

## Funding Focus – Comparing existing apprenticeship funding with new funding from May 2017

**3 November 2016**

*Funding Focus provides quick summaries of recent funding developments, or particular aspects of the funding system.*

### Introduction

The DfE are introducing a new funding system for all apprenticeships from 1 May 2017. It will apply to both levy paying employers (who will start paying the levy in April 2017) **and** non-levy paying employers, and to both apprenticeship frameworks **and** apprenticeship standards. All apprenticeships started before 1 May will be funded through to completion according to the existing rules.

*This Funding Focus is an update to the Funding Focus published on 3 September which was based on the funding **proposals** the DfE released for consultation on the 12 August. On 25 October the DfE confirmed the [apprenticeship funding rules](#) which will be implemented from May 2017 and this update uses the **confirmed** funding information and gives four examples of comparisons of existing funding with new funding from May 2017. The purpose is to show you how you might go about comparing the funding your apprenticeships currently attract, with the funding they will attract from May 2017. This is a simple comparison and there are a number of caveats to the examples on pages 3 and 4 (sections 2.1 and 2.2).*

The document is organised as follows. Changes made to the original proposals in August are highlighted in *blue italics*.

- Section 1** New funding bands for frameworks and standards from May 2017
- Section 2** Comparing existing apprenticeship funding with new funding from May 2017
  - 2.1** Notes and caveats, funding elements included in the comparison tables
  - 2.2** Notes and caveats, funding elements *not* included in the comparison tables
  - 2.3** The examples being compared
  - 2.4** Example 1: Level 3 Aerospace Manufacturing
  - 2.5** Example 2: Level 2 Customer Service
- Section 3** A quick guide to the differences between existing and new funding from May 2017
- Section 4** Further summaries available
- Section 5** Links to key official funding documents

## Section 1 New funding bands for frameworks and standards from May 2017

Under the new arrangements apprenticeships will be allocated in one 15 funding bands, with the upper limit of those bands ranging from £1,500 to £27,000. All apprenticeship frameworks and standards have been placed within one of these funding bands. The upper limit of each funding band will cap the maximum amount of digital funds an employer who pays the levy can use towards an individual apprenticeship, and cap the maximum price that government will 'co-invest' towards, where an employer does not pay the levy or has insufficient digital funds and is eligible for extra government support.

**Frameworks:** The proposal is to move away from the current system of pricing apprenticeship frameworks at three different levels depending on the age of the learner, and move towards a single funding band for individual framework pathways. Individual framework pathways have been allocated to the nearest funding band based on the current rate of government funding for adult apprentices. For all STEM framework pathways the proposal is to increase the current government-funded adult rate by 40% at Level 2 and 80% at Level 3 and above, and then allocate these frameworks to the nearest funding band.

**Standards:** Over the course of the parliament frameworks will be phased out. The new system will 'recognise' that standards are 'more expensive to deliver' by allocating higher funding bands to apprenticeship standards, relative to equivalent frameworks.

*Some apprenticeship frameworks and standards have been allocated to different bands since the proposed allocations were released in August. It is worth checking which band your framework or standard has now been allocated to. See page 9 for further information and links.*

