



Education & Skills
Funding Agency

Apprenticeship technical funding guide for starts from May 2017

Version 3

This document sets out the technical details of the funding system used to fund apprenticeship frameworks and standards starting on or after 1 May 2017.

August 2017

Of interest to colleges, training providers, higher education institutions and employers delivering training.

Table of contents

Introduction and purpose of the document.....	4
Understanding our terminology	4
Changes made from version 2 of this document.....	4
The data we use to calculate funding.....	5
Funding bands	5
The earnings method	7
Qualifying period for funding.....	7
Monthly instalments.....	8
Completion and end-point assessment.....	9
Co-investment.....	10
Extra support for small employers	11
Payments from a digital account.....	12
Funds entering digital accounts	12
Using digital accounts to pay for training and assessment	14
Matching data between the ILR and apprenticeship service.....	18
Additional payments.....	20
Support for younger apprentices.....	20
Disadvantage funding	21
Other payments	21
English and maths	21
Learning support funding	22
Changes of Circumstance.....	22
Principles	22

Changes in price.....	22
Price episodes.....	23
Additional payments	24
Framework uplift.....	24
Funding band maximum.....	25
Redundancy	25
Example scenarios for changes of circumstances.....	26
Scenario A - The employer and provider negotiate a new total price for the programme....	26
Scenario B - The total price is retrospectively updated.....	26
Scenario C - The apprentice changes programme with the same provider.....	27
Scenario D - The employer chooses a new provider to deliver the apprenticeship	28
Scenario E - The apprentice moves to a new employer but remains on-programme with the same provider.....	28
Scenario F - The apprentice takes a break in learning.....	29
Scenario G - The apprentice is made redundant and has more than 6 months of the planned duration of the apprenticeship remaining.....	29
Scenario H - The apprentice is made redundant within 6 months of their planned end date	30
Funding reports.....	30
Processing and changes at the end of the funding year	31
Last date for changes	31
Payment processing after the funding year end	32
Annex 1 – An example of calculating payments.....	33

Introduction and purpose of the document

1. This document sets out the details of the new apprenticeship funding system for new starts on or after 1 May 2017. It explains how we will calculate funding for organisations receiving funding from us. Employers may find this information useful to help understand how digital accounts or government and employer co-investment will operate.
2. It does not apply to apprenticeship programmes that started before 1 May 2017; these will continue to be funded for the full duration of the apprenticeship under the methodology in place before this date.
3. To understand how the funding system works from 1 May 2017, you can read this document together with:
 - [Apprenticeship funding and performance-management rules for training providers](#)
 - [Apprenticeship funding: rules for employer-providers](#)
 - [Apprenticeship funding: rules and guidance for employers](#)
 - [Individualised Learner Record specification, validation rules and appendices](#)
4. We refer to the first three documents as the 'Funding rules'. The Education and Skills Funding Agency (ESFA) may make changes to these documents.

Understanding our terminology

5. The terms 'we', 'our', 'us' and 'ESFA' refer to the Education and Skills Funding Agency.
6. We use the terms 'you' or 'provider' to refer to any organisation holding a contract with us through which we directly route funds from an employer's digital account or government-employer co-investment.

Changes made from version 2 of this document

7. Further details added to the prioritisation section – from paragraph 75.
8. Further details about data matching with the apprenticeship service – from paragraph 96.
9. A new section explaining price episodes – from paragraph 132.
10. Additional information in paragraphs 142 and 163 of the changes in circumstances section.

- 11. A new section with information about the end of the funding year – from paragraph 184.
- 12. Updates for ILR changes in 2017 to 2018, where some ILR elements have been renamed.

The data we use to calculate funding

- 13. You give us information about apprentices and their learning using the [Individualised Learner Record](#) (ILR) and the [Earnings Adjustment Statement](#) (EAS). We use this information to work out the funding you have earned for delivering this learning.
- 14. If the employer has a digital account, we will then use information maintained by employers and you on the apprenticeship service to calculate payments from that digital account, and if any co-investment is required from the employer and/or the government.
- 15. If the employer does not have a digital account, we will use the information you supply through the ILR to calculate the co-investment required from the employer (if applicable) and the amount that the government will pay you.

Funding bands

- 16. Every framework pathway and apprenticeship standard is assigned to a funding band. The table below shows the 15 funding bands.

Band Number	Band Maximum
1	£1,500
2	£2,000
3	£2,500
4	£3,000
5	£3,500
6	£4,000
7	£5,000
8	£6,000
9	£9,000
10	£12,000
11	£15,000
12	£18,000
13	£21,000
14	£24,000
15	£27,000

17. When an employer identifies the apprenticeship they need, they will negotiate a price with you for training and all assessment (including the price they agreed with the Apprentice Assessment Organisation for the end-point assessment for apprenticeship standards).
18. For employer-providers, or providers delivering apprenticeships to their own employees, the initial price recorded will be the estimated cost of training and all assessment for each apprenticeship instead of a negotiated price (for more information see [Apprenticeship funding: rules for employer-providers](#) and [Apprenticeship employer-provider guide](#)). We expect employer-providers to record the actual costs of delivering the apprenticeship at the end of the programme.
19. For the purposes of calculating earnings, we use the 'total price'. This is the total cost of training and all assessment, and we do not calculate earnings separately for training, end-point assessment or other assessment. For employer-providers or for providers delivering apprenticeships to their own employees, this refers to the actual cost of delivering the apprenticeships (which may be recorded as an estimated cost initially).
20. The total price does not include:
 - Value Added Tax (VAT)
 - additional payments which may be payable to you or the employer; see the 'Additional payments' section for more information
 - the costs of learning support or delivering English or maths up to level 2
21. The funding band maximum caps the maximum amount which an employer who pays the levy can use towards an individual apprenticeship from their digital account. The funding band maximum also caps the maximum price that government will 'co-invest' towards, where an employer does not pay the levy or has insufficient funds in their digital account and is eligible for extra government support. [Annex 1](#) shows an example of this.
22. The funding band maximum which applies at the start of the programme will continue to apply for the duration of the programme regardless of any changes in price, provider or employer. If the apprentice changes pathway, framework or standard, then the funding band maximum on the date they change programme will apply.

