



Skills Funding  
Agency

# Apprenticeship technical funding guide for starts from May 2017

## Version 2

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.

February 2017

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

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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 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 2016 to 2017](#)
4. We refer to the first three documents as the 'Funding rules'. The Skills Funding Agency (SFA) may make changes to these documents.

## Understanding our terminology

5. The terms 'we', 'our', 'us' and 'SFA' refer to the 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 since version 1 of this document

7. The changes from version 1 of this document include:
  - a. Clarification of the definition of total price and how it is used in funding calculations – from paragraph 12
  - b. Further details about the funding band maximum – see paragraph 17
  - c. Further details about the small employer support – from paragraph 52
  - d. Further details of how apprentices will be prioritised and how payments will be made from employer accounts - from paragraph 72
  - e. Further details of how we will match data from the Individualised Learner Record (ILR) and the apprenticeship service – from paragraph 80
  - f. Detailed explanations and examples of how the funding calculation will accommodate a range of changes in circumstance – from paragraph 108.

## The data we use to calculate funding

8. 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.
9. 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.
10. 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

11. 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

12. When an employer identifies the apprenticeship they need, they will negotiate a price with you for training and all assessment (including end-point assessment for apprenticeship standards).
13. 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.

14. 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).
15. 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.
16. 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.
17. 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.
18. 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.
19. 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.

- 20. 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.
- 21. 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

- 22. 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

- 23. 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.
- 24. 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.
- 25. 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.

26. If the apprentice completes a learning aim, they will be counted as having met the qualifying period for that learning aim.

## **Monthly instalments**

27. Your earnings will be based on monthly instalments so that funding follows the apprentice for as long as they stay on the apprenticeship.
28. 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%.
29. 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.
30. 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.
31. 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.
32. 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.
33. We calculate 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.

34. 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				

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

## Completion and end-point assessment

36. 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.
37. 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.
38. 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.

39. 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).
40. See [Annex 1](#) for an example showing how completion is paid.

## Co-investment

41. 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.
42. 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).
43. 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 52 of this document.
44. 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.
45. 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.

46. 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'.
47. You must record the co-investment received from the employer on the ILR using the 'Trailblazer Apprenticeship Financial Record' entity with 'Trailblazer financial type' code 'PMR' (Payment Record).
48. 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.
49. 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](#).
50. 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.
51. 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**

52. 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.

53. 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.
54. 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.
55. 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.
56. 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**

57. 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.
58. 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 will be shown in the apprenticeship service by May 2017.
59. 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.

60. 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.
61. 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.
62. 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
63. Funds will enter the digital account shortly after the 22nd day of each month.
64. 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.
65. 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.
66. 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.

67. 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**

68. 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.

69. 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.

70. The employer will be able to pause or stop payments for an apprentice using the apprenticeship service. This could apply to all future payments due for that apprentice. Where appropriate, it will also apply to any outstanding payments owed relating to previous months that have not yet been processed.

71. See [Annex 1](#) for an example showing how training and assessment are paid for through digital accounts or co-investment.

72. 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.

73. Apprentices will be automatically prioritised by:
- a. the date on which the employer has added an apprenticeship to their account; then
  - b. Unique Learner Number (ULN) where apprentices share the date they were added to the employer's account.
74. An example of this prioritisation is given below, using two different providers A and B, once all 4 apprentices have been added to the digital account (we have used ULNs in the example for illustrative purposes and any correlation with a valid apprentice's ULN is unintended).
75. The employer adds an apprentice with Provider B in May and this apprentice is given number 1 priority (which lasts for the duration of their apprenticeship).
76. The employer adds another apprentice with Provider A in June and the apprentice (ULN 5555555555) is allocated priority order number 2.
77. The employer adds 2 more apprentices for Provider B at the same time in August, and the apprentice with a ULN of 3333333333 is allocated priority order 3 because of ascending numerical order.