### 15 new funding bands for frameworks and standards from May 2017

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

## Section 2 Comparing existing apprenticeship funding with new funding from May 2017

### 2.1 Notes and caveats, funding elements included in the comparison tables

	Current frameworks	Current standards	Proposed new funding for frameworks and standards from May 2017
<b>16-18, 19-23, and 24+ and employer contributions</b>	<ul style="list-style-type: none"> <li>16-18 year-olds are fully funded by government. This is reflected by the 1.0723 calculation for 16-18 year-olds in comparison tables (the set rate is for 19+ year-olds).</li> <li>Employers co-invest 50% (not mandatory) for 19+ year-olds employers. This is reflected by the 0.5 calculation in comparison tables.</li> <li>Funding for 24+ year-olds is reduced by 20%. This is reflected by the 0.8 calculation in the comparison tables.</li> <li>Non-mandatory co-investment is reflected in the minimum and maximum rates in the comparison tables.</li> </ul>	<ul style="list-style-type: none"> <li>For all age apprenticeships employers co-invest 33%; government co-invests 66% (mandatory).</li> <li>16-18 year-olds attract an incentive payment. The amount is dependent on the funding cap. This is reflected in the comparison tables.</li> <li>There is no funding reduction for apprentices aged 24+.</li> <li>The funding cap is the maximum amount government will co-invest.</li> </ul>	<ul style="list-style-type: none"> <li>For all age apprenticeships employers co-invest 10% and government co-invests 90% (mandatory).</li> <li>16-18 year-olds attract additional payments of £1,000 to the employer, and £1,000 to the provider.</li> <li><i>16-18 year-olds on frameworks attract 20% of funding band maximum. Paid to the provider. Transitional measure. Kept under review and reduced as more apprenticeship starts on new standards.</i></li> <li>There is no funding reduction for apprentices aged 24+.</li> <li>The funding band is the maximum amount towards which government will co-invest 90%.</li> </ul>
<b>Small/large employers</b>	<ul style="list-style-type: none"> <li>Funding for large employers (&gt; 1000) is reduced by 25%. This is reflected by the 0.75 calculation in the comparison tables.</li> </ul>	<ul style="list-style-type: none"> <li>Small employers (&lt;50) attract an incentive payment. The amount is dependent on the funding cap.</li> </ul>	<ul style="list-style-type: none"> <li>Small employers (&lt;50) do not have to co-invest 10%. Government pays 100%. This is reflected in the comparison tables.</li> </ul>
<b>Achievement/ successful completion, and completion</b>	<ul style="list-style-type: none"> <li>20% of funding is held back for achievement.</li> <li>We have assumed for the purposes of the comparison tables that all learners achieve.</li> <li><b><i>To more usefully compare funding values providers may want to identify their achievement rates.</i></b></li> </ul>	<ul style="list-style-type: none"> <li>Successful completion attracts an incentive payment. The amount is dependent on the funding cap.</li> <li>We have assumed for the purposes of the comparison tables that all learners successfully complete.</li> </ul>	<ul style="list-style-type: none"> <li>For levy payers 20% of the total cost is held back and taken from the digital account at the end of the apprenticeship.</li> <li>This payment is held back just for completion of the end point assessment; there is no link to achievement/successful completion.</li> <li>We have assumed for the purposes of the comparison tables that all learners complete the EPA.</li> </ul>
<b>Basic funding rate</b>	<p>Funding depends on the qualifications taken within the framework:</p> <ul style="list-style-type: none"> <li>There is a choice of qualifications within the apprenticeship framework. We have used the example of a framework made up of 501/1525/X Pearson Level 3 NVQ Diploma in Aeronautical Engineering (QCF) (£8,159), and 500/8099/4 Pearson BTEC Level 3 Extended Diploma in Aircraft Maintenance (QCF) (£8,159), but there are other options and these will attract different funding values.</li> <li>The Level 2 Customer Service framework only has one qualification and though this is available from different awarding organizations, they are all funded at the same rate.</li> <li><b><i>To more usefully compare funding values providers may want to identify the funding rates for the specific qualifications they are delivering within the framework.</i></b></li> </ul>	<ul style="list-style-type: none"> <li>Funding set in funding caps.</li> <li>Funding can go over the cap if employers want to invest extra. Government won't contribute more than the cap.</li> <li>The cost of the EPA comes out of the funding.</li> </ul>	<ul style="list-style-type: none"> <li>Funding set in funding bands.</li> <li>Funding can go over the cap if employers want to invest extra. Government won't contribute more than 90% towards the cap).</li> <li>The cost of the EPA comes out of the funding.</li> </ul>

