



Education & Skills
Funding Agency

Apprenticeship technical funding guide

April 2019 to March 2020

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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 April 2019. It explains how we will calculate funding for organisations receiving funding from us. Employers may find this information useful to help understand how employer accounts on the apprenticeship service operate or how government and employer co-investment will operate.

2. This document does not apply to apprenticeship programmes that started before 1 April 2019; we will continue to fund these for the full duration of the apprenticeship under the methodology in place before this date. For information on earlier apprenticeship funding methodologies, see the:

- [Apprenticeship technical funding guide for starts from May 2017 to March 2019](#) - for all apprenticeships that started between 1 May 2017 and 31 March 2019
- [Funding Rates and Formula 2016 to 2017](#) - for frameworks that started before 1 May 2017
- [Trailblazer Funding Rules](#) - for trailblazer standards that started before 1 May 2017.

3. To understand how the funding system works, you can read this document together with:

- [Apprenticeship funding rules 2018 to 2019](#)
- [Individualised Learner Record specification, validation rules and appendices](#)

4. 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 account or government-employer co-investment.

7. We use the term 'employer account' to refer to the on-line account that holds levy balances in the apprenticeship service.

8. We use the term 'levy payer' or 'levy-paying employer' to refer to an employer who pays the apprenticeship levy, but also to an employer who does not pay the levy but is funding the apprenticeship through a transfer in the apprenticeship service.

9. We use the term 'sending employer' to refer to a levy-paying employer who wishes to transfer uncommitted levy funds in their apprenticeship service account to another employer to support their delivery of an apprenticeship standard starting from 1 May 2018. A 'receiving employer' is any (levy-paying or non-levy paying) employer who receives a transfer of funds in this way from a sending employer.

Changes from the previous apprenticeships technical guide

10. We have:

- updated the document throughout to cover the change to the co-investment percentage from 1 April 2019. The notable changes are in paragraphs 44 to 47, but we have also reflected the change in some of the example scenarios towards the end of the document
- included information on the new transfer allowance from the 2018 to 2019 tax year (see paragraph 110)
- included further information on how adjusted declarations to HM Revenue and Customs (HMRC) affect expiry of funds (see paragraphs 77, 80 and 81)
- removed some old information which applied when we started funding apprenticeships using this approach, such as ILR field names which only applied in the 2016 to 2017 year, and the original 15 funding bands which applied for starts between 1 May 2017 and 31 July 2018
- made other minor clarifications

The data we use to calculate funding

11. 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.

12. If the employer has an employer account, we will use information maintained by employers and you on the apprenticeship service to calculate payments from that account, and if any co-investment is required from the employer and/or the government.

13. If the employer does not have an employer 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

14. Every framework pathway and apprenticeship standard is assigned to a funding band. The table below shows the 30 funding bands that apply to all new starts from 1 August 2018. For historical funding bands, please refer to the Apprenticeship technical funding guide for starts from May 2017.

Band Number	Band Maximum
1	£1,500
2	£2,000
3	£2,500
4	£3,000
5	£3,500
6	£4,000
7	£4,500
8	£5,000
9	£6,000
10	£7,000
11	£8,000
12	£9,000
13	£10,000
14	£11,000
15	£12,000
16	£13,000
17	£14,000
18	£15,000
19	£16,000
20	£17,000
21	£18,000
22	£19,000
23	£20,000
24	£21,000
25	£22,000
26	£23,000
27	£24,000
28	£25,000
29	£26,000
30	£27,000

15. 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).

16. 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 2018 to 2019](#)). We expect employer-providers to record the actual costs of delivering the apprenticeship at the end of the programme.

17. 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.

18. 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

19. The funding band maximum caps the maximum amount that levy-paying employers can use towards an individual apprenticeship from their employer 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 employer account (including those funded through transfers where the sending employer's account subsequently has insufficient funds) and is eligible for extra government support. [Annex 1](#) shows an example of this.

20. 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.

21. 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.

22. 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.

23. 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 what we will co-invest.

24. 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

25. If an apprentice is in learning for at least the qualifying period, we count them 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

26. 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, we will apply the qualifying period to the new programme aim before any monthly instalments are calculated. This also applies when the apprentice restarts for any other reason.