23. Additional payments (including the disadvantage payment), and other payments such as learning support funding and the framework uplift for 16- to 18-year-olds, are not subject to the funding band maximum and are not included when calculating whether the limit is applied to the total price.
24. If employers want to spend more than the funding band maximum, using their own money, they are free to do that and are responsible for paying you the additional amount in full.
25. The total price can be below the funding band maximum. The funding bands do not have a lower limit, and there is no lower limit to the amount we will co-invest.
26. You can find the list of apprenticeship frameworks and standards eligible for public funding in the learning aims search on [the Hub](#). We update this regularly. More information about eligibility for public funding is in the [Funding Rules](#).

The earnings method

Qualifying period for funding

27. If an apprentice is in learning for at least the qualifying period, they are counted as a 'funding start'. We calculate the qualifying periods using the table below.

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

28. The qualifying period for apprenticeships is 42 days; it is only lower for apprenticeships when a break in learning occurs. If the apprentice takes a break in learning and then returns to learning, the qualifying period will be applied to the new programme aim before any monthly instalments are calculated. This also applies when the apprentice restarts for any other reason.
29. As an example, if an apprentice restarts an apprenticeship after a break in learning and the remaining planned period of the apprenticeship is 2 months, then the new qualifying period is 14 days.

30. If the apprentice leaves before the qualifying period for that learning aim (either the apprenticeship or an English or maths qualification), you will not earn any funding for that learning aim, including learning support. However, if you have already earned funding in a previous month before the ILR 'Learning actual end date' was recorded, we will reclaim the funding.
31. If the apprentice completes a learning aim, they will be counted as having met the qualifying period for that learning aim.

Monthly instalments

32. Your earnings will be based on monthly instalments so that funding follows the apprentice for as long as they stay on the apprenticeship.
33. There is a completion element for the apprenticeship which is 20% of the lower of either the total price or the funding band maximum. The monthly instalments are calculated from the remaining 80%.
34. We will also calculate a funding uplift for 16- to 18-year-olds on frameworks using the same pattern of monthly instalments and completion. See '[Support for younger apprentices](#)' for further information.
35. We spread these instalments equally over the number of planned months for the apprenticeship programme aim, based on whether the apprentice 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.
36. If the apprentice leaves early, for example, they withdraw from the programme, the monthly instalments stop. We will not calculate a monthly instalment for the final month if the apprentice withdraws before the last day of the month in which the learning stops.
37. We no longer calculate a double monthly payment in the first month (commonly referred to as 'n+1') as used in the previous funding system.
38. We calculate funding for English and maths qualifications up to level 2 separately from the apprenticeship programme aim. We will split the rate into equal monthly instalments using census dates, and there is no completion amount.

39. The diagram below shows an example of how earnings are spread over time based on an apprentice starting on 1 August and completing on 10 August the following year. The cells with an 'X' represent the months when there are earnings. This example shows that English and maths qualifications can be started at different times compared to the apprenticeship. The example assumes that additional payments are due for this apprenticeship. For more information, see the 'Completion and end-point assessment' and the 'Additional payments' sections.

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Apprenticeship instalments	X	X	X	X	X	X	X	X	X	X	X	X	
Apprenticeship completion													X
Framework uplift instalments	X	X	X	X	X	X	X	X	X	X	X	X	
Framework uplift completion													X
Additional payments			X									X	
English instalments		X	X	X	X								
Maths instalments						X	X	X	X				

40. See [Annex 1](#) for an example showing how earnings are calculated and paid.

Completion and end-point assessment

41. We hold back 20% of the total price, capped at the maximum of the funding band, for completion. We will only release this when the apprentice completes their programme. See the [Funding Rules](#) for the definition of a completion.
42. The total price agreed with the employer will include the costs of delivering the end-point assessment on apprenticeship standards. You will be responsible for passing on payment for end-point assessment to the Apprentice Assessment Organisation selected by the employer. The cost of end-point assessment may not be the same as the 20% of the total price which we withhold for completion.
43. The completion element is earned when you record a 'Learning actual end date' in the ILR and the 'Completion status' is recorded using code 2 ('The learner has completed the learning activities leading to the learning aim'). You will earn this funding for the month that the 'Learning actual end date' takes place, even if this month is different to the 'Learning planned end date' of the programme.

44. If the apprentice completes their programme earlier than their 'Learning planned end date', you will also earn any remaining funds that were due to be earned in the month of the 'Learning actual end date', providing the [Funding Rules](#) on minimum duration have been met. This is the balance between the earnings to date and the total agreed price of the apprenticeship (up to the maximum value of the funding band).
45. See [Annex 1](#) for an example showing how completion is paid.

Co-investment

46. Where apprenticeship training is not funded from the employer's digital account (for non-levy payers and levy payers with insufficient funds), employers must co-invest 10% of the agreed total price up to the funding band maximum.
47. Co-investment is slightly different where an employer's digital account has a positive balance, but the balance is less than that month's earnings for an apprentice. In these cases, all of the available balance in the digital account will be used and the co-investment required from the employer will be 10% of the remaining earnings (up to the funding band maximum).
48. Co-investment up to the funding band maximum is not required if the apprentice and employer are eligible for the [extra support for small employers](#) described from paragraph 57 of this document.
49. If the total price exceeds the funding band maximum, the employer is responsible for paying the difference in full, in addition to the co-investment amount.
50. We will fully fund English and maths up to level 2, learning support and any additional payments at the published rates. The employer does not contribute to them.
51. We will use funds from a levy-paying employer's digital account where appropriate, and this may reduce the amount of co-investment required. For more information, see the section on 'Payments from a digital account'.

