

Employer Responsive Model –Transitional funding arrangements for Apprenticeships continuing from 2007/08 into 2008/09

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Introduction

1. The introduction of demand-led funding from August 2008 will establish a new methodology of funding using the employer responsive funding model.
2. Although the basis of funding apprenticeships will remain relatively the same as in 2007/08, the value of the elements making up the framework will change.
3. The rate paid for Technical Certificates (TC) and Key Skills (KS) within an apprentice framework will be aligned with other funding programmes. In practice this is likely to mean that these rates will rise.
4. The effect of this is to reduce the rates currently paid for NVQs (including the framework element) in Work-based Learning (WBL).
5. Between 2005 and 2008 apprenticeship rates have been reviewed and revised based on detailed activity-cost analysis by the LSC to reflect the actual cost of delivering an apprenticeship.

Purpose

6. This briefing note describes the process for claiming funding for learners who started their apprenticeship prior to 2008/09, will continue into 2008/09 and as a result receive less funding than they would have received if Demand-led Funding had not been introduced.
7. The LSC has worked closely with providers and the Association of Learning Providers in developing transitional arrangements for these apprentices.

Issues and effects of change

8. Providers who deliver the non-NVQ elements early in a programme, and are funded using pre-2008/09 rates, will receive lower funding due to the rate for the NVQ being less in 2008/09. This does not make up for the lower rates paid for TCs and KSs.

For example, in the table below, a 16-18 learner starts on a planned two year Apprenticeship. The Key Skills are planned to be delivered over the first 7 months and the Technical Certificate over the first 18 months. Had the learner undertaken the same framework using the 2007/08 methodology and rates then the total funding (adding

together the values of the NVQ, Key Skills and Technical Certificate) for this learner would be £4,425. However, based on the combination of 2007/08 and 2008/09 funding methodologies and rates the total would be £4,237, a difference of £187 (-4.2%). The example assumes that there are no changes to the learner circumstances in respect of area and disadvantage uplift. It also assumes that the learner achieves the full framework at the end of the two years.

		NVQ	Technical Certificate	Key Skill 1	Key Skill 2	Total
2007/08	Aug	99.73	49.74	24.14	24.14	197.75
	Sep	99.73	49.74	24.14	24.14	197.75
	Oct	99.73	49.74	24.14	24.14	197.75
	Nov	99.73	49.74	24.14	24.14	197.75
	Dec	99.73	49.74	24.14	24.14	197.75
	Jan	99.73	49.74	24.14	24.14	197.75
	Feb	99.73	49.74	24.14	24.14	197.75
	Mar	99.73	49.74			149.46
	Apr	99.73	49.74			149.46
	May	99.73	49.74			149.46
	Jun	99.73	49.74			149.46
	Jul	99.73	49.74			149.46
2008/09	Aug	83.04	74.15			157.19
	Sep	83.04	74.15			157.19
	Oct	83.04	74.15			157.19
	Nov	83.04	74.15			157.19
	Dec	83.04	74.15			157.19
	Jan	83.04	74.15			157.19
	Feb	83.04				83.04
	Mar	83.04				83.04
	Apr	83.04				83.04
	May	83.04				83.04
	Jun	83.04				83.04
	Jul	747.37				747.37
	Total	2,857.54	1,041.74	169	169	4,237.28

* The figures above are for illustration only and the actual rates could vary.

Different combinations of start, end and delivery patterns would bring different results. If the provider had delivered the majority of the NVQ prior to 2007/08 and only starts the KSs and TC in 2008/09 then there would be an increase in funding.

How the impact of the change will be minimised

- Where, due to the introduction of demand-led funding, the value of an apprenticeship total funding is reduced due to the timing of delivery of the elements of an apprenticeship, a provider will be able to claim the difference

of the total funding received and the theoretical apprenticeship framework rate for 2008/09.

10. This only applies to learners who achieve their full apprenticeship framework during 2008/09.

Process

11. Once the learner has fully achieved their apprenticeship framework the provider calculates the total amount of funding that they have received for a learner following an apprenticeship framework that started prior to 1st August 2008 and completed their apprenticeship in full between 1st August 2008 and 31st July 2009 using the Provider Funding Reports.
12. The provider calculates the total cost of the apprenticeship framework using 2008/09 rates, as listed in the Learner Aims Database. This cost should only include those aims listed in the apprenticeship framework that the learner has been following. Area uplift and Disadvantage uplift percentages should be used as specified within the providers 2007/08 funding agreements.
13. If the total amount of funding paid is less than the theoretical total cost of an apprenticeship using 2008/09 rates, including adjustments, then the difference can be claimed from the LSC by entering the amount in the relevant Authorised Claims section on the Training Provider Statement (TPS). This claim should be made in the month that the learner achieved their apprenticeship framework.
14. Where the value of learning aims has been reduced by the use of ILR field A51A then this figure must be used in the calculation of funding by applying it to the relevant aim(s).
15. Additional Learning Support and Additional Learner Support are excluded from these calculations.
16. Learners who do not complete their apprenticeship are not eligible for this transitional arrangement. However, the LSC recognises that by using the 2008/09 rate as the benchmark in funding for learners who started prior to 2008/09, that there will be additional funding being paid to providers for apprenticeship completers. This additional funding will more than compensate for funding not being available to non-completers.
17. Funding for learners completing in 2008/09 can only be claimed in 2008/09 through the TPS. The LSC will not fund late claims that are not entered on the TPS. The provider should retain evidence of the calculation of the claim along with any other evidence to justify claims on the TPS. The evidence can be either paper or electronically based or both. This evidence for claiming additional funding could include:
 - a copy of the relevant PFRs
 - print outs from the LAD
 - Spreadsheet or working of calculations of the amount claimed.

The above list is not designed to be exhaustive and providers should ensure that they have sufficient evidence to justify their claim.

18. Where the provider receives additional funding over and above the 2008/09 rates, due to a combination of circumstances and timing, the LSC does not expect that these funds will be repaid.
19. Providers should refer to TPS guidance which can be found at http://www.theia.org.uk/ilr/ilrdocuments/2008_09+Guidance.htm.
20. It is anticipated that a high majority of carry over learners will complete and achieve in 2008/09. Therefore, very few learners will require this transitional arrangements in 2009/10 as most will only have a small amount of their learning prior to 2008/09. The LSC will review during 2008/09 the effectiveness of this process and will issue guidance for 2009/10 based on that review early in 2009.

Apprenticeship Learners continuing into Employer Responsive funding 08/09 from 07/08