27. 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.

28. 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 you recorded the ILR 'Learning actual end date', we will reclaim the funding.

29. If the apprentice completes a learning aim, we will count them as having met the qualifying period for that learning aim, even if it is before the end of the qualifying period. However, you should not record apprenticeship programme aims as completed before the minimum duration described in the [Funding Rules](#).

Monthly instalments

30. We will base your earnings on monthly instalments so that funding follows the apprentice for as long as they stay on the apprenticeship.

31. There is a completion element for the apprenticeship. This is 20% of the lower of either the total price or the funding band maximum. We calculate the monthly instalments from the remaining 80%.

32. 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 the ['Support for younger apprentices'](#) section for further information.

33. 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.

34. 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.

35. We do not calculate a double monthly payment in the first month (commonly referred to as 'n+1') as we used in the previous funding system for frameworks which started before May 2017.

36. 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.

37. The diagram below shows an example of how we spread earnings 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 start at different times

compared to the apprenticeship. The example assumes that all 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									X	
English instalments		X	X	X	X								
Maths instalments						X	X	X	X				

*The additional payment for care leavers only

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

Completion and end-point assessment

39. 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 and you have collected and recorded the necessary co-investment on the ILR (see the co-investment section for more information). See the [Funding Rules](#) for the definition of a completion.

40. 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.

41. 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.

42. 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).

43. See [Annex 1](#) for an example showing how completion is paid.

Co-investment

44. Where apprenticeship training is not funded from the employer's account (for non-levy payers and levy payers with insufficient funds – including those funded through transfers that subsequently have insufficient funds), employers must co-invest a percentage (5% or 10%) of the agreed total price up to the funding band maximum.

45. For apprentices who start an apprenticeship on 1 April 2019 or after this date, the employer must co-invest at a rate of 5%, if co-investment is required. For apprentices who historically started between 1 May 2017 and 31 March 2019, the rate was 10%.

46. In cases where an apprentice changes employer or provider, but continues on the same apprenticeship as before, we will use the date the apprentice originally started the apprenticeship to determine the co-investment rate to use. The co-investment rate we use depends on whether that start date is before 1 April 2019.

47. If the apprentice changes framework pathway within the same framework at the same level, without completing the earlier pathway, then we will use the start date on the earlier pathway to determine the co-investment rate to use.

48. Co-investment is slightly different where an employer's account has a positive balance, but the balance is less than that month's earnings for an apprentice. In these cases, we will use all of the available balance in the employer's account and the co-investment required from the employer will be 5% or 10% (as described in paragraphs 45 to 47) of the remaining earnings up to the funding band maximum.

49. 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 64 of this document.

50. 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.

51. We will use funds from a levy-paying employer's account where appropriate, and this may reduce the amount of co-investment required. For more information, see the section on 'Payments from an employer account'.

52. You must record the co-investment received from the employer on the ILR using the 'Apprenticeship Financial Record' entity with 'Apprenticeship financial type' of 'PMR' (Payment record).

53. To be eligible for the completion element you must have collected the co-investment from the employer and reported the cash value on the ILR. If employers are fully funding the apprentice through an employer's account, or we have waived the co-investment amount, you do not need to report a zero payment record.

54. If you are delivering apprenticeships to your own staff, you do not need to record any co-investment payments on the ILR. In these cases, please record the Learning and Delivery Monitoring (LDM) code 356 ('Apprenticeship being delivered to own employees').

55. In some exceptional cases we may authorise you to use LDM code 361 ('Waiver to record payment records for apprenticeships') for apprenticeships not being delivered to your own staff, if we agree there is no requirement for co-investment payments to be recorded.

56. We will monitor the use of both LDM codes. Using these LDM codes will not change the way we calculate co-investment itself, but we will use them to determine whether we will make a completion payment.

57. To earn the completion element, you must have collected and recorded at least the amount of co-investment required for the whole programme up to the month **before** the completion payment is due, not counting any co-investment which might be required for the completion element itself. This gives some flexibility for levy paying employers whose apprentices have gone into co-investment in the final months.

