



Department  
for Education

# **Adult Skills Fund: Funding Framework**

**Part 1 - Guidance on the underlying  
policy**

**October 2024**

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## Summary

This publication provides non-statutory guidance from the Department for Education. It has been produced to help Adult Skills Fund providers understand the changes between the Adult Education Budget and the Adult Skills Fund.

Where this document refers to 'you' it is in relation to those providers, however this document is still intended to be of use to learners and devolved areas who may wish to understand our policy decisions.

Part Two of this publication is aimed at Devolved areas and provides advice on how they may want to approach their commissioning role responsibility across a number of subjects.

Where this document refers to ESFA this will mean DfE once ESFA duties have transferred into the department by March 2025.

## Who this publication is for

This guidance is for:

Grant-funded public bodies – General Further Education Colleges, Sixth Form Colleges, Local Authority Adult Education Services and Centres, Institutes of Adult Learning (Specialist Designated Institutions) receiving non-devolved skills funding.

Contract-funded private or charitable organisations receiving non-devolved skills funding.

This guidance may also be of interest to:

All current and future devolved authorities.

## Introduction

The ESFA Adult Skills Fund (ASF) is designed to support provision which will provide opportunities that enable learners to catch up on their learning (via the legal entitlements), attain good jobs, progress within their careers, and achieve wider outcomes of learning such as improved health.

Skills are a key driver of productivity and growth and will help us meet societal and economic challenges, providing opportunity and ensuring jobs, security, and prosperity.

The Skills for Jobs White Paper set out wide-ranging reforms to strengthen our skills system, ensuring provision meets the needs of learners and employers. As part of these reforms, we have already taken steps to improve and simplify the funding rates which will apply within the new ASF; simplify and refocus provision for non-regulated learning and give providers more flexibility over how they use their funding.

To support the reforms, the ESFA ASF seeks to promote greater focus on providing fully funded education for those who need it most. Therefore, we are implementing changes to eligibility criteria (outside of the legal entitlements) which make circumstance/income a key determinant when deciding whether a learner is eligible for full funding.

We see this as an integral step in directing funds to those who are unemployed or are on lower incomes to allow them to upskill and/or reskill as part of a progression into employment, within employment, or onto further/higher education.

We believe this will also reduce some administrative burden on providers who will no longer need to establish prior attainment when assessing prospective learners for courses outside of the legal entitlements.

In July 2024, we announced that we are undertaking a focused review of post-16 qualifications reform at level 3 and below. Government believes all young people and adults should have access to high-quality training that meets their needs and provides them with opportunities to thrive. The review will assess how best to improve the quality of the overall qualifications landscape, support the growth of T-levels, and ensure that all young people and adults have the high-quality options that meet their needs.

## Key Changes

There are two key changes between the Adult Education Budget (AEB) and the ASF affecting eligibility to provision (outside of the legal entitlements).

The two eligibility changes relate to the prior attainment eligibility criteria and the earnings threshold which informs the circumstance criteria. These changes and the introduction of Tailored Learning – which includes replacing community learning - are described below.

## Eligibility Changes

Under the AEB, if a learner met the residency requirements, there were three criteria which underpinned eligibility for provision for both legal and policy entitlements. These are:

- Age
- Circumstance
- Prior attainment

As part of the move to the ASF, we have removed the prior attainment eligibility requirement from the policy entitlements (everything outside of the legal entitlements). This change has been made to simplify the eligibility process for you (providers) and to ensure that adult education funding is directed to the learners who need it most.

The need to encourage reskilling and upskilling means a policy intent that relies on age and circumstance to determine whether an individual is eligible for support is more appropriate than whether the individual has an existing level 2 or level 3 qualification.

### Example:

A 46-year-old earning £22k per annum with prior attainment at level 2 (achieved when they were 21) needs to undertake a different level 2 due to having to reskill because of a health condition making their current employment difficult to maintain.