52. You must record the co-investment received from the employer on the ILR using the 'Trailblazer Apprenticeship Financial Record' entity with 'Trailblazer financial type' of 'PMR' (Payment record). These elements of the ILR have been renamed for ILR returns in the 2017 to 2018 year. For ILR returns in 2017 to 2018, you must record the co-investment using the 'Apprenticeship Financial Record' entity with 'Apprenticeship financial type' of 'PMR' (Payment record).
53. To be eligible for the completion payment you must have collected the co-investment from the employer and reported the cash value on the ILR. If the apprentice is being fully-funded through an employer's digital account, or we have waived the co-investment amount, you do not need to report a zero payment record.
54. If you have not recorded the necessary co-investment payments on the ILR we may withhold your monthly instalments until the payments have been received and you have recorded them on the ILR. For more information about recording co-investment, refer to the [Funding Rules](#).
55. We will provide you with monthly reports to show which apprenticeships have been fully funded from the employer's digital account and which apprenticeships will need co-investment. These reports will tell you how much you need to collect from each employer for co-investment and for which apprentices. We will provide information to employers through the apprenticeship service on how much they are due to pay each provider for co-investment where applicable.
56. See [Annex 1](#) for an example showing how training and assessment are paid for through digital accounts or co-investment.

Extra support for small employers

57. We will waive the co-investment requirement for employers with fewer than 50 employees if the apprentice is defined as a 16- to 18-year-old or an eligible 19- to 24-year-old as described in the [Funding Rules](#). Where the employer is eligible for the co-investment to be waived and also pays the levy, we will not use their digital account funds.

58. We will pay 100% of the total price for these individuals, up to the maximum value of the funding band, and any funding uplift for 16- to 18-year-olds on frameworks. You must identify the employers with fewer than 50 employees as a 'Small employer' using the 'Employment status monitoring' fields in the ILR.
59. We determine whether co-investment is waived from the size of the employer at the start of the apprentice's programme; this determines whether co-investment is waived for the rest of the apprenticeship with that employer.
60. If the apprentice transfers to another employer and continues the same apprenticeship, then the size of the new employer, and the age of the apprentice when they begin their new employment determine whether co-investment is waived.
61. We will continue to waive the co-investment if the employer grows to 50+ employees after the start of the apprenticeship as the eligibility for the waiver is based on the status at the start of the apprenticeship with that employer.

Payments from a digital account

Funds entering digital accounts

62. Once employers have declared the apprenticeship levy to HM Revenue and Customs (HMRC) their digital account on the apprenticeship service will be updated after the 22nd day of every month.
63. HMRC will use data about the home address of employees to calculate how much each employer will have to spend through the English apprenticeship system. HMRC will use this data to work out what percentage of each employer's pay bill is paid to employees living in England. The percentage for each PAYE scheme is shown in the apprenticeship service.
64. This percentage will be calculated quarterly. Employers can update their employee's address data on HMRC's database by adding their home postcode to their real-time information tax return for three consecutive months.

65. We will assume that all employees are based in England when a PAYE scheme is created, until the next quarterly calculation date when we will re-calculate the percentage. This means that the percentage will default to 100% of funds if the calculation has not yet been run on a PAYE scheme.
66. We will apply a 10% top up to monthly funds entering a digital account. For example, if a levy payment of £1,000 was added to the digital account, we would top this up with £100.
67. The funding entering an employer's account each month will be calculated as follows:
 - monthly levy declared to HMRC
 - multiplied by the proportion of the employer's pay bill paid to their workforce living in England
 - plus a 10% government top-up on this amount
68. Funds will enter the digital account shortly after the 22nd day of each month.
69. We will apply a negative adjustment to the funds in the digital account if the cumulative year to date amount of levy declared to HMRC decreases; this will include a negative 10% adjustment for the government top-up. We will reflect end-of-year adjustments to the HMRC declaration in the digital account. These adjustments will be applied to the month that we receive the adjustment.
70. Funds will expire 24 months after they enter an employer's digital account unless the employer spends them on apprenticeship training and assessment. This will also apply to any top-ups added to the digital account. For example, funds entering an employer's account in September 2017 will expire in September 2019, unless they have been spent. Money is spent when it leaves the digital account as a payment to you.
71. The account will work on a first-in, first-out basis, through either payment or expiry. Whenever a payment is taken from an employer's digital account it will automatically use the funds that entered the account first.
72. We will offset any negative adjustments against the earliest remaining funds paid into the employer's digital account; ensuring employers have the maximum opportunity to spend the funds in their digital account. Positive adjustments will expire in 24 months of being paid into an employer's account if they are unused.

Using digital accounts to pay for training and assessment

73. Payments to the provider for apprenticeship training and assessment (including end-point assessment for apprenticeship standards) are automatically debited from digital accounts where the employer has authorised us to do so.
74. Monthly earnings are paid:
- fully from the digital account if the employer has sufficient funds available
 - partially from the digital account where the employer has some funds available but these are not sufficient - the remaining balance will be paid through government-employer co-investment
 - fully from government-employer co-investment where an employer does not have any levy funds or has exhausted funds in their digital account
 - fully from the government where the employer is eligible for extra support for small employers; we will not use any funds from the employer's digital account if they have one
75. The employer will be able to pause or permanently stop payments for an apprentice using the apprenticeship service. This will apply to all future payments from the date at which the apprenticeship is paused or stopped. Any outstanding payments up to this date will be paid. The employer can release the pause function at any time and funding will be resumed. Once an apprenticeship is stopped, payments are permanently stopped for this apprenticeship; the stop cannot be undone unless a new record is agreed for this apprenticeship.
76. We calculate payments to providers after the ILR collection closes each month. This applies to all payments from co-investment and from employer's accounts.
77. See [Annex 1](#) for an example showing how training and assessment are paid for through digital accounts or co-investment.
78. When each apprenticeship is added to the employer's account, it will be automatically allocated a priority order. This priority order will be used to identify which apprenticeships are funded first from funds in an employer's digital account.