58. We will monitor to ensure that you record the final co-investment payments from employers on the ILR; this includes the co-investment of the completion element.

59. If you have not recorded the necessary co-investment payments on the ILR we may withhold your monthly instalments until you have received these payments and you have recorded them on the ILR. For more information about recording co-investment, refer to the [Funding Rules](#).

60. We will provide you with monthly reports to show which apprenticeships we have fully funded from the employer's 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.

61. See [Annex 1](#) for an example showing how we pay for training and assessment through employer accounts or co-investment.

62. If an employer's levy balance has been exhausted, and their apprentices are funded using co-investment, the apprenticeship contract type recorded in the ILR for apprentices they employ must remain as ACT1 (Apprenticeship funded through a contract for services with the employer). This is because the underlying contract for services does not change when the levy balance fluctuates.

63. 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. We fully-fund these earnings for levy-paying employers; it does not come from an Apprenticeship service account. For non-levy paying employers, you earn this funding as part of your allocation.

Extra support for small employers

64. 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 waiver and pays the levy, we will not use their employer account funds.

65. 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.

66. We determine whether we waive co-investment from the size of the employer at the start of the apprentice's programme; this determines whether we waive co-investment for the rest of the apprenticeship with that employer.

67. 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 we waive co-investment.

68. We will continue to waive the co-investment if the employer grows to 50+ employees after the start of the apprenticeship as we base the eligibility for the waiver on the status at the start of the apprenticeship with that employer.

Payments from an employer's account

Funds entering employer's accounts

69. Once employers have declared the apprenticeship levy to HM Revenue and Customs (HMRC) their employer account will update after the 22nd day of every month.

70. 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 they pay to employees living in England. We show the percentage for each PAYE scheme in the apprenticeship service.

71. HMRC calculate this percentage 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.

72. 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.

73. We will apply a 10% top up to monthly funds entering an employer's account. For example, if a levy payment of £1,000 was added to the employer's account, we would top this up with £100.

74. 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

75. Funds will enter the employer's account shortly after the 22nd day of each month.

76. For employers that set up an account on the apprenticeship service after 1 May 2017, or add a new PAYE scheme to their existing account, if they have made valid levy declarations to HMRC then we will add the funds to their accounts immediately. We will base the funds that we add to employer's accounts on their levy declarations to HMRC to date, limited to the most recent 24 months of levy declarations.

77. We will apply a negative adjustment to the funds in the employer's 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 also reflect end-of-year adjustments to the HMRC declaration in the employer's account for the previous 24 months. We will apply these adjustments to the month that we receive the adjustment.

78. Funds will expire 24 months after they enter an employer's account unless the employer spends them on apprenticeship training and assessment. This will also apply to any top-ups added to the employer's account. For example, funds entering an employer's account in September 2017 will expire in September 2019, unless they are spent. Employers spend money from their account when it leaves the employer's account as a payment to you.

79. The account will work on a first-in, first-out basis, through either payment or expiry. Whenever we take a payment from an employer's account, we will automatically use the funds that entered the account first.

80. We will offset any negative adjustments against the most recent months' unspent funds paid into the employer's account, which will reduce the amount that is due to expire. Positive adjustments will expire in 24 months of being paid into an employer's account if they are unused.

81. We may investigate the impact of large levy adjustments within an employer's account, which may result in manual adjustments to the account if required.

Using employer accounts to pay for training and assessment

82. We automatically debit payments to the provider for apprenticeship training and assessment (including end-point assessment for apprenticeship standards) from employer accounts where the employer has authorised us to do so.

83. Monthly earnings are paid:

- fully from the employer's account if the employer has sufficient funds available
- partially from the employer's 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 employer 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 account if they have one

84. 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. We will pay any outstanding payments up to this date. The employer can release the pause function at any time and we will release the funding the next time the data is processed. Once an employer stops an apprenticeship, we permanently stop payments for this apprenticeship. You cannot reverse the stop; you must agree a new record for this apprenticeship.

85. 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.

86. See [Annex 1](#) for an example showing how we pay for training and assessment through employer accounts or co-investment.