## Section 2 Comparing existing apprenticeship funding with new funding from May 2017

### 2.2 Notes and caveats, funding elements *not* included in the comparison tables

	Current frameworks	Current standards	Proposed new funding for frameworks and standards from May 2017
<b>Negotiation</b>	<ul style="list-style-type: none"> <li>No negotiation on price.</li> </ul>	<ul style="list-style-type: none"> <li>Employers negotiate price with provider. The figures in the comparison tables for current standards funding, and proposed new funding are maximum figures and could be negotiated down. In this case the government would pay their % of the negotiated rate, plus the additional incentive funding.</li> <li>The cost of the EPA comes out of the funding and is included in the negotiated price.</li> </ul>	
<b>Area uplift</b>	<ul style="list-style-type: none"> <li>Funding for current frameworks is subject to uplifts for area costs.</li> <li><b>To more usefully compare funding values providers may want to identify the area uplift they are currently attracting.</b></li> </ul>	<ul style="list-style-type: none"> <li>No area uplift.</li> </ul>	<ul style="list-style-type: none"> <li>No area uplift.</li> </ul>
<b>Disadvantage funding</b>	<ul style="list-style-type: none"> <li>Funding for current frameworks is subject to uplifts for disadvantage.</li> <li><b>To more usefully compare funding values providers may want to identify disadvantage uplifts they are currently attracting.</b></li> </ul>	<ul style="list-style-type: none"> <li>No disadvantage funding.</li> </ul>	<ul style="list-style-type: none"> <li>Providers and all employers and will be paid an additional £1,000 for 19 to 24 apprentices who are care leavers or have a LA EHC plan. This funding is not reflected in the comparison tables.</li> <li><i>19 to 24 apprentices who are care leavers or have a LA EHC plan on frameworks also attract 20% of funding band maximum. Paid to the provider. Transitional measure. Kept under review and reduced as more apprenticeship starts on new standards.</i></li> <li><i>£600 for those on framework living in top 10% of deprived areas (as per IMD), £300 for those living in next 10%, £200 for those living in next 7%. In place for the first year, will review best ways of ensuring equal opportunity to all, regardless of circumstances.</i></li> <li><b>To more usefully compare funding values providers may want to identify disadvantage uplifts they will attract.</b></li> </ul>
<b>English &amp; maths</b>	<ul style="list-style-type: none"> <li>English and maths functional skills or GCSE qualifications funded at £471 for 16-18 year-olds, £362 for 19-23 year-olds, and £290 for 24+ year-olds.</li> </ul>	<ul style="list-style-type: none"> <li>English and maths functional skills or GCSE qualifications funded at £471 regardless of the age of the apprentice.</li> </ul>	
<b>Learner support</b>		✓	

## Section 2 Comparing existing apprenticeship funding with new funding from May 2017

### 2.3 The examples being compared

We have compared an apprenticeship framework and standard in Aerospace at level 3 and an apprenticeship framework and standard in Customer Service at level 2.

Type	Code	SSA no.	SSA Desc	Name	Level	Pathway name	Pathway number
Framework	539	4.2	Manufacturing Technologies	Engineering Manufacture	3	Aerospace	1
Standard	56	-	Engineering	Aerospace Manufacturing Electrical, Mechanical and Systems Fitter	3	-	-
Framework	488	15.2	Administration	Customer Service	2	Customer Service	1
Standard	122	-	Administration	Customer Service Practitioner	2	-	-