79. Employers have the ability to control the priority in which payments are processed. This allows employers to choose the priority order in which providers' payments are processed and paid from their account. The primary ordering is by provider, so all apprentices with one provider are prioritised over all other apprentices with a different provider. If the employer does not change the provider order, apprentices will be automatically prioritised by:
- a. provider, based on the first time an apprenticeship was approved (by both the employer and provider) for that provider, then
 - b. the date that the apprenticeship has been approved (by both the employer and provider), where there are multiple apprentices for the same provider, then
 - c. Unique Learner Number (ULN) in ascending order where apprentices share the date they were approved in the employer's account
80. Some apprentices may still retain the original default ordering that was previously applied, unless the employer has changed the order. The change to default ordering was made on 31 May 2017 and the original default ordering was by:
- a. the date the employer has added an apprenticeship to their account, then
 - b. Unique Learner Number (ULN) where apprentices share the date they were approved in the employer's account
81. Employer users with appropriate permissions within the apprenticeship service are able to define the provider priority. This feature becomes active when more than one provider has been added to their account. If the employer changes the provider priority, this change will override the default provider priority.
82. If the employer does not change the priority of the provider, then the default priority order remains (see paragraph 79).
83. All approved apprentices with a provider will have their funding payments processed before any approved apprentices with providers of a lower priority.

84. We give the following example of the default prioritisation using three different providers: A, B and C and six apprentices approved in May and September (we have used ULNs in the example for illustrative purposes and any correlation with a valid apprentice's ULN is unintended).
85. The employer approves an apprentice (ULN 9999999999) with Provider A on 1 May and this apprentice is given number 1 priority for payment in June.
86. The employer approves another apprentice (ULN 2222222222) with Provider B on 1 May and the apprentice is given number 2 priority for payment in June.
87. The employer approves another apprentice (ULN 3333333333) with Provider A on 2 May and the apprentice is given number 2 priority for payment in June because provider A has priority over provider B; assuming the default provider priority has not been changed. The apprentice (ULN 2222222222) with provider B is now updated to number 3 priority for payment in June.
88. The employer approves another two apprentices (ULNs 8888888888 and 5555555555) with Provider A on 10 September. Assuming provider A is still the defaulted number one priority, the apprentices are given number 3 and 4 priorities for payment in October.
89. Apprentice (ULN 5555555555) is given number 3 priority over apprentice (ULN 8888888888) because of ascending numerical order of the apprentices' ULNs.
90. The apprentice (ULN 2222222222) with provider B is now updated to number 5 priority for payment in June because provider A has priority over provider B.
91. The apprentice (ULN 3333333333) with provider A approved in May retains their existing priority.
92. The employer approves an apprentice with Provider C on 10 September and the apprentice (ULN 1111111111) is given number 6 priority for payment in October (assuming the default provider priority has not been changed) because providers A and B have priority over provider C.

Provider	Date apprenticeship approved	ULN	Provider priority	Apprentice priority for June payments	Apprentice priority for October payments
Provider A	01/05/2017	99999999999	1	1	1
Provider B	01/05/2017	22222222222	2	3	5
Provider A	02/05/2017	33333333333	1	2	2
Provider C	10/09/2017	11111111111	3	N/A	6
Provider A	10/09/2017	88888888888	1	N/A	4
Provider A	10/09/2017	55555555555	1	N/A	3

93. We will use the priority order at the time the ILR collection closes (see paragraph 101) for payment processing.

94. The example below shows how the priority order is applied to calculate payments. An employer with a digital account balance of £800 has two apprenticeships that have each earned £500 this month (total = £1,000), and they are calculated in priority order:

	Digital account				Co-investment		
	Priority order	Start balance	Payment	End balance	Outstanding earnings	Government contribution	Employer contribution
Apprenticeship 1	1	£800	£500	£300	£0	£0	£0
Apprenticeship 2	2	£300	£300	£0	£200	£180	£20

95. Funding for English and maths up to level 2, learning support and any additional payments will not be taken from an employer's digital account. English and maths at level 3 or above can be funded as part of the total price, up to the funding band maximum.

Matching data between the ILR and apprenticeship service

96. We will match apprentice data from your ILR submissions with the data held in the apprenticeship service, depending on the contract type the apprentice is being funded through (recorded as the 'Apprenticeship contract type' (ACT) in the ILR). If the apprentice is recorded as being funded through:
- ACT 1: a contract for services with the employer (for a levy-paying employer), then we will apply a data match. The employer must first approve payments to the provider from their digital account. The details for each individual apprentice on the employer's account must match the ILR data for each individual apprentice (which is then submitted monthly by the provider), for payments to be made.
 - ACT 2: a contract for services with the ESFA (for a non-levy paying employer), then we will not apply the data match.
97. The data values we will use to match are:
- a. an identifying number for the apprentice (the Unique Learner Number)
 - b. the provider reference number (UKPRN)
 - c. the apprenticeship framework or standard references, consisting of:
 - i. the apprenticeship code from our Learning Aims Reference Service
 - ii. the programme level (for frameworks only)
 - iii. the framework pathway (for frameworks only)
 - d. the total negotiated price
 - e. an additional check to ensure that the start date on the ILR is not before the start of the record on the employer's account
 - f. the 'Trailblazer financial record date' on the ILR (renamed to 'Apprenticeship financial record date' in ILR returns for the 2017 to 2018 year)