87. When an employer adds each apprenticeship to the employer's account, we will automatically allocate it a priority order; this includes those funded through a transfer. We will use this priority order to identify which apprenticeships we fund first from funds in an employer's account.

88. 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.

89. We will prioritise any apprentices funded through a transfer on the apprenticeship service before any non-transfers. If an employer has agreed to fund apprentices through a transfer, we will prioritise those individuals above their own apprentices that they are funding using their levy.

90. If an employer has agreed to fund multiple apprentices using a levy transfer, the default priority order will be:

- The earliest date that the transfer of funds was approved (by the apprentice's employer, the training provider and then the sending employer)
- The Unique Learner Number (ULN) in ascending order where apprentices share the date they were approved

91. If the sending employer (the employer who transferred the levy to another employer) either has insufficient levy funds in their account, or has exceeded their transfer allowance for that financial year, the apprentice's employer (the receiving employer) will fund the training if they have their own levy balance available or through co-investment. Where this occurs, we will use the levy funds of the apprentice's employer according to the priority ordering detailed in the next paragraph. We will pay for these apprentices in priority order alongside any other apprentices funded through that account.

92. For non-transfers, the primary ordering is by provider, so we prioritise all apprentices with one provider over all other apprentices with a different provider. If the employer does not change the provider order, apprentices will be automatically prioritised by:

- provider, based on the first time an apprenticeship was approved (by both the employer and provider) for that provider, then
- the date that the apprenticeship has been approved (by both the employer and provider), where there are multiple apprentices for the same provider, then
- Unique Learner Number (ULN) in ascending order where apprentices share the date they were approved in the employer's account

93. Some apprentices may retain the original default ordering that we applied when we first moved to this system of apprenticeship funding, 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:

- the date the employer has added an apprenticeship to their account, then
- Unique Learner Number (ULN) where apprentices share the date they were approved in the employer's account

94. Employer users with appropriate permissions within the apprenticeship service are able to define the provider priority. This feature becomes active when employers add more than one provider to their account. If the employer changes the provider priority, this change will override the default provider priority.

95. If the employer does not change the priority of the provider, then the default priority order remains (see paragraph 88).

96. All approved apprentices with a provider will have their funding payments processed before any approved apprentices with providers of a lower priority.

97. 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).

98. 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.

99. 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.

100. 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.

101. 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.

102. Apprentice (ULN 5555555555) is given number 3 priority over apprentice (ULN 8888888888) because of ascending numerical order of the apprentices' ULNs.

103. 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.

104. The apprentice (ULN 3333333333) with provider A approved in May retains their existing priority.

105. 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	01/05/2018	99999999999	1	1	1
Provider B	01/05/2018	22222222222	2	3	5
Provider A	02/05/2018	33333333333	1	2	2
Provider C	10/09/2018	11111111111	3	N/A	6
Provider A	10/09/2018	88888888888	1	N/A	4
Provider A	10/09/2018	55555555555	1	N/A	3

106. We will use the priority order at the time the ILR collection closes (see paragraph 121) for payment processing.

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

	Employer 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

108. We will not take funding for English and maths up to level 2, learning support and any additional payments from an employer's account. You can fund English and maths at level 3 or above as part of the total price, up to the funding band maximum.

Transfers allowance

109. We calculate an employer's transfer allowance according to the levy declared in the previous tax year multiplied by the English percentage and the 10% automatic top-up from the Government. We will calculate this in April each year.

110. We calculated the transfer allowance from the 2017 to 2018 tax year based on 10% of levy declared. For the transfer allowance from the 2018 to 2019 tax year, we will calculate the allowance based on 25% of levy declared.

111. We treat this as a cap for funds that employers can transfer in that tax year. Employers can only reach this cap if sufficient levy funds are available to make monthly payments for training throughout the year.

112. We will not carry over any unspent allowance into the next tax year's allowance.

113. For the transfer allowance from the 2017 to 2018 tax year, the last time we will use funds from this allowance will be when we calculate payments from the ILR collection that closes on 4 April 2019. This is the ILR collection relating to provision up to 31 March 2019.