Under the AEB, as they have prior attainment, are not classed as unemployed, and did not meet the eligibility criteria for learners in receipt of a 'low wage', they would not be fully funded and may not be able to afford to participate in the course.

Under the ASF, they would be fully funded for the course allowing them to reskill as per their needs.

Implementing this policy change and making circumstance the key determinant of eligibility, means that it is also prudent to increase the earnings threshold to £25k as without the increase to the threshold, the change to prior attainment would result in less people being eligible for funding

The purpose of this is to focus eligibility on circumstance which ensures that funding is directed at those on a low wage or who are unemployed rather than those who are without a prior qualification but may have the means to fund their education themselves. We need to balance this with what is affordable within the Adult Skills Fund and believe this threshold strikes the right balance. The threshold will be kept under review in future years and is subject to change on that basis.

The earnings threshold of £25k does not apply to Tailored Learning in AY 24/25. For Tailored Learning, providers are asked to collect fee income from people who can afford to pay and use where possible to extend provision to those who cannot. Providers should also set out in their fees policy the types of provision they have decided will not be subject to learner fees; for example, English and maths. Providers should also consider charging employers for Employer Facing Provision where they judge appropriate.

## **Tailored Learning**

The ASF will bring together what was AEB community learning, formula-funded AEB non-regulated learning, and new employer-facing innovative provision into a single funding element called Tailored Learning. Tailored Learning will be non-formula funded. This means there are no funding rates for this provision. Instead, providers calculate the costs of their Tailored Learning provision, to include eligible costs such as outreach, engagement, learning support, staff, venues, materials, and overheads and claim on this basis, up to their Tailored Learning limit.

This funding flexibility gives learning organisations the ability to respond to specific local needs. For example, non-formula funding enables learning organisations to offer smaller classes in community settings, or to offer provision that has been developed with local employers. Tailored Learning can also be used to fund outreach focused provision and activities that aim to engage hard to reach learners and drive participation in adult skills more broadly.

The primary purpose of Tailored Learning is to support learners into employment and/or to progress onto further learning in line with the overall purpose of the ASF. It will also support wider outcomes, including using tailored learning to improve health and wellbeing, equip parents/carers to support their child's learning, and to develop stronger and more integrated communities.

It also recognises that employers may want training that is not yet a recognised qualification. In these circumstances, we might see training being developed through the 'Innovative Provision' funding line, that is then supported by Tailored Learning in its first few years of delivery before becoming an accredited formula-funded qualification. Alternatively, the provision may remain non-qualification based and continue to be funded within Tailored Learning.

We expect you to encourage and support all learners accessing Tailored Learning to progress onto more stretching provision to help them into more formal learning or employment. We do not expect to see multiple enrolments on similar level courses, or a repeat of similar learning aims where this does not demonstrably benefit the learner's development.

While the ASF cannot be used to fund provision which is for "leisure" purposes only, Tailored Learning funding can be used to support wider purposes of learning. To be funded, the primary purpose of the learning activity must be one of the Tailored Learning purpose types:

- engaging and/or building confidence
- preparation for further learning
- preparation for employment
- improving essential skills (English, ESOL, maths, digital)
- equipping parents to support children's learning
- health and wellbeing
- developing stronger communities

### **Example:**

A learner may participate on a course within the learning aim "Creative Arts" as a first step back into learning, to build their confidence, to improve their literacy skills, or to improve their mental health, for example. It should not be used for more general well-being benefits that result from participating in a hobby.

The list of learning aims for Tailored Learning is available at <https://www.gov.uk/government/publications/tailored-learning-learning-aim-class-codes> . Full details can about these aims can be found at [Find a learning aim \(submit-learner-data.service.gov.uk\)](https://www.data.service.gov.uk)

All grant funded public bodies are able to use a proportion of their ASF allocation to fund Tailored Learning. This will be identified on your allocation statement.

The maximum amount you can spend will be based on the amount you have historically received for such provision (i.e. we will combine your community learning allocation and any non-regulated formula funding you have claimed together with associated learner and learning support funding).