## Section 2 Comparing existing apprenticeship funding with new funding from May 2017

### 2.4 Example 1: Level 3 Aerospace Manufacturing

Current/proposed funding from 1-May-17	Employer	16-18*			19-23			24+		
		Employer pays	Government pays	Total to provider	Employer pays	Government pays	Total to provider	Employer pays	Government pays	Total to provider
Current standard £18,000 cap	Small employer (< 50)	<b>- £1,800</b> (£9,000 - 2x£2,700 - £5,400)	<b>£28,800</b> (£18,000 + 2x£2,700 - £5,400)	<b>£27,000</b>	<b>£3,600</b> (£9,000 - 2x£2,700)	<b>£23,400</b> (£18,000 + 2x£2,700)	<b>£27,000</b>	Same as 19-23		
	All other employers	<b>£900</b> (£9,000 - £2,700 - £5,400)	<b>£26,100</b> (£18,000 + £2,700 - £5,400)	<b>£27,000</b>	<b>£6,300</b> (£9,000 - £2,700)	<b>£20,700</b> (£18,000 + £2,700)	<b>£27,000</b>	Same as 19-23		
Proposed from 1-May £24,000 band	Non-levy, small employer (< 50)	<b>- £1,000</b> (£0 - £1000)	<b>£26,000</b> (£24,000 + 2x£1,000)	<b>£25,000</b>	<b>£2,400</b> (£24,000 x 0.1)	<b>£21,600</b> (£24,000 x 0.9)	<b>£24,000</b>	Same as 19-23		
	Non-levy, all other employers	<b>£1,400</b> (£24,000 x 0.1 - £1,000)	<b>£23,600</b> (£24,000 x 0.9 + 2x £1,000)	<b>£25,000</b>	<b>£2,400</b> (£24,000 x 0.1)	<b>£21,600</b> (£24,000 x 0.9)	<b>£24,000</b>	Same as 19-23		
	Levy	<b>£23,000</b> (£24,000 - £1,000)	<b>£2,000</b> (2x£1,000)	<b>£25,000</b>	<b>£24,000</b>	<b>£0</b>	<b>£24,000</b>	Same as 19-23		
Current framework £16,318 rate	All other employers	<b>£0</b>	<b>£17,500</b> (£16,318 x 1.0723)	<b>£17,500</b>	<b>£8,160</b> (£16,318 x 0.5)	<b>£8,160</b> (£16,318 x 0.5)	<b>Min £8,160</b> <b>Max £16,318</b>	<b>£8,160</b> (£16,318 x 0.5)	<b>£6,530</b> (£16,318 x 0.5 x 0.8)	<b>Min £6,530</b> <b>Max £14,690</b>
	Large employer (> 1000)	<b>£0</b>	<b>£17,500</b> (£16,318 x 1.0723)	<b>£17,500</b>	<b>£8,160</b> (£16,318 x 0.5)	<b>£6,120</b> (£16,318 x 0.5 x 0.75)	<b>Min £6,120</b> <b>Max £14,280</b>	<b>£8,160</b> (£16,318 x 0.5)	<b>£4,900</b> (£16,318 x 0.5 x 0.75 x 0.8)	<b>Min £4,900</b> <b>Max £13,060</b>
Proposed from 1-May £12,000 band  <i>This pathway is one now allocated a higher funding band than proposed in August. Funding is now £12,000 up from £9,000.</i>	Non-levy, small employers (< 50)	<b>- £1,000</b> (£0 - £1000)	<b>£16,400</b> (£12,000 + 2x £1,000 + 20% of funding band max (£2,400))	<b>£15,400</b>	<b>£1,200</b> (£12,000 x 0.1)	<b>£10,800</b> (£12,000 x 0.9)	<b>£12,000</b>	Same as 19-23		
	Non-levy, all other employer	<b>£200</b> (£12,000 x 0.1 - £1,000)	<b>£15,200</b> (£12,000 x 0.9 + 2x £1,000 + 20% of funding band max (£2,400))	<b>£15,400</b>	<b>£1,200</b> (£12,000 x 0.1)	<b>£10,800</b> (£12,000 x 0.9)	<b>£12,000</b>	Same as 19-23		
	Levy	<b>£11,000</b> (£12,000 - £1,000)	<b>£4,400</b> (£2x £1,000 + 20% of funding band max (£2,400))	<b>£15,400</b>	<b>£12,000</b>	<b>£0</b>	<b>£12,000</b>	Same as 19-23		

