



# APPRENTICESHIP FUNDING: RULES AND GUIDANCE FOR EMPLOYERS MAY 2017 TO JULY 2018 VERSION 3

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# May 2018 Changes



The ESFA have amended the apprenticeship funding and performance management rules. **These rules will be apply to all apprenticeship programmes starting on or after 1<sup>st</sup> May.**

The following documents have been revised:

- [Apprenticeship funding: rules and guidance for employers May 2017 to March 2019 version 3](#)
- [Apprenticeship funding: rules for employer-providers May 2017 to March 2018 version 3](#)
- [Apprenticeship funding and performance management rules for training providers May 2017 to March 2019 version 6](#)

**The revised funding rules only apply until July 2018.**

**A new set of rules from August 2018 will be published for the 2018 to 2019 academic year**

**Note - text highlighted in red denotes new or revised additions in version 3**



# Summary of the key features of the funding model



- **Funding bands** – 15 funding bands
- **Payments totalling 80% of the negotiated price will be allocated on a monthly basis**, spread evenly across the period of the apprenticeship. The remaining 20% will be paid at the end of the apprenticeship
- **Expiry date from 18 to 24 months** – to spend funds in the digital account.
- **Co-investment rate** – Employers co-invest 10% of the costs, with government paying the remaining 90%.
- **Re-Training** – substantive new skills and training is different.
- **Transferring of digital funds** –10% to supply chain from May 2018.

## Additional Support for Employers

- **Support for small employers** (those with fewer than 50 employees) training 16-18 year olds and recruiting disadvantaged learners. Waive co-investment
- Support for **English and maths training**
- **All** – supporting 16-18 year olds, additional learning needs or learning and/ disabilities



# Utilising the levy



- Can only be used for the delivery of apprenticeships and the **apprenticeship must be recorded in the digital account**
- There must be a **genuine job** available during the apprenticeship. **Genuine means: contract of employment, wages paid by employer, a job role that provides the opportunity for the apprentice to gain the knowledge, skills and behaviours needed to achieve the apprenticeship and employer support and supervision to achieve the apprenticeship.**
- The apprentice must be paid at least a **wage** consistent with the law for the time they are in work and in off-the-job training.
- Apprentices must spend at least **50% of their working time in England** and have the right to work in England
- **Employers must give evidence of the apprentices employment and must justify that the apprenticeship is the most appropriate programme of learning.**
- **Can only be used with training providers on the RoATP and End-point Assessment organisations on the RoAAO**
  - The training provider must be delivering more than just the start of the apprenticeship
  - There must be a written agreement between employer and training provider and training provider must contract with an assessment organisation
  - Employers must agree a price with the lead provider for the total cost of the apprenticeship.
- The employee must have an **apprenticeship agreement and commitment statement and employers must sign a contract with SFA**
- The apprenticeship must last for a **minimum of 1 year PLUS End-point Assessment unless** the framework or standard specification or assessment plan requires it to be longer.
  - Assumes working a min of 30hrs/wk. If less than 30hrs/wk, then the apprenticeship must be extended
- The apprenticeship must include learning in the workplace, formal off-the-job training and the opportunity to practice new skills in a real work environment
- **Off the job training must be at least 20%.** English and maths, learning outside of working hours and reviews CANNOT be included within the 20%
- Apprentices, undertaking an apprenticeship at the **same or lower** level can only be allowed if substantive new skills are required and the content of the training is materially different from any prior qualification or previous apprenticeship.
- **Any prior learner must be accounted for in pricing and programme of learning**
- **Employer must provide evidence to the training provider on eligibility to start the apprenticeship, apprentices employment and claims for any additional payments**
- **Providers will need to invoice employers separately for any employer co-investment, including any VAT.**



# What CAN be funded



***“Funds must only be used to pay for training and assessment, including end-point assessment to attain an apprenticeship that is eligible for funding up to the limit of the funding band”.***

- Off-the-job training relevant to the framework or standard, including the costs associated with mandatory qualifications, through an externally-contracted provider or evidenced costs for employer provider delivery.
- Includes some aspects of a licence to practise or non-mandatory qualification required for the apprenticeship.
- **For providers - Registration and examination (including certification) costs associated with mandatory qualifications excluding licence to practice.**
- **For providers - Planned on-programme assessment (progress reviews) and the formal end-point assessment, including any costs associated with the completion certification for the apprenticeship.**
- End-point assessment should not usually exceed 20% of the funding band.
- Distance, online or blended learning relating to the off-the-job training element of an apprenticeship.
- Materials (non-capital items) used in the delivery of the apprenticeship framework or standard. Such as equipment or supplies necessary to enable a particular learning activity to happen
- Any administration directly linked to the training and assessment, including end-point assessment. This includes costs relating to the development of teaching materials, lesson planning, the processing of the ILR and quality assurance.
- **For providers**
  - **Costs to resit an exam linked to mandatory qualifications, even where no additional learning is required.**
  - **Additional learning required to retake a mandatory qualification end-point assessment**