114. We will take any payments calculated in May 2019 or later from the transfer allowance for the 2018 to 2019 tax year, if there is one. This includes cases where the delivery takes place in March 2019 or earlier, but where we have not calculated the payment until May 2019 or later, for instance if the data match described in paragraph 116 onwards was not initially successful for that apprentice.

115. It will be the responsibility of the apprentice's employer to pay co-investment, or from their own account balance, if the transfer allowance is insufficient to cover the payment value we calculate for any month.

Matching data between the ILR and apprenticeship service

116. 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, or an employer which has had levy transferred to them for that apprentice), then we will apply a data match. The employer must first approve payments to the provider from their employer 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 without access to transferred levy for that apprentice), then we will not apply the data match.

117. The data values we will use to match are:

- an identifying number for the apprentice (the Unique Learner Number)
- the provider reference number (UKPRN)
- the apprenticeship framework or standard references, consisting of:
 - the apprenticeship code from our Learning Aims Reference Service
 - the programme level (for frameworks only)
 - the framework pathway (for frameworks only)
- the total negotiated price
- 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
- the 'Apprenticeship financial record date' in ILR returns

118. If any of the values above (except the final one) change during the programme, the employer must record these changes on the employer's account. If the price changes, the provider must also record the change using the 'Apprenticeship financial record date' 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.

119. 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.

120. We produce an 'Apprenticeship Data Match' report 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, we do not show data match errors 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 you make any necessary changes to both the employer's account and the ILR record before we close the ILR monthly collection so we can release funding. We give examples of errors shown to providers in this report in the [guidance on ILR Funding Reports](#).

121. 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. We publish the ILR collection timetable as part of the [ILR specification, validation rules and appendices](#) on GOV.UK.

122. If a change in circumstance occurs for an apprentice during their programme, you and the employer need to record the detail of the changes on both the ILR and the apprenticeship service. If the details of these changes do not match, we will not pay this funding. These circumstances include changes in price, employer and provider.

123. 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. We will show these errors 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 means that we will not pay the provider for that apprentice for that month and we will not debit these amounts from the employer's account.

124. Once a record has passed the data match and we have paid funding, 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.

125. We will not pay English and maths up to level 2, learning support funding and all additional payments (including the framework uplift) if the data match check fails, even though the payments would not come from the employer's account.

Additional payments

Support for younger apprentices

126. 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](#).

127. We will split these payments 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](#).

128. 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 you must exclude it from the total price you agree.

129. We will calculate the framework uplift in monthly instalments in the same way we calculate monthly on-programme earnings 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.

130. 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.

131. We fully-fund these earnings for levy-paying employers; it does not come from an Apprenticeship service account. For non-levy paying employers, you earn this funding as part of your allocation.

132. If the apprentice moves between providers on the same apprenticeship, we will use the date they originally started the apprenticeship with the first provider to determine their age.

Support for care leaver apprentices

133. For apprentices who first started an apprenticeship on or after 1 August 2018, we will generate an additional payment of £1,000 for you to pass to the apprentice if the apprentice is an eligible care leaver as described in the [Funding Rules](#). You will receive this in full when the apprentice is still in learning at 60 days.

134. We will only pay this once per apprentice. If we have already paid the additional payment to this apprentice through another provider, we will not pay you. The apprentice will not be eligible again for the bursary if they start a further apprenticeship after having completed one and received the bursary.

135. You record care leavers using the Learning delivery funding and monitoring type 'EEF' (Eligibility for enhanced apprenticeship funding) and code 4 'Entitlement to extended funding'.

136. If a 19-24 year old apprentice does not want to inform the employer that they were previously in care, then please record the Learning and Delivery Monitoring (LDM) code 362 ('Apprentice care leavers'). This will not generate the additional payment for the employer, but it will generate the funding for you and the apprentice. We will not show the employer payments in the employer's account when this function is built. This is only for 19-24 year olds as a 16-18 year old automatically generates additional payments for employers, and withholding this may disclose that the apprentice was previously in care.

137. We fully-fund these earnings for levy-paying employers; it does not come from an Apprenticeship service account. For non-levy paying employers, you earn this funding as part of your allocation.

