



## **New non-levy apprenticeship starts for the period May 2017 to December 2017**

1. This note provides further detail on how the recent allocations for new non-levy apprenticeship starts fit within the apprenticeship funding system. It also sets out how the allocations have been calculated and explains why these are different to those issued historically.
2. We have developed this note in response to sector feedback about the areas where more information and greater clarity would be helpful.

## **Key differences between this allocation and previous apprenticeship allocations**

3. In previous years you have received a single apprenticeship allocation, split by age, which you used to fund all of your apprenticeship delivery. The introduction of the new apprenticeship funding system means that allocations had to be calculated differently to the approach taken in previous years.
4. As set out in your allocation statement cover letter, the allocation you have received is for new apprenticeship starts with non-levy paying employers for the period May 2017 to December 2017. It is only one element of the apprenticeship funds you will be able to access this year, along with funds for carry-in and any funding you earn through delivery to levy paying employers. We have previously communicated the arrangements for how we will fund your carry-in learners. For completeness, they are set out again in this note.
5. The key differences between these allocations and apprenticeship allocations issued in the past are:
  - a) the allocation is for new non-levy apprenticeship starts. It does not include funding for starts you will deliver to levy paying employers
  - b) it includes funding for new starts only. It does not include carry-in funding. It is not a combined allocation like those we have issued in the past
  - c) it is for an 8-month period rather than a 12-month period
  - d) it is based on the new apprenticeship funding model.



6. A 'like for like' comparison with historic allocations/earnings does not therefore give a sound basis when comparing levels of funding between years.
7. Your allocation is completely separate from any bid you may have entered in the non-levy procurement. There is no relationship between the value of the bid you may have entered and the value of your allocation.
8. The budget for allocations has been set using forecasts of demand for the 8-month period.

#### **Arrangements for funding carry-in learners**

9. All apprentices will be funded until the end of their programmes.
10. We will spend over £1bn this financial year on apprentices already in the system.  
Your share of these funds will be allocated to you as follows:

#### **2016/17**

- a. **You already have funding in your 2016/17 contracts for the rest of this funding year to fund existing learners (for learners that started before 1 May under the old funding system)**

Your current April to July 2017 contract values are:

£xx for 16-18 apprenticeships

£xx for adult apprenticeships

These values do not take into account any reductions being made at performance management point 2.

We have recently reviewed these values to ensure the amount of funding you have in the April 2017 to July 2017 element of your current allocation is sufficient for carry-in. We will contact you this month to let you know if we are increasing your allocation for carry-in.



## 2017/18

### **b. We will issue 2017/18 carry-in allocations in July (for learners that started before 1 May under the old funding system)**

We will work out the value of your 2017 to 2018 carry-in allocation in June, based on your R10 data return. Calculating your carry-in allocation in June will enable us to work your allocation out on the basis of your actual delivery, rather than us trying to forecast your activity to issue your allocation earlier. We consulted on this with the Association of Colleges, Association of Employment and Learning Providers and our Provider Reference Group.

We encourage you to submit full and timely data at R10 as this will improve the accuracy of the carry-in allocation we work out for you. We will confirm your carry-in allocation for the 2017 to 2018 funding year in July 2017.

Based on the volume of learners currently reported in the data you have returned to us (at R08) you would receive an allocation of:

£xx for 16-18 apprenticeships

£xx for adult apprenticeships

for the 2017/18 funding year. This is our current estimate, it does not include any starts during April, and our final figure will be confirmed to you in July, reflecting the data you report to us at the R10 return.

### **c. We will issue carry-in allocations in December 2017 (for new starts from May-December 2017 for learners under the new funding system)**

In the recent update to our [apprenticeship funding and performance-management rules for training providers](#) we confirmed that all apprentices who start during May 2017 to December 2017 will be funded until the end of their programmes.



We will issue this allocation to you in December 2017. Calculating your carry-in allocation in December will enable us to work your allocation out on the basis of your actual delivery, rather than us trying to forecast your activity to issue your allocation earlier.

### **Funding system changes that have had an impact on allocations**

11. As announced in October 2016, changes to the apprenticeship funding system came into force from 1 May 2017. These allocations are based on that new funding system and there are therefore a number of key differences that have had an impact on allocations:
  - a. Providers traditionally received a double payment in the first month of an apprentice's training. Under the new funding rules payments will now be back loaded to cover end point assessment. This will result in a reduction in provider allocations for the first 8 months of the year, but an increase in allocations from January onwards
  - b. The new funding rates for frameworks and standards will also have an impact. Whilst funding rates for standards are higher than those for frameworks, a considerable proportion of starts in 2017/18 will still be on frameworks
  - c. The requirement for non-levy employers to contribute 10% of funding from May onwards has resulted in a reduction in providers' allocations as this element of funding is collected by you
  - d. Your delivery to levy-paying employers will not be funded through allocations to non-levy employers. This includes any circumstances where the employer exceeds the value of funds in their digital accounts.