98. If values from steps (a) to (e) change during the programme, the changes will need to be recorded on the employer's account. If the price changes, the provider must also record the change using the 'Trailblazer financial record date' (or the 'Apprenticeship financial record date' in 2017 to 2018) on the ILR; for the data match to be successful, the date recorded on the ILR must be on or after the start date of the matching record on the employer's account, and within the same calendar month.
99. If you submit your ILR file during a collection period, we will provide an indicative data match using data from the apprenticeship service from the previous day.
100. An 'Apprenticeship Data Match' report is produced on the Hub for the provider; this will be blank if there are no data match errors. If there are errors during the ILR collection period, data match errors are not shown to employers. If you need to amend the details held on the employer's account to fix the error, then both you and the employer will need to approve the amended record. You must ensure that any necessary changes to both the employer's account and the ILR record are made before the ILR monthly collection is closed so we can release funding. We give examples of errors shown to providers in this report in the [guidance on ILR Funding Reports](#).
101. We will run the final matching process when the ILR submission window has closed using data from the apprenticeship service at the same point when the ILR window closes. The ILR collection timetable is published as part of the [ILR specification, validation rules and appendices](#) on GOV.UK.
102. If a change in circumstance occurs for an apprentice during their programme, the detail of the changes will need to be recorded on both the ILR and the apprenticeship service. If the details of these changes do not match, funding will not be paid. These circumstances include changes in price, employer and provider.
103. Following the close of the monthly ILR submission window, we will provide reports to employers and providers to identify apprentices who have failed the data match. These errors will be shown to employers alongside the details of individual apprentices in their account, and to providers through further reports on the Hub. The errors shown at this point will mean that payments will not be made to the provider for that apprentice for that month and amounts will not be debited from the employer's account.

104. Once a record has passed the data match and funding has been paid, we will not recover that funding if the data subsequently changes and the data match now fails. You will not earn any subsequent funding after the data match fails until the data matches again.
105. English and maths up to level 2, learning support funding and all additional payments (including the framework uplift) will not be paid if the data match check fails, even though the payments would not come from the employer's digital account.

Additional payments

Support for younger apprentices

106. We will generate additional payments totalling £1,000 for you and £1,000 for the employer if the apprentice is defined as a 16- to 18-year-old or an eligible 19- to 24-year-old as described in the [Funding Rules](#).
107. These payments will be split into two equal payments when the apprentice is still in learning at 90 days and 365 days. You must pass on the payment to the employer as required in the [Funding Rules](#).
108. We will also calculate 20% of the band maximum value as an uplift for frameworks which you will earn in addition to any earnings we have calculated using the capped total price. We will fully fund this framework uplift; the employer does not contribute, and it must be excluded from the total price you agree.
109. We will calculate the framework uplift in monthly instalments in the same way monthly on-programme earnings are calculated for the apprenticeship programme aim. We will spread the uplift equally over the number of planned months for the apprenticeship, based on whether the apprentice is in learning on each census date. We will withhold 20% of this amount until the apprentice completes their programme.
110. If the apprentice completes their programme earlier than their 'Learning planned end date', you will also earn any of the remaining uplift amount that was due to be earned in the month of the 'Learning actual end date'. If the apprentice leaves early, no further amount will be calculated or earned.

Disadvantage funding

111. We use the [Index of Multiple Deprivation \(IMD\)](#) from 2015 to calculate disadvantage funding for apprenticeship frameworks only. Disadvantage funding is based on an apprentice's postcode before they start learning (recorded as the postcode prior to enrolment in the ILR; see the [ILR specification](#) for details about how to record this).
112. You will earn additional payments of £600 towards the costs of training for apprentices recruited from the 10% most deprived areas in England, £300 for the 11 to 20% most deprived areas and £200 for the 21 to 27% most deprived areas.
113. This will be earned like the additional payments for younger apprentices and will be split across 2 equal payments, earned when the apprentice is still in learning at 90 days and 365 days.
114. The disadvantage funding amount is calculated at the start of the apprenticeship and applies throughout the programme.
115. We have introduced an additional column to the [Uplift factors and postcode files](#) to give the value of the applicable uplift for each postcode and lower layer super output area.

Other payments

English and maths

116. We will fully fund all appropriate English and maths training up to and including level 2. For more information on eligible training refer to the [Funding Rules](#).
117. The eligible English and maths aims are available on [the Hub](#). They are also in the downloadable learning aim databases and are identified as common components in apprenticeship frameworks and standards.
118. You will earn £471 to deliver eligible qualifications in English and maths. You will be paid in equal monthly instalments over the planned period of the qualification. There is no completion element for English and maths.
119. If an adjustment is required due to prior learning, you must record data in the 'Funding adjustment for prior learning' field on the ILR.

120. We will continue to calculate eligible English and maths earnings beyond the programme end date if applicable when apprentices complete their programme.

Learning support funding

121. You can earn learning support at a fixed monthly rate of £150 through the ILR. See the [Individualised Learner Record Specification](#) for more information. If the cost of providing support to an apprentice exceeds the total earned from the fixed monthly rate, you can claim this excess through the Earnings Adjustment Statement (EAS).

122. If you deliver part of an apprenticeship in less than one calendar month due to breaks in learning, and the £150 rate is not generated from the ILR data, you may claim the value using the 'Excess Learning Support' column in the EAS.

123. If learning support is more than £19,000 you can claim exceptional learning support. For more information, refer to the [Funding Rules](#).

124. If English and maths delivery up to level 2 extends beyond the apprenticeship programme end date, we will continue to pay learning support funding if the apprentice is eligible.

Changes of Circumstance

125. This section describes some scenarios of changes either to the apprentice's programme or with the relationships to providers and employers. We have included some principles and how they apply to some specific scenarios. For further guidance on how to record these scenarios correctly on the ILR, refer to [the ILR Guidance](#).

Principles

126. When an apprentice's circumstances change during their apprenticeship, the details of the change should be recorded in both the ILR and, if applicable, the apprenticeship service.

Changes in price

127. If the apprentice changes provider, then a new price will need to be agreed and recorded in the ILR together with the date the price applies from. The new provider will record a total price for the programme on the ILR using fields within the 'Trailblazer Apprenticeship Financial Record' entity (renamed to the 'Apprenticeship Financial Record' entity in ILR returns for 2017 to 2018).