<b>Date apprentice added</b>	<b>Provider</b>	<b>Apprentice's ULN</b>	<b>Priority order</b>
01-May-17	B	2222222222	1
01-Jun-17	A	5555555555	2
01-Aug-17	B	4444444444	4
01-Aug-17	B	3333333333	3

78. 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

79. 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**

80. 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 2: a contract for services with the SFA (for a non-levy paying employer), then the data match is not applied.
- ACT 1: a contract for services with the employer (for a levy-paying employer) then the details in the employer's digital account must match ILR data for a payment to be made. The employer must also have authorised the apprenticeship to be funded from their digital account.

81. 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. This should be on or after the start of the matching record on the employer's account. Where a change of circumstances occurs, this must be recorded in the apprenticeship service and the latest 'Trailblazer financial record date' should be recorded on or after this date and within the same calendar month in the ILR.
82. 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.
83. If any data fails this match, you will need to ensure that any necessary changes are confirmed before the ILR collection is closed so we can release funding.
84. 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 alongside the [ILR specification, validation rules and appendices 2016 to 2017](#) on GOV.UK.

85. 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.
86. We will provide reports to employers and providers to identify apprentices that have failed the data match that will explain which aspect of the ILR record does not match.
87. Once a record has passed the data match and funding has been paid, we will not claw back 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.
88. 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**

89. 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](#).
90. 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](#).
91. 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.

92. 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.
93. 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**

94. 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 'Prior to enrolment' in the ILR Postcode field and Contact Type).
95. 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 11-20% most deprived areas and £200 for the 21-27% most deprived areas.
96. 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.
97. The disadvantage funding amount is calculated at the start of the apprenticeship and applies throughout the programme.
98. 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

99. 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](#).
100. The eligible English and maths aims will be available on the learning aims search on [the Hub](#) later this year. They are also in the downloadable databases and are identified as common components in apprenticeship frameworks and standards.
101. 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.
102. If an adjustment is required due to prior learning, you must record data in the 'Funding adjustment for prior learning' field on the ILR.
103. 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

104. You can earn learning support at a fixed monthly rate of £150 through the ILR. See the [Individualised Learner Record Specification 2016 to 2017](#) 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).
105. 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.
106. If learning support is more than £19,000 you can claim exceptional learning support. For more information, refer to the [Funding Rules](#).

107. 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

108. 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 [Guidance for returning apprenticeships on the ILR from 1 May 2017](#).

### Principles

109. 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

110. 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.

111. 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.

112. For changes in total price, we will apply the new price from the 'Trailblazer financial record date' in the ILR. 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.

113. 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. 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.
114. 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.

### **Additional payments**

115. 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.
116. 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.
117. 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**

118. 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.
119. 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.
120. 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.
121. This does not apply to a pathway change within the same framework at the same level; in these cases the framework uplift earnings continue in the same way as if the pathway had not changed.

### **Funding band maximum**

122. 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.
123. If the employer or provider changes, we will include any previous earnings for the apprenticeship at a previous employer or provider 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.
124. 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.

125. 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**

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

127. 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).

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

129. 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**

130. This scenario may occur if the end point assessment costs are re-negotiated (which could include changing the apprentice assessment organisation).
131. 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.
132. 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.
133. 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.**

134. This scenario may occur if the original price was entered incorrectly.
135. 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.
136. This type of change should only be made within the ILR year for the original ILR 'Trailblazer financial record date'. 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.

137. The amended price is applied back to the original Trailblazer 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**

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

139. 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.

140. 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.

141. 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.

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

142. 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.

143. 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.

144. 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.
145. 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**

146. 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.
147. 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.
148. 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**

149. 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.
150. 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.
151. 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**

152. 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.
153. 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.
154. 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**

155. This scenario also applies if the apprentice is still on programme after their planned end date when they are made redundant.
156. 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.
157. 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**

158. 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.
159. 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.
160. 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.

## Annex 1 – An example of calculating payments

161. 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 authorise funding for the apprentices, and the ILR has matching data for each apprentice.

162. 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.

163. 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).

164. 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 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.

165. 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.



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