



Education & Skills  
Funding Agency

# Apprenticeship funding: rules and guidance for employer

August 2018 to July 2019

## Version 1 (clarification document)

This document sets out the guidance which will apply to all employers participating in the apprenticeship programme. It also includes the funding rules which will apply to all levy-paying employers participating in the apprenticeship programme through a digital account on the apprenticeship service.

We are issuing these funding rules as an initial version to give you the opportunity to provide feedback on how we can make them clearer or better understood. Please email any suggestions to [fundingrulescomments@education.gov.uk](mailto:fundingrulescomments@education.gov.uk) by Monday 2 July 2018. Following a review of any feedback, we will then issue a final version of the rules in July to reflect any areas of clarification.

June 2018

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## Introduction and purpose of the document

- E1. This document sets out the guidance for all employers participating in the new apprenticeship programme from 1 August 2018. It also sets out the funding rules for levy-paying employers who are participating in the apprenticeship programme through an account on the [apprenticeship service](#).
- E2. Employers who do not pay the apprenticeship levy may find the guidance within this document useful. If you are an employer who does not pay the levy but would like to know more about employing apprentices, please visit [GOV.UK](#).
- E3. If you would like more detailed information on the features of the apprenticeship funding system, including how we will calculate funding for organisations receiving funding from us, please refer to the [apprenticeship technical funding guide](#). This will be useful for you to understand how we will make payments for main providers from your apprenticeship service account.
- E4. We will use the generic term 'apprenticeship' for both apprenticeship frameworks and standards, unless we state otherwise.
- E5. The rules contained in this document form part of standard terms and conditions for the use of funds in an employer's apprenticeship service account or where a levy-paying employer is accessing government-employer co-investment. If you are a levy-paying employer participating in the new apprenticeship programme, you must operate within the terms and conditions of your apprenticeship employer agreement. The [employer agreement](#) is with the Secretary of State for Education (acting through the Education and Skills Funding Agency (the ESFA), an executive agency of the Department for Education), and includes these rules.
- E6. If you breach your employer agreement, we reserve the right to take action.
- E7. We may take action to recover all or part of the government funding from you if we are satisfied that there has been a breach of the funding rules. This includes where claims are made for funding through your apprenticeship service account, government co-investment or additional payments to which you are not entitled.
- E8. If you would like any further support, you can contact us through our Apprenticeship Business Support team on 0800 015 0600.

## Employers and apprenticeships: things to check

This document is made up of a combination of rules and guidance in order to help you manage your apprenticeship in partnership with your chosen main provider.

This checklist is a guide to the steps you must take to ensure you are meeting the apprenticeship funding rules.

### Do I have a genuine job for this apprentice?

There must be a genuine job available during the apprenticeship. By genuine we mean that:

- The apprentice must have a contract of service with you, or be employed by an apprenticeship training agency, which is long enough for them to complete the apprenticeship successfully including the end-point assessment if applicable. Exceptions to this can be found in paragraph E15.
- The cost of the apprentice's wages must be met by you.
- The apprentice must have a job role (or roles) with you that provides the opportunity for them to gain the knowledge, skills and behaviours needed to achieve their apprenticeship.
- The apprentice must have appropriate support and supervision on the job, by you, to carry out their job role.

### Have I chosen a main provider and negotiated a price?

The relationship between you and the main provider is important throughout the apprenticeship.

Your main provider should offer you the option of using the [recruit an apprentice](#) service for all new recruits.

You and your main provider must agree a price for the total cost of each apprenticeship, including the training costs and any subcontracted training. The price for apprenticeship standards must include the cost of the end-point assessment which you must agree with an end-point assessment organisation.

### Have I checked the eligibility of the apprentice?

Eligibility checks include, but are not limited to:

- Having the right to work in England.
- Spending at least 50% of their working hours in England.
- The apprentice must work for you, or a [connected company of charity](#) as defined by HMRC.

### **Has the main provider accounted for any prior learning?**

This can affect the price negotiated between you and the main provider. When negotiating a price with the main provider you must ensure that the main provider has reduced the price, length or content of the apprenticeship to account for prior learning. Funds must not be used to pay for skills already attained by the apprentice.

### **Have I got an apprenticeship agreement with the apprentice?**

An [apprenticeship agreement](#) must be signed at the start of the apprenticeship. It is used to confirm individual employment arrangements between the apprentice and yourself and is a legal requirement.

### **Have I got a commitment statement?**

You must have a commitment statement, signed by you, the apprentice and the main provider. This is sometimes known as an individual learning plan and sets out the plan for the agreed training.

### **Have I recorded the apprenticeship?**

You must record the apprenticeship in your [apprenticeship service](#) account. You can ask the main provider to do this for you.

### **Have I checked the duration of the apprenticeship?**

You must make sure the apprenticeship will last for at least one year, or more if specified in the apprenticeship standard or framework.

### **Have I ensured my apprentice is on the correct wage?**

Apprentices must be an employee on the first day of their apprenticeship and as a minimum at least be paid a wage consistent [with the law](#) for the time they are in work, in off-the-job training and studying English and maths (if appropriate).

### **Have I checked on the progress of my apprentice?**

You must make sure the apprentice is taking part in learning throughout the apprenticeship.

### **Do I have evidence?**

You must provide evidence to the main provider of the apprentice's average weekly hours and any changes to working patterns.

You must also have evidence needed for any additional payments made to you because of the apprentice's characteristics (for example, their age).

You must give the main provider evidence of the apprentice's eligibility at the start of their apprenticeship.