# What CAN be funded



- Accommodation costs for learning delivered through residential modules where the residential learning is a requirement for all apprentices. Any costs for residential modules must represent value for money.
- Costs of an apprentice taking part in a skills competition if you and the provider have agreed that participation in the competition directly contributes to helping that individual achieve the apprenticeship standard.
- As an exception funding can be used for Apprentices whose occupation involves significant travel outside of the UK as part of their job or work offshore (such as on an oil platform) and they have an identified registered work location in England.
- Any of the eligible costs outlined above can be brought from a third party, including an employer will be funded. Note where a third party is the employer, then only actual costs will be funded and these must be recorded.
- Where the employer is the delivery subcontractor the provider must only pay you for actual costs of delivery. Employers must not profit from the apprenticeship delivery to their own employees.





# What CANNOT be funded

## Funds in the employers digital account or government – employer co-investment must NOT be used for:

- Apprentices can only be enrolled against an apprenticeship standard once government have approved and published the assessment plan
- English and maths up to level 2; this is funded separately
- Enrolment, induction, prior assessment, initial diagnostic testing or similar activity
- Apprentices' wages, and travel costs for apprentices, under any circumstances
- Personal protective clothing and safety equipment required by the apprentice to carry out their day-to-day work
- Off-the-job training delivered only by distance learning
- Any training, optional modules, educational trips or trips to professional events in excess of those needed to achieve the apprenticeship. This includes training solely and specifically required for a licence to practice.
- Registration and examination (including certification) costs associated with a licence to practice. This applies even where a licence is specified in the apprenticeship standard and assessment plan.
- Registration and examination, including certification costs, for non-mandatory qualifications (qualifications that are not specifically listed in the standard).
- End point assessment costs incurred by the training provider but not included in the price agreed between the employer and the apprentice assessment organisations.
  - In other words – make sure you calculate your cost of the end-point assessment activities (the technical experts) so that they can be included in the overall price for End-point Assessment agreed between employer and training provider and recorded on the digital account



# What CANNOT be funded

- Re-sits for mandatory qualifications or the end-point assessment needed for the apprenticeship where no additional learning is needed.
- Accommodation costs where the apprentice is resident away from their home base, because of the requirements of their day-to-day work or because this is convenient for the employer or provider. Residential costs associated with non-mandatory qualifications are also excluded.
- Capital purchases including lease agreements and maintenance of capital purchases.
- Time spent by employees or managers supporting or mentoring apprentices, or the time of other employed staff arranging training support, except where this is directly linked to the training and assessment, including end-point assessment. For example, the SFA would not expect to pay for any time spent by the apprentice's line manager for any of these activities.
- Specific services not related to the delivery and administration of the apprenticeship. This includes the recruitment and continuing professional development of staff involved in apprenticeships, company inductions, managing agents and those providing a brokerage service to an employer or provider **and the costs of memberships or other costs paid to employers or their representatives, associated with procurement registers or opportunities to secure**
- Skills already obtained - Repeating the same regulated qualification where the apprentice has previously achieved it, unless it is a requirement of the apprenticeship or for any GCSE where the apprentice has not achieved grade C, or 4, or higher.





# Important guidance: Off-the-job training



**Definition** - Off-the-job training is defined as learning which is undertaken outside of the normal day-to-day working environment and leads towards the achievement of an apprenticeship. This can include training that is delivered at the apprentice's normal place of work but must not be delivered as part of their normal working duties.

## **When**

- 20% off-the-job training requirement is measured over the course of the apprenticeship and when the training takes places this is up to the employer and provider.
- It is up to the employer and provider to decide at what point during the apprenticeship the training is best delivered (for example, a proportion of every day, one day a week throughout, one week out of every five, a proportion at the beginning, middle or end).

**Where** – Can take place at an employer's workplace or off-site and is dependent on the activity.

## **Measuring and recording off-the-job training**

- Measuring compliance will be part of the normal audit arrangements
- Apprentices must have commitment statement which outlines the programme of training and how the provider intends to fulfil the 20%.
- Funding recipient (usually the main provider) is the custodian of the relevant evidence files
- ESFA do not prescribe on the type of evidence required
- Quality of training will be inspected



# Important guidance: Off-the-job training



The off-the-job could include the following:	Off-the-job training does not include:
The teaching of theory (for example: lectures, role playing, simulation exercises, online learning or manufacturer training)	English and maths (up to level 2) which is funded separately
Practical training: shadowing, mentoring, industry visits and attendance at competitions	Training which takes place outside the apprentice’s paid working hours If training must, by exception, take place in an evening, or outside of contracted hours, then it is expected to be recognised (for example, through time off in lieu).
Learning support and time spent writing assessments/assignments	Progress reviews or on-programme assessment needed for an apprenticeship framework or standard  Refers to reviewing and testing what and apprentice has already learnt rather than teaching new knowledge, skills and behaviour.
Inductions – BUT if it includes an educational element that provides some basics of the skills, knowledge and behaviours that are core to the apprenticeship.	Inductions - does not necessarily count i.e. company induction
Blended learning – distance learning must be part of a blended programme.	Training to acquire skills, knowledge and behaviours that are not required in the standard or framework.
	Training that is not required as part of apprenticeship is not considered as part of the 20% off-the-job training e.g. new skills for the job that are not directly relevant to the apprenticeships.