128. When an apprentice returns from a break in learning, the original total price should be recorded at the start of the new programme aim in the ILR, unless the employer and provider have re-negotiated the price; if this happens a new total price should be recorded.
129. For changes in total price, we will apply the new price from the 'Trailblazer financial record date' in the ILR (renamed to 'Apprenticeship financial record date' in ILR returns for 2017 to 2018). After applying the funding band maximum, we will subtract any earnings to date and 20% of the new total price for completion. The remainder will be spread equally over the remaining planned duration.
130. If the apprentice changes employer, the provider and new employer should agree a price for the remaining training and assessment needed. This price should be recorded in the ILR as a 'residual' price using the 'Trailblazer Apprenticeship Financial Record' entity (renamed to the 'Apprenticeship Financial Record' entity in ILR returns for 2017 to 2018). These identify the price of the remaining training and/or assessment (including end-point assessment for apprenticeship standards) to be delivered following this change in circumstance to an ongoing programme. We will use this price information to calculate the earnings for the remainder of the programme and match to the new employer's digital account if they have one.
131. If a residual price is recorded in the ILR, we will not deduct any previous earnings as the residual price entered represents the remaining price from this point forward. The funding band maximum is applied to the sum of previous earnings plus the new residual price. After applying the funding band maximum, we will deduct 20% of the residual price for completion and then spread the remaining cost over the remaining length of the programme.

Price episodes

132. A price episode is the date range that applies to a price or contract type, for an individual apprentice. Episodes are calculated from ILR data for apprenticeship programme aims, and we use them for calculating the earnings described throughout this document.
133. If the price or the contract type changes during the learning activity, a new price episode is created. If an apprentice is funded through a contract for services with the employer (for a levy-paying employer), the data on the apprenticeship service needs to reflect the price episodes shown in the ILR.

134. Price episodes start and end in the funding year (between 1 August and the 31 July in the next calendar year). If the episode starts on 1 August, then the earnings from previous years' ILR returns will be used as the starting point to determine what earnings remain as at 1 August.
135. Apprenticeship funding reports for providers will show separate lines for each price episode that we will fund.

Additional payments

136. If the apprentice changes provider or employer, then any additional payments already made are retained by the first employer or provider. The new employer or provider will receive any outstanding payments. The number of days in learning with the first provider or employer is added to the days with the second provider or employer, to calculate when any remaining additional payments are due.
137. If the apprentice transfers to a new apprenticeship standard or framework before they complete the first one, we consider this to be a new start. If the apprentice is still eligible for additional payments at the start of the new programme, these will be calculated and earned in the normal way. Any payments already received by the employer and provider for the initial programme are retained and new payments are earned for the new programme.
138. This does not apply to a pathway change within the same framework at the same level; in these cases, the additional payments continue in the same way as if the pathway had not changed.

Framework uplift

139. Eligibility for the framework uplift is based on the apprentice's age when they first start the apprenticeship and will continue to apply if the apprentice changes employer or provider.
140. If the apprentice changes employer or provider, the previous framework uplift earnings from the first employer or provider will be subtracted from the total amount of the framework uplift for the apprenticeship, and the remainder will be available to be earned by the second employer or provider.
141. If the apprentice transfers to a new framework and the apprentice is still eligible for the framework uplift at the start of the new programme, the total framework uplift for that framework will be calculated and earned in the normal way.

142. This does not apply to a pathway change within the same framework at the same level; in these cases, the framework uplift earnings from the first pathway will be subtracted from the total framework uplift for the new pathway, and the remainder of the new total can be earned up to the end of the second pathway.

Funding band maximum

143. If the price agreed between the provider and employer changes, we will include any previous earnings for the apprenticeship and will only fund up to the band maximum that applied at the start of the programme.

144. If the employer or provider changes, we will include any previous earnings for the apprenticeship at a previous employer or provider (based on the ULN) and will only fund up to the band maximum that applied at the start of the programme across all instances of that apprenticeship for that apprentice.

145. If the provider changes, the total contributions from an employer's digital account for a single apprenticeship across two or more providers will not be more than the funding band maximum. If the employer does not have a digital account, the same funding band maximum applies to the total earnings before the 90% co-investment is calculated.

146. If the employer changes, the total earnings paid to the provider from digital accounts will not be more than the funding band maximum for a single apprenticeship. The same funding band maximum applies to total earnings before the 90% co-investment is calculated if one or both of the employers does not have a digital account.

Redundancy

147. The [Funding Rules](#) describe some circumstances when an apprentice may continue to be funded on their apprenticeship after they have been made redundant.

148. In these circumstances, the apprentice is funded through 100% government co-investment up to the latest total price in place when the apprentice became unemployed, or up to the funding band maximum if this is lower. The value of monthly instalments we pay the provider will not change when the apprentice becomes unemployed, unless the instalments had previously been co-invested at 90% (in these cases we will begin funding 100% of monthly instalments).

149. This applies for the applicable time periods described in the [Funding Rules](#) or until the apprentice resumes their apprenticeship with another employer.

150. If any additional payments at 90 days or 365 days fall due during the period when the apprentice is not employed, the provider would receive their additional payments but no additional payment will be earned for an employer.

Example scenarios for changes of circumstances

Scenario A - The employer and provider negotiate a new total price for the programme

151. This scenario may occur if the end-point assessment costs are re-negotiated (which could include changing the apprentice assessment organisation). A new price may also be negotiated if the apprentice requires additional learning for re-taking mandatory qualifications or their end-point assessment.
152. If the new price is less than what has already been paid, no further payments will be made, including the completion element. We will reconcile both the provider and, where appropriate, the digital account with a negative adjustment in the next month.
153. If the total price has increased after the planned end date of the programme, we will withhold 20% of any increase in price (after accounting for the funding band maximum) as an addition to the existing completion element, and assign any remaining earnings to the month of the price change.
154. If the total price has decreased after the planned end date of the programme we will reduce any remaining completion element by the price decrease. If this price change is more than the completion element, we will apply any remainder as a negative adjustment to both the provider and, where appropriate, the digital account in the next month.

Scenario B - The total price is retrospectively updated.

155. This scenario may occur if the original price was entered incorrectly.
156. If the employer has a digital account they may need to make a corresponding change, unless the change is an ILR correction to match the value already in the employer's digital account.