Disadvantage funding for apprenticeship frameworks

138. We use the [Index of Multiple Deprivation \(IMD\)](#) from 2015 to calculate disadvantage funding for apprenticeship frameworks only. We base disadvantage funding 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).

139. 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.

140. You will earn this like the additional payments for younger apprentices and we will split it across two equal payments, earned when the apprentice is still in learning at 90 days and 365 days.

141. We calculate the disadvantage-funding amount at the start of the apprenticeship and applies throughout the programme.

142. There is a column in the [Uplift factors and postcode files](#) that gives the value of the applicable uplift for each postcode and lower layer super output area.

143. We fully-fund these earnings for levy-paying employers; it does not come from an Apprenticeship service account. For non-levy paying employers, you earn this funding as part of your allocation.

Other payments

English and maths

144. 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](#).

145. The eligible English and maths aims are available on [the learning aims search](#). They are also in the downloadable learning aim databases and you can identify them as common components in apprenticeship frameworks and standards.

146. You will earn £471 to deliver eligible qualifications in English and maths. You will earn equal monthly instalments over the planned period of the qualification. There is no completion element for English and maths.

147. If an adjustment is required due to prior learning, you must record data in the 'Funding adjustment for prior learning' field on the ILR.

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

149. We fully-fund these earnings for levy-paying employers; it does not come from an Apprenticeship service account. For non-levy paying employers, you earn this funding as part of your allocation.

150. You should record English and maths learning aims in the ILR with the same 'Apprenticeship contract type' (ACT) in the ILR as the associated programme aim. Where the programme aim has code ACT1, a contract for services with the employer (for a levy-paying employer or if using a levy transfer to fund the apprentice), then any associated English and maths aims should have code ACT1. This is because the English and maths aims are part of the same contract for services, associated with an employer with a levy account, even though we do not fund those aims from levy accounts. If the contract type changes on the programme aim, following a change in the apprentice's employment, then the contract type(s) for English and maths aims should change on the same day.

Learning support funding

151. 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).

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

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

154. 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.

155. We fully-fund these earnings for levy-paying employers; it does not come from an Apprenticeship service account. For non-levy paying employers, you earn this funding as part of your allocation.

Changes of Circumstance

156. 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 we apply them to some specific scenarios. For further guidance on how to record these scenarios correctly on the ILR, refer to [the ILR Guidance](#).

Principles

157. 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

158. If the apprentice changes provider, then you need to agree a new price and record this 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 'Apprenticeship Financial Record' entity in ILR returns.

159. When an apprentice returns from a break in learning, you should record the original total price at the start of the new programme aim in the ILR, unless the employer and provider have re-negotiated the price; if this happens, you should record a new total price.

160. For changes in total price, we will apply the new price from the 'Apprenticeship financial record date'. After applying the funding band maximum, we will subtract any earnings to date and 20% of the new total price for completion. We will spread the remainder equally over the remaining planned duration.

161. If the apprentice changes employer, the provider and new employer should agree a price for the remaining training and assessment needed. You should record this price in the ILR as a 'residual' price using the 'Apprenticeship Financial Record' entity in ILR returns. 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 account if they have one.

162. If you record a residual price in the ILR, we will not deduct any previous earnings as the residual price entered represents the remaining price from this point forward. We apply the funding band maximum 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

163. A price episode is the date range that applies to a price or contract type, for an individual apprentice. We calculate price episodes from ILR data for apprenticeship programme aims, and we use them for calculating the earnings described throughout this document.

164. If the price or the contract type changes during the learning activity, we create a new price episode. 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.

165. 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 we use the earnings from previous years' ILR returns as the starting point to determine what earnings remain as at 1 August.

166. Apprenticeship funding reports for providers will show separate lines for each price episode that we will fund.

Additional payments

167. If the apprentice changes provider or employer, then the first employer or provider retains any additional payments already made. The new employer or provider will receive any outstanding payments. We add the number of days in learning with the first provider or employer to the days with the second provider or employer, to calculate when any remaining additional payments are due.