# Important Guidance



## Support for English & maths training

- Additional funding will be provided up to Level 2
- If framework or standard requires higher levels of English and maths the cost must be met from within the funding band assigned
- In exceptional circumstances, ESFA will fund:
  - re-takes of English and maths qualifications to achieve the required standard and where apprentices receive further teaching.
  - approved 'stepping-stone' qualifications (including components, where applicable) where an apprentice will need significant, additional numeracy and literacy skills to reach the level reasonably expected to begin a level 1 in English or maths
- For level 2 apprenticeships where level 2 English or maths are not required for the apprenticeship and the apprentice does not already hold acceptable qualifications apprentices must:
  - achieve a functional skills qualification of at least level 1 English and maths before taking the end-point assessment or achieving an apprenticeship framework
  - start, continue to study and take the test for level 2 English and maths before they complete their apprenticeship but they do not have to achieve English and maths to complete their apprenticeship

## Details must match

- To be funded from the digital account, the data entered in the account must correspond with the information submitted by the provider to SFA each month through the ILR.
- Payments to the chosen training provider will only be made if these details match



# Important Guidance



## Contracting and subcontracting

- If employers decide to ask main provider to use delivery subcontractors they must satisfy one of the following three criteria:
  - On the register as a main or supporting provider
  - On the register as an employer provider
  - They are not on the published register but will deliver less than £100,000 of apprenticeship training and on programme assessment.
- A written agreement is needed and the main provider is responsible for resolving issues and disputes between the employer and their delivery subcontractors.
- **Zero-hour contracts are acceptable only where they meet all of the other rules**

## Structural changes

If an organisation is subject to structural changes, including mergers and acquisitions, they must follow specific rules relating to the management of the digital account.

## State aid

- Funds that providers receive from, and in, employer digital account and government top-ups to funds in employer digital account, government-employer co-investment and additional payments, do not fall within the scope of state aid control from 1 May 2017 to 31 March 2018.
- Receipt of the AGE grant by employers and the waiving of the employer contribution for small employers, are subject to state aid regulations.
- **Transfer of funds are subject to State Aid regulations. For any transfer an employer receives, 10% of funds will count towards employers de minimis state aid limit.**



# Important Guidance



## Apprenticeships funded by transfer of levy funds

- The 10% transfer allowance is calculated on declared levy multiplied by English percentage, along with the 10% automatic top-up from Government. This allowance is recalculated every tax year.
- Transferred funds will support apprenticeships specifically. Employers are not able to make a bulk transfer of funds to another employer
- Only levy-paying employers can make a transfer
- Any employer can receive and use transferred funds, but they have to be registered with the Apprenticeship Service. Non levy employers that are not currently registered can register once a transfer has been agreed. [Click here](#) to access the Apprenticeship Service.
- A transfer can only be used to pay for training and assessment that conforms to apprenticeship standards. Transfers cannot be used for frameworks.
- Transferred funds can only be used to fund new apprenticeship starts of existing or new employees
- Employers sending funds must agree to fund 100% of the cost of the apprenticeship
- Provided employers do not exceed the 10% transfer cap, they are able to transfer funds to any number of other employers. This may be limited when the new functionality is introduced.
- The sending employer must agree with the receiving employer which apprenticeship standard their chosen apprentice will be undertaking and the price.
- Employers cannot jointly fund an apprenticeship with another levy-paying employers.
- A transfer of funds will not take place where the receiving employer is eligible for full government funding, because they have fewer than 50 employees and the apprentice is 16-18 years old or an eligible 19-24 year old.
- Employers must not impose conditions on the transfer such as choosing the receiving employer's training provider or end-point assessment organisation for them.
- If an employer is also an employer provider, they must not deliver training to apprentices they are funding through a transfer.
- An employer cannot send and receive a transfer at the same time
- To receive a transfer you must sign the ESFA employer agreement and ensure apprenticeships funded by a transfer follow the rules in this document.



## Additional Information

Refer to Energy & Utility Skills' online FAQ's – Members area

Contact Energy & Utility Skills at [somia.nasim@euskills.co.uk](mailto:somia.nasim@euskills.co.uk)