157. This type of change should only be made within the ILR year for the original ILR 'Trailblazer financial record date' (renamed to 'Apprenticeship financial record date' in ILR returns for 2017 to 2018). You must not change any amounts or dates relating to financial records with dates in previous ILR years. If a data error is identified after the close of a previous ILR year, you must add a new financial record with a date in the current ILR year.
158. The amended price is applied back to the original Trailblazer financial record date/ Apprenticeship financial record date and the earnings are recalculated as described in the [Changes in price](#) section and in scenario A.

Scenario C - The apprentice changes programme with the same provider

159. This scenario may occur if the apprentice changes job role.
160. The employer and provider will negotiate a new total price for the new programme, which must reflect any existing skills or skills gained under the previous programme, and record this in the ILR and the apprenticeship service.
161. If the apprentice changes framework or standard, we consider this to be a new start. If the apprentice is still eligible for additional payments and the framework uplift at the start of the new programme, these will be calculated and earned in the normal way. Any payments already received by the employer and provider for the initial programme are retained and new payments are earned for the new programme.
162. For a pathway transfer which is a continuation of the same apprenticeship framework, any additional payments and the framework uplift continue in the same way as if the pathway had not changed.
163. If an apprentice completes an apprenticeship and starts another apprenticeship, we consider the second apprenticeship as a new start for calculating funding. For example, another set of additional payments could be generated if the apprentice meets the eligibility criteria at the start of the second apprenticeship. This applies even if there is a relationship between the first and second apprenticeships, for example, if they were progressing from one level to another within the same framework.

Scenario D - The employer chooses a new provider to deliver the apprenticeship

164. The employer and the new provider will negotiate a new total price for the remainder of the programme, and record this in the ILR and, if applicable, the apprenticeship service.
165. We will account for the earnings from the first provider before we apply the funding band maximum to calculate the earnings for the second provider. The total contributions from an employer's digital account across both providers will not be more than the funding band maximum for a single apprenticeship.
166. If the apprentice was defined at the start of their programme with the employer as a 16- to 18-year-old or an eligible 19- to 24-year-old as described in the [Funding Rules](#), then the same age category will continue to apply with the new provider. If the apprentice was initially eligible for the framework uplift, then any remaining uplift amounts will be paid to the second provider.
167. The employer will continue to receive additional payments. Any remaining additional payments not paid to the original provider can be paid to the new provider. The number of days in learning with the first provider is added to the days with the second provider, to calculate when any remaining additional payments are due.

Scenario E - The apprentice moves to a new employer but remains on-programme with the same provider

168. The employer and provider will negotiate a new total price for the programme. This price should be recorded in the ILR as a residual price. We will use this to calculate the earnings for the remainder of the programme and match to the second employer's digital account if they have one. The provider will not create a new programme aim record if the apprenticeship delivery continues without a break.
169. We will account for the earnings from the period with the first employer before we apply the funding band maximum to calculate the earnings for the period with the second employer. The total earnings paid to the provider from digital accounts and total earnings before 90% co-investment is calculated will not be more than the funding band maximum for a single apprenticeship.

170. The provider will continue to receive additional payments. Any remaining additional payments not paid to the original employer can be paid to the new employer. The number of days in learning during the first period of learning are added to the days in the second period, and subsequent periods, to calculate when any remaining additional payments will be generated.

Scenario F - The apprentice takes a break in learning

171. When the apprentice resumes learning we expect a price to be entered against the new programme aim in the ILR. This price may be the same as was previously recorded for the programme, but can be a revised price depending on the amount of learning now required. After applying the funding band maximum, we will subtract 20% of this price for completion and, if the price is not a residual price, also subtract any earnings to date. The remainder will be spread equally over the remaining planned duration.

172. The number of days in learning during the first period of learning is added to the number of days in the second period, and any subsequent periods, to calculate when any remaining additional payments will be generated.

173. For the framework uplift (for apprentices defined as a 16- to 18-year-old or an eligible 19- to 24-year-old as described in the [Funding Rules](#)), the age category as at the start of the apprenticeship will continue to apply. Any framework uplift amounts earned up to the point the apprentice left learning will be subtracted from the original calculated uplift and the remainder will be spread over the planned length, with 20% of the original uplift amount retained for completion.

Scenario G - The apprentice is made redundant and has more than 6 months of the planned duration of the apprenticeship remaining

174. The apprentice is funded through 100% government co-investment up to the latest total price in place when the apprentice became unemployed, or up to the funding band maximum if this is lower. This applies for up to 12 weeks or until they resume their apprenticeship with another employer if this is earlier.

175. If a new employer is not found within 12 weeks of redundancy, then all funding will stop and the apprentice must be recorded as a withdrawal on the ILR.

176. If any additional payments at 90 days or 365 days fall due during the period when the apprentice is not employed, the provider would receive their additional payment but no additional payment will be earned for an employer.

Scenario H - The apprentice is made redundant within 6 months of their planned end date

177. This scenario also applies if the apprentice is still on programme after their planned end date when they are made redundant.

178. The apprentice is funded through 100% government co-investment for any remaining monthly instalments and (if applicable) for completion, based on the latest total price, or up to the funding band maximum if this is lower, in place when the apprentice became unemployed. This applies for the remainder of the programme or until they resume their apprenticeship with another employer.

179. If any additional payments at 90 days or 365 days fall during the period when the apprentice is not employed, the provider will receive their additional payment but no additional payment will be earned for an employer.

Funding reports

180. We will continue to provide funding reports to show you what funding we have calculated for you. These will range from headline funding reports to detailed reports at apprentice level; similar to the funding summary reports and occupancy reports we currently provide.

181. You will receive a set of reports when you submit your ILR data which will indicate how much you have earned. The report explaining how it will be paid, either through co-investment, from a digital account, or a combination of the two, will not be available until after the ILR collection has closed for each month. This is so that we can match ILR data with the apprenticeship service at the end of each ILR collection.

