



Education & Skills
Funding Agency

Apprenticeship non- levy extensions technical guidance

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Summary

This document sets out how we have calculated apprenticeship non-levy extension allocations for 1 April 2020 to 31 March 2021.

We aim to publish an updated version of the [apprenticeship performance management rules for training providers](#) in Spring 2020. These rules will set out how we will manage your contract.

Who is this publication for?

This document will be of interest to training providers with apprenticeship non-levy extension allocations for 1 April 2020 to 31 March 2021.

Understanding the terminology

The terms 'we' and 'ESFA' refer to the 'Education and Skills Funding Agency' and associated staff.

When we refer to 'you' or 'providers', this includes colleges, higher education institutions, training organisations, local authorities and employers that receive funding from us to deliver education and training.

Business case process

1. The deadline for submitting an R04 business case was 31 March 2020, however we know that providers are working through exceptional circumstances due to COVID-19 and this may have made it difficult to meet the deadline. Therefore, we will accept cases after the deadline.
2. You can submit a business case where issues with your R04 data (November 2019 data submitted in December 2019) were beyond your control and you believe may have significantly affected your carry-in allocation.
3. Please contact us using our [online form](#) if you need to raise a business case.

Cases received with full information before 31 March 2020

4. We aim to communicate outcomes of cases in May 2020.
5. If successful, we will reflect changes in contracts shortly after we've communicated your outcomes.

Cases received after 31 March 2020 or with missing information

6. We will consider cases with missing information or those received after 31 March 2020 on a monthly basis. We will aim to let providers know the outcomes as soon as we are able to. This could be up to 6 weeks from when we receive a case. If successful, we will reflect changes in contracts shortly after we've communicated your outcomes.
7. We will not accept any cases that are not data related or were within your control. This is because we will review allocations in May 2020 with April (R09) data. We will adjust allocations at this point to ensure they are in line with delivery. We may increase or reduce your allocation (increases are subject to affordability). We will not increase new starts funding through this review.

Allocation methodology



8. To calculate your allocation (split by 16 to 18 and 19+), we take your April 2020 to March 2021 carry-in costs for existing starts as at your November 2019 (R04) data return, plus the following national assumption for data lag (late notified starts – learners that were not recorded on your R04 data return but were on programme). We then add the April 2020 to March 2021 carry-in costs for new starts that we forecast you will deliver between December 2019 and March 2020 and a new starts cost forecast for April 2020 to March 2021.

National assumption for data lag

	August 2019	September 2019	October 2019	November 2019
16 to 18 data lag %	104%	112%	117%	150%
19+ data lag %	104%	114%	115%	143%

9. We have used nationally consistent methodologies to calculate allocations. We have used the same calculation for 16 to 18 and 19+ apprenticeships but we have run them separately, at age band level.

10. A minimum allocation of £1,000 has been set.

11. We assume that:

- a. apprentices remain on programme until their planned end date and earn all on programme payments due
- b. apprentices achieve on their planned end date and earn their achievement payment on this date
- c. a drop-out rate is applied (this is calculated using a nationally consistent methodology but varies by provider as it is based on the age of the learner, if they are completing a standard or framework, the length of the apprenticeship, level of the apprenticeship and when the learner started)
- d. that your delivery mix and profile remains consistent
- e. a co-investment rate of 5% is applied from April 2019

Carry-in (the ongoing costs of learners on programme before 31 March 2020)

12. We have worked out the carry-in element of your allocation by calculating all future costs occurring between 1 April 2020 and 31 March 2021 for apprentices that:

- you had on programme at the November 2019 (R04) data return
- plus those we forecast to be late notified starts (data lag) based on a national assumption
- plus those we forecast for new starts arising between December 2019 to March 2020

13. To forecast the funding required for new starts arising between December 2019 to March 2020 we take the number of starts you have delivered since 1 April 2019 based on your November 2019 (R04) data return. To this, we add a forecast for late notified starts (data lag) based on a national assumption and compare it to your starts in the same period of the 2018 to 2019 financial year.

14. We then use this figure to calculate your forecast learner starts for 1 December 2019 to 31 March 2021. We do this by extrapolating your starts using the % change between the 2018 to 2019 and 2019 to 2020 financial years (limited to a 170% increase).

15. If you did not deliver any starts as at R04 of 2019 to 2020, we look at the previous year's starts.

New starts from 1 April 2020

16. For starts for the 7 months between 1 April 2020 and 31 October 2020, we assume a similar starts delivery profile as calculated between 1 April 2019 and 31 October 2019. This is limited where applicable, to take into account public contract regulations and a national affordability factor.

17. We then need to cost this forecast. We do this by multiplying your average cost per start per month based on 2018 to 2019 funding year earnings information.

18. Finally, we add this to your carry-in to create your combined allocation at age-band level.



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