## Section 2 Comparing existing apprenticeship funding with new funding from May 2017

### 2.5 Example 2: Level 2 Customer Service

Current/Proposed from 1-May-17 Funding	Employer	16-18*			19-23			24+		
		Employer pays	Government pays	Total to provider	Employer pays	Government pays	Total to provider	Employer pays	Government pays	Total to provider
Current standard £3,000 cap	Small employer (< 50)	<b>-£400</b> (£1,500 – 2x £500 - £900)	<b>£4,900</b> (£3,000+2x£500 = £900)	<b>£4,500</b>	<b>£500</b> (£1,500 – 2x £500)	<b>£4,000</b> (£3,000+2x£500)	<b>£4,500</b>	Same as 19-23		
	All other employers	<b>£100</b> (£1,500- £500 - £900)	<b>£4,400</b> (£3,000+£500+£900)	<b>£4,500</b>	<b>£1,000</b> (£1,500- £500)	<b>£3,500</b> (£3,000+£500)	<b>£4,500</b>	Same as 19-23		
Proposed from 1-May-17 £4,000 band	Non-levy, small employer (< 50)	<b>-£1,000</b> (£0 - £1,000)	<b>£6,000</b> (£4,000+2x£1,000)	<b>£5,000</b>	<b>£400</b> (£4,000x0.1)	<b>£3,600</b> (£4,000x0.9)	<b>£4,000</b>	Same as 19-23		
	Non-levy, all other employers	<b>-£600</b> (£4,000x0.1 - £1,000)	<b>£5,600</b> (£4,000x0.9+2x£1,000)	<b>£5,000</b>	<b>£400</b> (£4,000x0.1)	<b>£3,600</b> (£4,000x0.9)	<b>£4,000</b>	Same as 19-23		
	Levy	<b>£3,000</b> (£4,000 - £1,000)	<b>£2,000</b> (2x£1,000)	<b>£5,000</b>	<b>£4,000</b>	<b>£0</b>	<b>£4,000</b>	Same as 19-23		
Current framework £3,352 rate	All other employers	<b>£0</b>	<b>£3,600</b> (£3,352x1.073)	<b>£3,600</b>	<b>£1,680</b> (£3,352x0.5)	<b>£1,680</b> (£3,352x0.5)	<b>Min £1,680</b> <b>Max £3,360</b>	<b>£1,680</b> (£3,352x0.5)	<b>£1,260</b> (£3,352x0.5x0.8)	<b>Min £1,260</b> <b>Max £2,940</b>
	Large employer (> 1000)	<b>£0</b>	<b>£3,600</b> (£3,352x1.073)	<b>£3,600</b>	<b>£1,680</b> (£3,352x0.5)	<b>£1,260</b> (£3,352x0.5x0.75)	<b>Min £1,260</b> <b>Max £2,940</b>	<b>£1,680</b> (£3,352x0.5)	<b>£1,010</b> (£3,352x0.5x0.75x0.8)	<b>Min £1,010</b> <b>Max £2,690</b>
Proposed from 1-May-17 £1,500 band  <i>This framework pathway has not been allocated a higher funding band than proposed in August. Funding remains at £1,500.</i>	Non-levy, small employers (< 50)	<b>-£1,000</b> (£0 - £1,000)	<b>£3,800</b> (£1,500+2x £1,000 <i>+20% of funding band max (£300)</i> )	<b>£2,800</b>	<b>£150</b> (£1,500x0.1)	<b>£1,350</b> (£1,500x0.9)	<b>£1,500</b>	Same as 19-23		
	Non-levy, all other employer	<b>-£850</b> (£1,500x0.1 - £1,000)	<b>£3,650</b> (£1,500x0.9+2x£1,000 <i>+20% of funding band max (£300)</i> )	<b>£2,800</b>	<b>£150</b> (£1,500x0.1)	<b>£1,350</b> (£1,500x0.9)	<b>£1,500</b>	Same as 19-23		
	Levy	<b>£500</b> (£1,500 - £1,000)	<b>£2,300</b> (2x£1,000 <i>+20% of funding band max (£300)</i> )	<b>£2,800</b>	<b>£1,500</b>	<b>£0</b>	<b>£1,350</b>	Same as 19-23		