Your Tailored Learning allocation includes funding for learner support and learning support based on your previous claims. There is no separate claims process for this support funding, like there is for formula funded provision.

Our aim is to ensure that all providers can provide skills training flexibly, and to support this, providers with little or no existing provision other than qualifications, will be able to

use up to 5% of their grant funded ASF allocation for this purpose. This is designed to allow providers to start to offer Tailored Learning if they believe it is a better method for meeting local skills needs.

You will have the freedom and flexibility – within these parameters – to determine how you use your Tailored Learning allocation to meet the needs of your communities.

For AY 24/25, the earnings threshold does not apply to any type of Tailored Learning. However, we expect providers to get the most value out of their allocation by collecting fee income where appropriate.

You are required to have a fee remission policy in place, but this does not need to be a separate/standalone document. You are asked to collect fee income from people who can afford to pay and to use this income, where possible, to extend provision for those who cannot. You are no longer required to have a PoundPlus policy, but we expect learning organisations to continue to deliver value for money by seeking cost savings, for example via partnership working.

We have made further improvements to the data collection via the Individualised Learner Record (ILR) for Tailored Learning. These improvements will give us better data on the purpose, nature, and outcomes of Tailored Learning, which will enable public transparency for how taxpayer funding is used; support policy development nationally and can also be used to support curriculum development and delivery locally. We expect you to submit data for all available ILR fields, to ensure we have the most accurate and comprehensive picture of Tailored Learning provision.

The ILR specification ([Overview \(submit-learner-data.service.gov.uk\)](https://submit-learner-data.service.gov.uk)) and the Provider Support Manual describe what ILR data needs to be recorded. For the new Tailored Learning Outcome Area field, the sector is producing guidance to support providers in assessing outcomes.

When completing the annual Accountability Statement, local authority learning organisations in scope should refer to their Tailored Learning provision, particularly where this meets local skills needs.

The [FE Provider Dashboard](#) is a new accountability tool bringing published performance data on learner outcomes for colleges and local authority FE providers in receipt of £1m per annum or more of FE funding from the ESFA or via devolved routes into one place, to identify effective practice and support continuous improvement. The FE Provider Dashboard's primary aim is to support self-improvement and share good practice, as part of a strengthened FE accountability system. It should be used alongside other provider performance data to inform provider-level planning and reviews with leadership teams and governing bodies, Annual Strategic Conversations, and other accountability work.



The dashboard is due to go live as a Private Beta (pilot) during AY 2024/25 on DfE's View Your Education Data (VYED) platform. Users will be able to track provider performance against outcomes over time and compare performance with other similar providers to identify outcomes that providers are delivering well and outcomes that are more challenging to deliver. It will include a new Skills Measure, which uses contextualised data to indicate provider valued-added for learner destination outcomes; and Tailored Learning outcomes once these are published by DfE. FE Colleges, local authority FE providers, DfE teams including the FE Commissioner's team, Combined Authorities, and Ofsted will be able to access the dashboard, and invited to feed back on how they have used it and the impact it has had on their work.

The FE Provider Dashboard will not trigger formal intervention and should not be used as a league table. Intervention for performance in relation to quality remains with Ofsted as part of their inspections framework

We have introduced these changes because we want to focus public funding on learners who need it most. We also want to ensure public funding is focused on the specified outcomes.

We aim for these changes to support learners in achieving progression to further learning and/or employment along with achievement of the specified wider benefits.

# 19+ Adult Education Offer – Policy Rationale

## Legal Entitlements

### Adult Essential Skills

These entitlements are set out in the [Apprenticeships, Skills and Children Learning Act 2009](#), and enable learners to be fully funded for the following qualifications:

- English and maths up to and including level 2 for individuals aged 19 and over who have not previously achieved a GCSE grade A\* - C or grade 4 or higher, or have been assessed as having an existing skill level lower than grade 4 (even if they have previously achieved a GCSE or equivalent qualification in English and maths), and/or
- first full qualification at level 2 for individuals aged 19 to 23, and/or
- first full qualification at level 3 for individuals aged 19 to 23
- Essential Digital Skills Qualifications (EDSQs) or Digital Functional Skills Qualifications (FSQs), up to and including level 1, for individuals aged 19 and over, who have digital skills assessed at below level 1

The entitlements form a key foundation for the adult skills system in England and are designed to provide learners with the opportunity to gain qualifications which will increase their chances of securing employment, progressing within employment, or advancing to further education.