168. If the apprentice transfers to a new apprenticeship standard or framework before they complete the first one, we consider this 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.

169. 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

170. We base eligibility for the framework uplift on the apprentice's age when they first start the apprenticeship and will continue to apply it if the apprentice changes employer or provider.

171. If the apprentice changes employer or provider, we will subtract the previous framework uplift earnings from the first employer or provider 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.

172. 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.

173. This does not apply to a pathway change within the same framework at the same level; in these cases, we will subtract the framework uplift earnings from the first pathway from the total framework uplift for the new pathway, and you can earn the remainder of the new total up to the end of the second pathway.

Funding band maximum

174. 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.

175. 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.

176. If the provider changes, the total contributions from an employer's 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 an employer account, the same funding band maximum applies to the total earnings before the co-investment is calculated.

177. If the employer changes, the total earnings paid to the provider from an employer's account will not be more than the funding band maximum for a single apprenticeship. The same funding band maximum applies to total earnings before we calculate the co-investment if one or both of the employers do not have an employer account.

Redundancy

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

179. In these circumstances, we fund the apprentice 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% or 95% (in these cases we will begin funding 100% of monthly instalments).

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

181. 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

182. This scenario may occur if the end-point assessment costs are re-negotiated (which could include changing the apprentice assessment organisation). You may also negotiate a new price if the apprentice requires additional learning for re-taking mandatory qualifications or their end-point assessment.

183. If the new price is less than what we have already paid, we will make no further payments, including the completion element. We will reconcile both the provider and, where appropriate, the employer's account with a negative adjustment in the next month.

184. 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.

185. 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 employer's account in the next month.

Scenario B – You retrospectively update the total price.

186. This scenario may occur if you agreed an incorrect original price.

187. If the employer has an employer 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 account.

188. You should only make this type of change within the ILR year for the original ILR 'Apprenticeship financial record date' in ILR returns. You must not change any amounts or dates relating to financial records with dates in previous ILR years. If you identify a data error after the close of a previous ILR year, you must add a new financial record with a date in the current ILR year.

189. We apply the amended price back to the original Trailblazer financial record date/ Apprenticeship financial record date and we recalculate the earnings as described in the [Changes in price](#) section and in scenario A.

Scenario C - The apprentice changes programme with the same provider

190. This scenario may occur if the apprentice changes job role.

191. 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.

192. If the apprentice changes framework or standard, we consider this 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.

193. If the apprentices changes framework or standard, we will also treat this as a new start to determine the co-investment percentage that applies. For example if an apprentice started a framework in August 2018 but transfers to a standard in May 2019, we will use percentages of 95%/5% to calculate co-investment for the standard.

194. For a pathway transfer that 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. Following a pathway transfer, we will also continue to apply the same co-investment percentage that applied when the apprentice started the earlier pathway.

195. If an apprentice completes an apprenticeship and starts another apprenticeship, we consider the second apprenticeship as a new start for calculating funding. For example, we could generate another set of additional payments 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, or if the apprentice completes one pathway and starts another.

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

196. 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.

197. 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 account across both providers will not be more than the funding band maximum for a single apprenticeship.

198. 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 we will pay any remaining uplift amounts to the second provider.

199. The employer will continue to receive additional payments. Any remaining additional payments not paid to the original provider, you can pay to the new provider. We add the number of days in learning with the first provider to the days with the second provider, to calculate when any remaining additional payments are due.

200. If the apprenticeship is funded through co-investment, we will use the co-investment percentage which applied when the apprentice originally started with the first provider on that apprenticeship.

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

201. The employer and provider will negotiate a new total price for the programme. You should record this price 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 account if they have one. The provider will not create a new programme aim record if the apprenticeship delivery continues without a break.

202. 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 employer accounts and total earnings before co-investment is calculated will not be more than the funding band maximum for a single apprenticeship.

203. The provider will continue to receive additional payments. Any remaining additional payments not paid to the original employer you can pay to the new employer. We add the number of days in learning during the first period of learning to the days in the second period, and subsequent periods, to calculate if we will generate any remaining additional payments.

204. If the apprenticeship is funded through co-investment, we will use the co-investment percentage that applied when the apprentice originally started with the first employer on that apprenticeship.