182. These reports will also show the amount of co-investment which you need to collect from each employer, and also show to which employers you need to give additional payments.

183. For more information on funding reports, please see the [guidance on ILR funding reports](#).

Processing and changes at the end of the funding year

184. This section describes what you and employers need to do by the end of the R14 ILR return date. It also describes how we manage changes and calculate payments when two ILR years are open at the same time.

Last date for changes

185. The last ILR collection for each funding year is currently 'R14'. The date you must return each ILR collection to us is published in Appendix A to the [ILR Specification](#). For example, for the 2016 to 2017 funding year, the R14 ILR return date is 19 October 2017.

186. Any changes that happen up to 31 July in the funding year should be recorded in the ILR by the R14 return for that year.

187. For employers using the apprenticeship service, the same deadline applies to any changes that relate to information in ILR returns. Some examples include:

- a. if an apprentice started learning on 31 July or earlier, the information for that apprentice must be recorded and approved on the apprenticeship service by the R14 ILR return date in October, and that apprentice must be included in the R14 ILR return
- b. if a price change was effective from a date in July or before, this must be recorded and approved in the apprenticeship service by the R14 ILR return date in October. You must also make the corresponding change in the R14 ILR return
- c. if an employer wishes to stop the funding for an apprentice, the 'stop' date in the apprenticeship service must be:
 - i. in the current funding year (from 1 August to 31 July) **or**
 - ii. recorded in the apprenticeship service before the R14 ILR return date in October if it relates to the previous funding year.
- d. any data matching issues between the ILR and the apprenticeship service relating to funding up to July must be resolved by the R14 ILR return date in October.

188. We will not process any ILR price changes that are dated July or earlier, which are recorded after the R14 ILR return date. Instead, the earnings from the previous year's ILR return as at R14 will be used to determine the starting point for calculations from 1 August onwards.

Payment processing after the funding year end

189. There is an overlap period when providers will be returning ILR information about two funding years; this is from 1 August to the return date of the final 'R14' ILR collection.
190. During this overlap period, we will process extra payment transactions with employers' accounts in the apprenticeship service, soon after the R13 and R14 ILR returns. R13 and R14 ILR returns cover the same time period as the R12 ILR return and are generally used to correct earlier data. If there are no corrections, there will be no new transactions.
191. For employers, this means two extra payment transaction dates in September and October, which will use the levy balance as at the R13 and R14 ILR return dates.
192. For providers, payments from the R13 and R14 transactions will be added to the payments from R02 and R03 ILR returns respectively, and paid at the same time as the R02 and R03 payments.
193. The 'Apps monthly payment report' shows the payments made following each ILR return date. As there could be extra transactions in employers' accounts following the R13 and R14 return dates, and extra co-investment generated, there are columns in this report showing R13 and R14 payments relating to earnings from August to July. Further information is in the [guidance on ILR Funding Reports](#).

Annex 1 – An example of calculating payments

194. To demonstrate how earnings are calculated in the new apprenticeship funding system, we have used the following scenario:

- the employer engages a provider to deliver a 19+ apprenticeship with a maximum band value of £15,000
- the employer negotiates a total price for training and assessment of £16,000
- the planned duration for the apprenticeship is 2 years (or 24 months)
- the apprenticeship is not eligible for any additional payments
- we assume that the employer has used the apprenticeship service to approve funding for the apprentices, and the ILR has matching data for each apprentice

195. As the total price is above the funding band maximum, the maximum that can be paid from a digital account is £15,000. This is also the maximum we will co-invest towards. This means that the employer is responsible for paying the £1,000 above the funding band maximum, in addition to any co-investment or funds paid from a digital account.

196. The earnings are calculated based on £15,000. We will retain 20% (or £3,000) of this amount until the apprenticeship has been completed. This leaves £12,000 spread equally over 24 months, resulting in on programme earnings of £500 per month (assuming the census dates are met each month).

197. The monthly payments to the provider are:

- **Employer A – pays the levy and has sufficient funds in their digital account to cover the costs of training.**

100% of the monthly instalment is used from the digital account. We will not co-invest, so £500 is debited from their digital account.

- **Employer B – does not pay the levy.**

We will co-invest 90%, and the employer pays 10%. This means we will pay £450 monthly and the employer pays £50 to the provider. See the [Funding Rules](#) for the frequency of collection of employer co-investment.

- **Employer C – pays the levy, but has insufficient funds in their digital account.**
The funds in the employer's digital account are used first. For the remaining amount, we will co-invest 90%, and the employer pays 10%.

If we assume the employer has £200 available in their digital account in a particular month, then this amount is used first. This takes the digital account balance to zero and leaves £300 remaining to be paid through co-investment. We will pay £270 and the employer pays £30 directly to the provider.

198. If the apprentice completes their apprenticeship, the same approach applies to the completion payment (£3,000 in this example) at the end as follows:

- **Employer A – pays the levy and has sufficient funds in their digital account to cover the costs of training.**

100% of the monthly instalment is sourced from the employer's digital account. We will not co-invest, so we debit £3,000 from their account.

- **Employer B – does not pay the levy.**

We will co-invest 90%, and the employer pays 10%. This means we will pay £2,700, and the employer pays £300.

- **Employer C – pays the levy, but has insufficient funds in their digital account.**
The funds in the employer's digital account are used first. For the remaining amount, we will co-invest 90%, and the employer pays 10%.

If we assume the employer has £200 available in their digital account in the month of the completion payment, then this amount is used first. This takes the digital account balance to zero and the remaining £2,800 will be co-invested. We will pay £2,520 and the employer pays £280.

© Crown copyright 2017

You may re-use this information (excluding logos) free of charge in any format or medium, under the terms of the Open Government Licence.

To view this licence, visit

<http://www.nationalarchives.gov.uk/doc/open-government-licence/>
or e-mail: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This document is also available from our website gov.uk/esfa.

If you have any enquiries regarding this publication or require an alternative format, please contact us info@sfa.bis.gov.uk