly to deliver. This means that TVCA will contribute more towards learning aims with higher operational and delivery costs, such as engineering.

Recognition of prior learning

22. If you record data in the 'Funding adjustment for prior learning' field on the ILR, the funding formula will be changed to reflect this. However, it does not change learning support funding.
23. If the learning aim does not use the restart indicator, the achievement funding will be reduced as well as the monthly instalments. This is because we assume the learner has earned some achievement within the prior learning.
24. If the learning aim uses the restart indicator, the monthly instalments are reduced, but the achievement funding stays at 20% of the full funding rate.

Other funding adjustments

25. Where you have agreement with us to adjust funding for other reasons apart from prior learning, you must record it in the 'Other funding adjustment' field in the ILR. You must not use this ILR field if you do not have an agreement in place with us and we will monitor its use.
26. This 'Other funding adjustment' factor reduces the funding for that learning, including the achievement funding, however, it does not change learning support funding.

27. If there is also a factor for prior learning recorded, we multiply the 'Funding adjustment for prior learning' factor by the 'Other funding adjustment' factor and apply it to the appropriate funding.

Funding rates

Principles

28. In 2019/20, TVCA will continue to use the ESFA list of regulated qualifications eligible for public funding on the learning aims search on ESFA the Hub. ESFA update this regularly. For information about what is eligible for public funding, refer to the ESFA publication - [Qualifications: eligible for public funding](#).
29. TVCA will fund each learning aim, as ESFA currently do, whether it represents a qualification or other learning activity, at the rate that applies when the learner starts that learning aim. This principle is the same for a new start in the funding year 2019/20 and a continuing learner from previous years, however continuing learners in 2019/20 will continue to be funded by the ESFA. This rate will apply for the full duration of the learning aim and does not change between funding years.
30. In line with ESFA funding rates and formulas, the amount you earn recognises the relative costs of delivering provision in different sectors and subjects, and the rates are using the following criteria:
 - guided learning hours (GLH) where the qualification is part of the Regulated Qualifications Framework (RQF)
 - planned activity in hours – for non-regulated activity
 - certain qualification types (refer to paragraph 42 for more information)
 - programme weightings that recognise the relative costs of delivering training in different sectors and subjects

Funding rates for the AEB

31. All rates shown on ESFA the Hub are fully funded rates for learners aged 19 and above for qualifications and non-regulated activity. These rates are adjusted through the funding formula according to TVCA policy (for example, if TVCA contributes only part of the full rate).

32. All learners funded through the ESFA 16 to 19 funding model that turned 19 on their second or subsequent funding year of a single programme of study continue to be funded through the ESFA 16-19 funding model.
33. Funding rates do not change depending on how you deliver the learning (for example, by delivering it on-line compared to in the classroom).
34. Where a learning aim had a rate set in the previous funding year, this rate remains unchanged for 2019/20. Qualifications newly approved for funding are set using GLH. Where the awarding organisation does not supply the GLH, the use of Total Qualification Time (TQT) is assessed. For non-regulated activity, planned hours are used to set the rates. For more information on planned hours, refer to the TVCA AEB Funding and Performance Management Rules.
35. GLH, TQT or planned hours are grouped into funding bands to generate a funding rate. The rates are in a Single Activity Matrix (SAM), with the rows representing the funding band and the columns representing the programme weighting.
36. Non-regulated activity is recorded using generic learning aims called 'class codes.' For more information, refer to the [Learning Aim Class Codes](#) document in the ILR specification.

Programme weightings

37. Programme weightings recognise the relative costs of delivering training in different sectors and subjects, and are included in the published rates.
38. Programme weightings are set by referring to the Sector Subject Area (SSA). For all regulated qualifications and components of qualifications, awarding organisations decide the SSA. The [Register of Regulated Qualifications](#) and the Quality Assurance Agency websites record the SSAs. Where there are multiple SSAs for components of qualifications the SSA will be set by the ESFA and TVCA will use this to determine the SSA when there are multiple SSAs for components of qualifications along with a limited number of exceptions available in Annex 1.
39. Agriculture courses that need specialist resources (decided by the ESFA each year with support from Lantra) attract an extra uplift in the TVCA AEB when delivered by providers with specialist resources.

40. The SAM for the funding year 2019 to 2020 is set out in table 1:

Table 1: The single activity matrix for 2019 to 2020.

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 delivered by certain providers (paragraph)

41. Certain qualifications in table 2 have their funding band set as a matter of policy:

Table 2: The exceptions to the single activity matrix for 2019 to 2020.

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

42. If you deliver English and Maths GCSEs to adults aged 19 and over you will receive a higher rate of £811. You cannot fund English and maths for apprentices through the TVCA AEB. The full list of fundable English and Maths qualifications is available in the ESFA English and Maths entitlement list or on ESFA the Hub.