These entitlements apply across England in devolved and non-devolved skills areas and will not be impacted by the move to the ASF, nor will they be subject to the policy changes to prior attainment.

This means that the legal entitlements will continue as before, providing the opportunity of free study for 19+ adults who do not have the minimum literacy and numeracy qualifications needs for day-to-day life (up to and including level 2) and the minimum qualification in making use of information technology (up to and including level 1). This includes learners who may have previously earned these qualifications but are assessed as no longer having those skills.

Essential skills are an important part of the adult education offer which is why we are ensuring – through the adult skills offer – that adults have access to high quality, employer-supported qualifications which allow people to train, reskill, and upskill.

The entitlement to free study includes access to reformed English and maths Functional Skills Qualifications (FSQs) introduced in September 2019, Essential Digital Skills Qualifications (EDSQs) which are available under the digital entitlement introduced in August 2020 and new digital FSQs introduced in August 2023.

## **Level 2 and Level 3 Entitlements**

19- to 23-year-old learners also have a legal entitlement to undertake a fully funding first full qualification at level 2 and/or a first full qualification at level 3.

These entitlements intend to allow learners in this age group who may not have achieved these qualifications at school, to catch up in their late teens and early twenties, which will support them in gaining employment, progressing in employment, or proceeding on to further/higher education.

We believe this supports educational efforts to maximise the potential of young people and intends to reduce poverty and career limitations.

## **Policy Entitlements**

### **Local Flexibility Offer**

The policy intent behind this offer is to include a wide range of technical and academic qualifications up to and including level 2 that support people to further develop their skills, get into work, or improve their earnings.

Learners earning up to the earnings threshold (£25,000 per annum) are entitled to full funding for this provision while those earning above the threshold can be co-funded.

It is for you to decide what provision you offer, but you should reflect on the skills needs of learners and employers in your area when shaping your offer.

### **HGV Offer**

Introduced in academic year 2021/22, the HGV driver training flexibility was initially a one-year offer which was extended for 2022/23 and 2023/24 and has now been made permanent in the ASF funding policy and associated funding rules from AY 2024/25. This offer applies to learners residing in non-devolved areas.

The offer is designed to support an increase in HGV driver training and allows providers to fund the cost – via their existing ESFA funded allocation – of HGV and medical licences for adults who have completed appropriate, approved qualifications which prepare learners for an HGV licence.

### **Sector-based Work Academy Programme**

Sector-based Work Academy Programmes (SWAPs) are government funded opportunities to help prepare those receiving unemployment benefits to apply for jobs in different areas of work. This Department for Work and Pensions (DWP) scheme is administered by Jobcentre Plus in partnership with employers and learning providers.

We fund the pre-employment training element of this offer via local flexibility. The remainder of the programme is owned, operated, and funded by DWP who have produced this [learning provider guide](#).

### **Free Courses for Jobs (Level 3)**

Free Courses for Jobs (FCFJ) will be included in the ASF but will continue to be ring-fenced. This ensures there is a nationally available high-value level 3 offer for adults which can be marketed as such while also reducing differences in availability between different areas.

This offer will continue to provide targeted qualifications to support the development of new skills for eligible adults which aim to improve their prospects in the labour market.

New ASF funding rates will apply to FCFJ courses. The funding uplifts for those courses of £150 and £600 will continue to be offered as set out in the most recently published ESFA Funding Rates and Formula document. These uplifts have been put in place to provide a funding incentive for providers to offer more provision for adults.



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