Scenario F - The apprentice takes a break in learning

205. When the apprentice resumes learning, we expect you to enter a price against the new programme aim in the ILR. This price may be the same as you 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, we will subtract any earnings to date. We will spread the remainder equally over the remaining planned duration.

206. We will add the number of days in learning during the first period of learning to the number of days in the second period, and any subsequent periods, to calculate when we will generate any remaining additional payments.

207. 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. We will subtract any framework uplift amounts earned up to the point the apprentice left learning from the original calculated uplift and we will spread the remainder over the planned length, with 20% of the original uplift amount retained for completion.

208. If the apprenticeship is funded through co-investment, we will use the co-investment percentage that applied when the apprentice originally started. For example if the apprentice took a break in December 2018 and resumed learning in May 2019, we will use percentages of 90%/10% to calculate co-investment.

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

209. We will fund the apprentice 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.

210. If you do not find a new employer within 12 weeks of redundancy, then all funding will stop and you must record the apprentice as a withdrawal on the ILR.

211. 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

212. This scenario also applies if the apprentice is still on programme after their planned end date when the employer makes them redundant.

213. 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.

214. 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

215. 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.

216. You will receive a set of reports when you submit your ILR data that will indicate how much you have earned. The report explaining how you will be paid those earnings; either through government co-investment, from an employer's 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.

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

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

Processing and changes at the end of the funding year

219. 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

220. The last ILR collection for each funding year is currently 'R14'. The date you must return each ILR collection to us is in Appendix A to the [ILR Specification](#). For example, for the 2018 to 2019 funding year, the R14 ILR return date is 17 October 2019.

221. You must record any changes that happen up to 31 July in the funding year in the ILR by the R14 return for that year.

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

- 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
- 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
- if an employer wishes to stop the funding for an apprentice, the 'stop' date in the apprenticeship service must be:
 - in the current funding year (from 1 August to 31 July) **or**
 - recorded in the apprenticeship service before the R14 ILR return date in October if it relates to the previous funding year.
- 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.

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

Payment processing after the funding year end

224. There is an overlapping period when you return ILR information about two funding years to us; this is from 1 August to the return date of the final 'R14' ILR collection.

225. During this overlapping 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.

226. 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.

227. For providers, we will add payments from the R13 and R14 transactions to the payments from R02 and R03 ILR returns respectively, and paid at the same time as the R02 and R03 payments.

228. 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

229. 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
- we assume the apprenticeship started before 1 April 2019, so any co-investment is based on 90%/10% co-investment percentages

230. As the total price is above the funding band maximum, the maximum that we will pay from an employer's 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 an employer's account.

231. We calculate the earnings based on £15,000. We will retain 20% (or £3,000) of this amount until the apprenticeship completes. This leaves £12,000 spread equally over 24 months, resulting in on programme earnings of £500 per month (assuming the apprentice meets the census dates each month).

232. The monthly payments to the provider are:

- **Employer A – pays the levy and has sufficient funds in their employer account to cover the costs of training.**
100% of the monthly instalment is used from the employer's account. We will not co-invest, so we debit £500 from their account.
- **Employer B – does not pay the levy.**
We will co-invest 90%, and the employer pays 10%, because the apprenticeship started before 1 April 2019. 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 employer account.**

We use the funds in the employer's account 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 employer account in a particular month, then we use this amount first. This takes the employer's account balance to zero and leaves £300 remaining that we will pay through co-investment. We will pay £270 and the employer pays £30 directly to the provider.

In this example, we are assuming the apprenticeship started before 1 April 2019, so the co-investment rate will be 10%, even if the levy balance had been sufficient to cover all payments before April 2019 and the first time the co-investment rate was used for this apprenticeship was in April 2019 or later.

233. 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 employer account to cover the costs of training.**

We source 100% of the monthly instalment from the employer's 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 employer account.**

We use the funds in the employer's account 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 employer account in the month of the completion payment, then we use this amount first. This takes the employer account balance to zero and the remaining £2,800 will be co-invested. We will pay £2,520 and the employer pays £280.



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