43. If you offer English for Speakers of Other Languages (ESOL) qualifications, you may need to deliver additional learning to individual learners that incurs additional costs above the qualification rate. Where additional hours are required, you can record these on the ILR using the 'Additional delivery hours' field, as detailed in the [ILR specification](#) and the ESFA [Provider Support Manual](#). TVCA will provide payment for any additional learning detailed and validated within the ILR for Tees Valley residents.
44. The key steps for claiming top-up for an ESOL qualification that is planned to be delivered in 60 hours are:
- Identify the original funding band of the ESOL qualification. For example, if the qualification is funded at £150, this equates to the '21 to 44' hours funding band in the SAM.
 - Calculate the additional hours. This is the 60 planned hours minus the maximum GLH value of the ESOL qualification's funding band from the SAM. In this example, the maximum GLH from the '21 to 44' hours band is 44, therefore the additional hours you need to record in the ILR are $60 \text{ minus } 44 = 16$.
 - The funding calculation automatically assigns the additional hours recorded on the ILR to the SAM to allocate a funding band, which then generates a top-up rate. The 16 additional hours equates to the '13 to 20' hours funding band. The '13 to 20' hours funding band generates £100 for the top up (all ESOL aims have programme weighting A).
 - The overall rate is then the original rate (£150) plus the top up amount (£100) which is £250.
45. In 2019/20 TVCA will adopt the ESFA's 2019/20 Earnings Method Methodology. The following principles will apply:
- funding is distributed over the duration of the learner's course, from starting the programme to achieving the expected outcome.
 - funding is directly linked to the learner completing their course and then achieving either learning aims, further learning or gaining employment.
 - you earn funding for what you deliver, when you deliver it.

Qualifying period for funding

46. If a learner is in learning for at least the qualifying period, we count them as a 'funding start.' We calculate this from the ILR 'Learning Start Date':

Length of the learning aim	Qualifying period
168 days	42 days
14 to 167 days	14 days
Fewer than 14 days	1 day

47. If the learner leaves before the qualifying period, you will not earn any funding. However, TVCA will reclaim the funding if you have already earned funding before recording the ILR 'Learning Actual End Date'.

Distribution of funding over time

48. Your earnings will be based on monthly instalments plus an achievement element. This applies to all funded learning aims for adult delivery to Tees Valley residents.
49. Figure 1 is an example of the earnings method for a learner starting a course in September and achieving in June. It shows how you earn funding for a course with a total cost of £1,000 over the nine-month period: nine monthly on-programme payments (OPP) of £80, plus a double monthly OPP (that is, n+1) of £160 in the first month and an achievement payment of £200 upon completion.
50. In line with the ESFA, TVCA will hold back 20% of the weighted rate for each learning aim, which will only be generated when the learner achieves their learning aim. You earn all achievement elements on the learning actual end date recorded on the ILR.
51. Monthly instalments will be calculated once the achievement element (20%) has been removed. Instalments will be spread over the number of planned months for the learning aim, with a double payment in the first month. The instalment calculation uses the formula 'n+1', where 'n' is the number of planned months. The formula recognises the upfront costs associated with enrolling a learner on a learning aim.

52. Instalments will be earned if the learner is in learning on each census date (the last calendar day of every month.) The planned number of months is calculated from the 'Learning start date' and the 'Learning planned end date' in the ILR.
53. If the learner leaves early, the monthly instalments stop. However, in line with the ESFA for eligible learners TVCA will pay you a job outcome payment, which is half of the achievement element. If the learner then goes on to achieve the learning aim, you will earn the outstanding monthly instalments and the rest of the achievement element. For more information on job outcomes, refer to the TVCA 2019/2020 Adult Education Budget AEB Funding and Performance Management Rules.

Figure 1: Example of the earnings methodology.

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
	9-month learning aim											
Payment instalments		OPP	OPP	OPP	OPP	OPP	OPP	OPP	OPP	OPP	Achievement payment	
		OPP										
Payment example		£160	£80	£80	£80	£80	£80	£80	£80	£80	£200	

Annual funding cap for AEB

54. An annual funding cap applies to each learner you have for each year across all AEB-funded provision.
55. The annual funding cap is £4,400 for each learner each year, before any weightings are applied or any TVCA contributions. If your planned training provision is above this cap, your earnings will be reduced in line with this.

Support funding

Learning support

56. Learning Support is available to meet the cost of putting into place a reasonable adjustment, as set out in the Equality Act 2010, for learners who have an identified learning difficulty or disability, to achieve their learning goal.
57. You can access this funding through the TVCA AEB Budget for Tees Valley learners and you record this against a learner's learning aim in the ILR.

58. If you record learning support against a learner's learning aim in the ILR, you will earn a fixed monthly rate of £150 paid by TVCA. We expect the total you earn from the monthly rate to be enough to cover your costs. If the cost of providing support to a learner exceeds the total earned from the fixed monthly rate, you can claim this excess through the TVCA EAS.
59. If you plan to deliver the learning aim in less than one calendar month, you must claim the value of the learning support as if it were all excess, using the TVCA EAS.
60. If learning support is more than £19,000, you can claim exceptional learning Support using the TVCA EAS. For more information, refer to the TVCA AEB Funding and Performance Management Rules.