### **New non-levy apprenticeship starts allocation method**

12. Allocations reflect the shift towards the levy and the budget for allocations is informed by forecasts of demand for new starts over the 8-month period from May to December this year. We will monitor delivery of apprenticeships to levy and non-levy paying employers closely over the coming year.
13. We set out the method we used in the covering letter to your allocation statement. It is a nationally consistent methodology used across all providers. Allocations for 16-18 and adult apprenticeship starts are calculated separately using the same methodology.
14. The method we used is as follows:
  - a. Calculate your total earnings (£) between August 2016 and January 2017, using P1 to P6 data, using R08 data to validate R06 data where possible
  - b. Approximate the proportion (%) of your delivery to non-levy employers using data from the Employer Data Registration Service (EDRS)
  - c. Multiply the earnings (£) by the proportion (%) calculated in step b) above
  - d. Calculate your share (%) of all providers' non-levy earnings
  - e. Multiply that share (%) by the baseline to set a cash allocation (£)
  - f. Within the overall budget, uplift your cash allocation (£) by 10%, to reflect the approximation of delivery to non-levy paying employers
15. We have set a minimum threshold allocation value of £3,000.
16. Your earnings data used at stage a) of the calculation was
  - £xx for 16-18 apprenticeships
  - £xx for adult apprenticeships
17. The approximate proportion (%) of your delivery to non-levy employers using data from the Employer Data Registration Service (EDRS) was:
  - x% for 16-18 apprenticeships
  - x% for adult apprenticeships



18. These values are summarised in the annex to this letter. If you wish to query these values, please contact your provider manager in the first instance. Please note that we will not provide information on your share of overall earnings or the total allocations budget.
19. After reviewing this data and discussing it with your provider manager, if you believe the data we have used to calculate your allocation is inaccurate, you can ask your provider manager to raise a business case for you.
20. The non-levy proxy we have used is an approximation using the best available data. To take account of uncertainties in this data we uplifted your allocation by 10%. We will only review cases where you believe that we have significantly understated your non-levy delivery.
21. Your EDRS earnings data included with this letter does not include funding you may have claimed through the Earnings Adjustment Statement (EAS).
22. We set out the details of the business case process in the covering letter accompanying your allocation statement. The deadline for business cases to be submitted is 31 May 2017. Please note, the starting point for a business case should not be that you want additional funds and you should instead refer to our updated [apprenticeship funding and performance-management rules for training providers](#).
23. We will not respond to cases raised by current sub-contractors, neither will we comment on how you should manage any provision you sub-contract.

**Important points to note about how your allocation has been contracted**

24. Your allocation is for an 8-month period. Performance management arrangements will reflect this (i.e. you will not be managed against 2 separate time periods related to the 2 funding years). Our updated [apprenticeship funding and performance-management rules for training providers](#) confirm this position.



25. At this point, we have only issued contract variations covering the period May to July 2017. You will receive another contract variation for your August to December 2017 funding in July.
26. Your contract variation will show your allocation split against a standard national profile. The profile is back-loaded and will therefore only show a small proportion for the May to July period. Your allocation statement sets out the full 8-month value that you will receive.

### **How these allocations will be performance managed**

27. We have published updated [apprenticeship funding and performance-management rules for training providers](#) which set out our commitment to continue to grow the apprenticeship programme.
28. There will be regular performance management review points. The performance management rules we published on 28 April include an early review point in August 2017 (using July data) at which we will look to increase contract values within the available budget. At this point we will look at employer demand and we will be monitoring delivery of apprenticeships to levy and non-levy paying employers. We will communicate the outcome of this review during week commencing 21 August 2017.
29. In October 2017 (using September data), we will measure performance against the standard national profile. Within the total budget available, we will seek to increase contract values where there is evidence of demand from non-levy paying employers that cannot be met from within your existing funding allocation. We will communicate the outcome of this review during week commencing 23 October 2017.
30. More information is available is set out in the performance-management rules.

### **Payment arrangements**

31. All providers will be 'paid on actual' (payment in arrears based on actual delivery) for these non-levy starts.



32. For learners that started before 1 May 2017, colleges and other grant-funded providers whose adult apprenticeship delivery is paid according to their contract profile (paid on profile) will continue to be paid on profile for that delivery during May to July 2017. Their performance will be reconciled at year-end. From August 2017, this changes and this activity will also move to pay on actual. That means that from August 2017, all providers will be paid on actual for their new starts and carry-in.
33. Please refer to the apprenticeship funding and performance management rules for more information.



UKPRN  
10023901

Provider Name  
CREATIVE PROCESS

**Apprenticeship funding information sheet**

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**Estimated apprenticeship carry-in for August 2017 to July 2018**

Funding for learners that started before 1 May under the old funding system

Estimated carry-in Aug 2017 to Jul 2018	<input type="text" value="£"/>
Of which 16-18 apprenticeships	<input type="text" value="£"/>
Of which adult apprenticeships	<input type="text" value="£"/>

**16-18 apprenticeship non-levy new starts calculation for May 2017 to December 2017**

a. Total earnings between Aug 16 to Jan 17	<input type="text" value="£"/>
b. Proportion delivered to non-levy employers	<input type="text" value="%"/>
c. Total earnings multiplied by proportion	<input type="text" value="£"/>
d. Multiplied by your market share x baseline	<input type="text" value="£"/>
e. Increased by 10%	<input type="text" value="£"/>
f. = 16-18 apprenticeships allocation	<input type="text" value="£"/>

**Adult apprenticeship non-levy new starts calculation for May 2017 to December 2017**

a. Total earnings between Aug 16 to Jan 17	<input type="text" value="£"/>
b. Proportion delivered to non-levy employers	<input type="text" value="%"/>
c. Total earnings multiplied by proportion	<input type="text" value="£"/>
d. Multiplied by your market share x baseline	<input type="text" value="£"/>
e. Increased by 10%	<input type="text" value="£"/>
f. = Adult apprenticeships allocation	<input type="text" value="£"/>