

Summary of Changes to AEB Funding Rules

1. Implement the funding flexibilities described in this paper.
2. Sub-contracting – the proportion of the contract value that providers may sub-contract, will be increased to 25 per cent from 20 per cent, in line with ESFA funding rules. Exceptional Cases for exceeding 25 per cent will be considered but capped at 35 per cent. Different arrangements for Third Sector consortia will be developed.
3. Management charges for sub-contractors will be capped at 15 per cent.
4. Funding allocations for 2022/23 – R14 ILR (2020/21) will be used to inform the Baseline Allocation, ensuring the alignment of performance and the allocation of future funding.
5. A move toward Plan-Led Funding for Grant Providers – following the outcome of the DfE's consultation around Funding Simplification and Accountability, we will work with Grant funded providers to develop a Three-Year Plan-Led Funding model from 2022/23 at the earliest. This will enable Grant Providers to proactively plan and invest in capacity building to address economic recovery, demographic growth, and climate change.
6. Minimum Contract Value (MCV) – we will look to introduce an MCV of £100,000 for the academic year 2022/23. We will work with any providers who are currently below this threshold to encourage them to put in a business case for growth funding, or, to take up a sub-contract arrangement with another AEB provider.
7. Continuing Learners - the Combined Authority will continue to fund those learners that are continuing learning from the 2020/21 academic year into 2021/22 for all provider types.
8. Implement our Guiding Principles for In-Year Commissioning, utilising the 'light-touch' commissioning approach.