Learner support

61. Learner Support is available from TVCA to provide financial support for Tees Valley learners with a specific financial hardship preventing them from taking part or continuing in learning.
62. Learner Support is not formula funded. You must complete a mid-year funding forecast and a final funding claim using the ILR. For further information, please see the ESFA Funding Claims guidance.

Prince's Trust Team Programme

63. The Prince's Trust Team Programme is for 16 to 25 year olds. It is a 12 week course designed to improve confidence, motivation and skills. Each team aims to recruit a mix of 16 to 25 year olds of different abilities and backgrounds, including employees sponsored by their employers. ESFA and TVCA fund the teams but providers in partnership with the Prince's Trust manage them locally. TVCA will fund any 19+ Princes Trust Tees Valley learner.
64. The Prince's Trust Team Programme will be funded as the same ESFA rates for 2018/2019. You will earn the matrix rates for the award or certificate in 'Employment, Teamwork and Community Skills'
65. You can claim additional funding from the qualification rate up to the value of the programme rate, where applicable, using the 'Authorised Claims' section on

the TVCA EAS. You must also record the learners on the ILR using the Learning Delivery Monitoring (LDM) code 331.

Table 3: The rates for the Prince’s Trust Team Programme 2019 to 2020.

	Award		Certificate	
	Fully-funded	Co-funded	Fully-funded	Co-funded
Matrix funding rate for aim	£450	£225	£1,265	£633
Maximum programme cost for				
Unemployed learners	£2,670	£1,335	£2,670	£1,335
Employed learners	£572	£286	£572	£286

Annex 1: Programme weightings by Sector Subject Area

TVCA set programme weightings in line with the ESFA by the SSA, with some exceptions.

SSA	SSA Tier 2 description	Likely programme weighting
1	Health, public services and care	
1.1	Medicine and dentistry	B – Low
1.2	Nursing and subjects and vocations allied to medicine	B – Low
1.3	Health and social care	B – Low
1.4	Public services	A – Base
1.5	Child development and wellbeing	B – Low
2	Science and mathematics	
2.1	Science	B – Low
2.2	Mathematics and statistics	A – Base
3	Agriculture, horticulture and animal care	
3.1	Agriculture	E – Specialist
3.2	Horticulture and forestry	E – Specialist
3.3	Animal care and veterinary science	E – Specialist
3.4	Environmental conservation	B – Low
4	Engineering and manufacturing technologies	
4.1	Engineering	C – Medium
4.2	Manufacturing technologies	C – Medium
4.3	Transportation operations and maintenance	C – Medium
5	Construction, planning and the built environment	
5.1	Architecture	C – Medium
5.2	Building and construction	C – Medium
5.3	Urban, rural and regional planning	C – Medium
6	Information and communication technology	
6.1	ICT practitioners	B – Low (up to Level 1) C – Medium (Level 2 and over)
6.2	ICT for users	A – Base (up to Level 1) B – Low (Level 2 and over)
7	Retail and commercial enterprise	
7.1	Retailing and wholesaling	A – Base
7.2	Warehousing and distribution	A – Base
7.3	Service enterprises	B – Low
7.4	Hospitality and catering	C – Medium
8	Leisure, travel and tourism	
8.1	Sport, leisure and recreation	B – Low
8.2	Travel and tourism	A – Base
9	Arts, media and publishing	

SSA	SSA Tier 2 description	Likely programme weighting
9.1	Performing arts	B – Low
9.2	Crafts, creative arts and design	C – Medium
9.3	Media and communication	B – Low
9.4	Publishing and information services	A – Base
10	History, philosophy and theology	
10.1	History	A – Base
10.2	Archaeology and archaeological sciences	B – Low
10.3	Philosophy	A – Base
10.4	Theology and religious studies	A – Base
11	Social sciences	
11.1	Geography	B – Low
11.2	Sociology and social policy	A – Base
11.3	Politics	A – Base
11.4	Economics	A – Base
11.5	Anthropology	A – Base
12	Languages, literature and culture	
12.1	Languages, literature and culture of the British Isles	A – Base
12.2	Other languages, literature and culture	A – Base
12.3	Linguistics	A – Base
13	Education and training	
13.1	Teaching and lecturing	B – Low
13.2	Direct learning support	B – Low
14	Preparation for life and work	
14.1	Foundations for learning and life	A – Base
14.2	Preparation for work	A – Base
15	Business, administration and law	
15.1	Accounting and finance	A – Base
15.2	Administration	A – Base
15.3	Business management	A – Base
15.4	Marketing and sales	A – Base
15.5	Law and legal services	A – Base

The exceptions to this table are:

- Waste management and recycling in SSA 1.4 is weighted at ‘B – Low’
- Agriculture needing specialist resources in SSA 3.1, 3.2 or 3.3 is weighted at ‘G – Specialist’, with an extra uplift for certain specialist providers (paragraph 40)
- Hair and beauty in SSA 7.3 is weighted at ‘C – Medium’
- Music technology in SSA 9.1 is weighted at ‘D – High’
- Music practitioners in SSA 9.1 is weighted at ‘E – Specialist’
- Entry level Functional skills in maths is weighted at ‘C – Medium’

- Functional skills in ICT is weighted at 'B – Low'