### Section 3 A quick guide to the differences between existing and new funding from May 2017

	Current Frameworks	Current Standards	New Frameworks	New Standards
<b>Negotiation</b>	x	✓	✓	
<b>Basic funding rate</b>	Based on qualifications	Standard funding cap	Framework funding band	Standard funding band
<b>Additional payments/reductions for age</b>	16-18, full funding 19-23, 50% of full funding 24+, -20% of 19-23 rate	16-18 payment to employer	16-18, £1,000 to employer and £1,000 to provider 16-18, 20% of funding band maximum to provider	16-18, £1,000 to employer and £1,000 to provider
<b>Employer contribution</b>	50% optional	33% mandatory	Levy paying employers 100%, non-levy paying employers 10% mandatory	
<b>Employer reduction/incentive</b>	25% large employer reduction (> 1000)	Small employer payment(< 50)	Small employers do not contribute for 16-18s, 19-24 care leavers or with LA EHC plan; government pays 100% (< 50)	
<b>Achievement/success</b>	20% achievement rate	Success payment	20% paid at end of apprenticeship	20% paid once EPA complete
<b>Disadvantage</b>	Uplift based on IMD	x	19-24 care leavers/with LA EHC, £1,000 to employer and £1,000 to provider 19-24 care leavers/with LA EHC, 20% of funding band maximum to provider £600 living in top 10% of deprived areas (IMD), £300 living in next 10%, £200 living in next 7%	19-24 care leavers/with LA EHC £1,000 to employer and £1,000 to provider
<b>Area uplift</b>	✓	x	x	
<b>English and maths</b>	16-18 £471, 19-23 £362, 24+ £290 to provider	£471 for each subject to provider	£471 for each subject to provider	
<b>Learner support</b>	✓			



## Section 4 Further summaries available

Further summaries from Pearson are available on the [Pearson Funding News](#) website:

- [Apprenticeship funding from May 2017](#)
- [Allocation of frameworks and standards to new funding bands from May 2017](#)
- [The Apprenticeship levy from April 2017](#)
- [The register of apprenticeship training providers and guidance for employers wanting to become apprenticeship providers from May 2017](#)

## Section 5 Links to key official funding documents

### Overview

- Justine Greening's [written ministerial statement](#) on supporting apprenticeships.
- [Press release](#): New apprenticeship funding to transform investment in skills.

### Funding, and the levy

- [Apprenticeship funding from May 2017](#): How apprenticeship funding will work, **including details of confirmed new funding bands**.

**Confirmed new funding bands** in one complete spreadsheet will shortly be available on [Pearson Funding News](#).

**Current funding caps for apprenticeship standards** can be found in [Apprenticeship standards approved for delivery](#), and details about how the funding methodology works can be found in [Apprenticeship standards funding rules 2016/17](#).

**Current funding rates for apprenticeship frameworks** depend on the qualifications taken within the framework, and then the funding methodology is applied. The frameworks can be found on [Apprenticeship Frameworks Online](#), the funding rates can be found on the [funding hub](#), and details about how the funding methodology works can be found in the [Funding Rates and Formula 2016 to 2017](#).

- [Apprenticeship funding: how it will work \(the levy\)](#): Details on the levy for employers.
- [Revised apprenticeship funding calculator](#): To help employers understand what levy they will pay.
- [Apprenticeship funding and performance management rules 2017 to 2018](#).

### Register of apprenticeship training providers (RoATP)

- [Working with the SFA as an apprenticeship training provider](#): Information for all providers who wish to offer apprenticeship training in England from May 2017 including existing providers as well as organisations that might wish to enter the apprenticeship training market.
- [Register of apprenticeship training providers](#): This series brings together guidance on how to apply to the register of apprenticeship training providers (RoATP).
- SFA presentations on YouTube: [register of apprenticeship training providers](#), and [invitation to tender: apprenticeship training delivery for employers without a digital account](#).

### Guidance on the register of apprentice assessment organisations, and new programme to tackle the shortage of end-point assessors

- [Register of apprentice assessment organisations, overview](#): information on the new register of apprentice assessment organisations for employers seeking an independent end-point assessment (EPA) organisation, and for potential applicants to the register.
- [New programme to tackle shortage of end-point assessors](#): funded by the DfE and commissioned by the ETF, with the aim of improving capacity to deliver independent EPAs in apprenticeships.

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