# What is an apprenticeship?

## A job with training

- E9. An apprenticeship is a job with an accompanying skills development programme. The job must have a productive purpose and should provide the apprentice with the opportunity to gain the knowledge, skills and behaviours needed to achieve the apprenticeship.
- E10. Through their apprenticeship, apprentices will gain the technical knowledge, practical experience and wider skills they need for their immediate job and future career. The apprentice gains this through a wide mix of learning in the workplace, formal off-the-job training and the opportunity to practise these new skills in a real work environment.
- E11. You and the main provider must be satisfied that the apprenticeship is the most appropriate learning programme for the individual and have evidence (to be kept by the main provider) that it is either:
- E11.1 A new job that requires new knowledge and skills; or
  - E11.2 An existing job role, where the individual needs significant new knowledge and skills to be occupationally competent.
- E12. You must provide the apprentice with appropriate support and supervision to carry out their job role.
- E13. You must consider the option of using the [recruit an apprentice](#) service for all new recruits.
- E14. Where a main provider advertises on your behalf it should be clear in the advert how many hours the apprentice will be expected to work per week for the role and how long the apprenticeship will last. This must meet the minimum duration requirement (see paragraphs E36 to E51).

## Employment contract

- E15. The apprentice must have a contract of service with you, or an apprenticeship training agency (ATA), which is long enough for them to complete the apprenticeship successfully (including, for standards the end-point assessment). The only exceptions to this are:
- E15.1 Apprentices who have been made redundant less than six months before the final day of their apprenticeship<sup>1</sup> (see paragraphs E30.3);
  - E15.2 Apprentices who have been made redundant, with more than six months but less than 12 months of their apprenticeship remaining; these

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<sup>1</sup> Regulation 6(5), [Apprenticeships \(Miscellaneous Provisions\) Regulations 2017](#)

apprentices may seek a further contract of service with a duration of less than 12 months, and we will fund them for up to 12 weeks while they do so (see paragraph E59); and

- E15.3 Particular office holders who are alternative apprentices, namely constables of English police forces and ministers or trainee ministers of a religious denomination, who are not engaged under a contract of service. Except for the requirement to have an apprenticeship agreement and a contract of service in relation to these alternative apprentices, you must comply with all the other rules set out here.<sup>2</sup>

## **Apprentice wages**

- E16. Every apprentice must be paid a lawful wage for the time they are in work and in off-the-job training.
- E17. You must meet the cost of the apprentice's wages. You can only pay the apprenticeship minimum wage from the start of the apprenticeship programme and not before. You can find information on the national minimum wage, the apprenticeship rate, and the definition of an employee, on GOV.UK.

## **Off-the-job training**

- E18. Off-the-job training is training received by the apprentice, during the apprentice's paid hours, for the purpose of achieving their apprenticeship. It is not training delivered for the sole purpose of enabling the apprentice to perform the work for which they have been employed.
- E19. Off-the-job training is a statutory requirement for an English apprenticeship.
- E20. Off-the-job training must be directly relevant to the apprenticeship framework or standard, teaching new knowledge, skills and behaviours required to reach competence in the particular occupation. It can include training that is delivered at the apprentice's normal place of work and can include the following:
- E20.1 The teaching of theory (for example, lectures, role playing, simulation exercises, online learning, and manufacturer training);
  - E20.2 Practical training, shadowing, mentoring, industry visits, and attendance at competitions;
  - E20.3 Learning support and time spent writing assessments/assignments.
- E21. Off-the-job training does not include:
- E21.1 Training to acquire knowledge, skills and behaviours that are not required

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<sup>2</sup> Regulation 6(6), [Apprenticeships \(Miscellaneous Provisions\) Regulations 2017](#)

in the standard or framework;

E21.2 Progress reviews or on-programme assessment required for an apprenticeship framework or standard;

E21.3 Training which takes place outside the apprentice's paid hours.

E22. It is up to you and the training provider to decide how the off-the-job training is delivered. This may include regular day release, block release and special training days/workshops.

E23. To attract government funding at least 20% of the apprentice's paid hours, over the planned duration of the apprenticeship (for standards this would be until the gateway for end-point assessment), must be spent on off-the-job training.

E24. When calculating the required amount of off-the-job training, the apprentice's statutory leave entitlement should be deducted. Employees who work a 5-day week receive at least 28 days paid annual holiday (this is the statutory leave entitlement referred to in this paragraph and is the equivalent of 5.6 weeks of holiday) (pro-rata for part time workers). It should be clear to all parties how the amount of off-the-job training required has been calculated to comply with paragraph E23 and this should be recorded in the evidence pack by the main provider.

E25. The content/components of all planned off-the-job training must be set out in the apprentice's commitment statement (see paragraphs E33 to E35) and evidence must be available to support the delivery of the commitment statement. It should be clear which elements of the commitment statement have been used towards the calculation of the 20% requirement and which have not (see paragraphs E20, E21 and E27).

E26. Apprentices may need more than 20% off-the-job training.

E27. English and maths, up to and including level 2, does not count towards the minimum 20% off-the-job training requirement; where required this must be delivered in addition to the minimum requirement.

E28. If planned off-the-job training is unable to take place as scheduled, you and the training provider must ensure this is re-arranged so that the full complement of training set out in the commitment statement can still be delivered. All off-the-job training must take place during paid hours. Apprentices may choose to spend additional time on training outside their paid hours, but this must not be required to complete the apprenticeship and must not be included in the 20% calculation.

E29. When the apprentice takes a period of leave from their work, for reasons such as medical treatment, maternity or paternity leave, this will be a break in the training they are to receive (a break in learning). You and the apprentice should revise the date in the apprenticeship agreement on which the apprenticeship was expected to have been completed to account for the duration of the break. The duration of the apprenticeship and the amount of off-the-job training needed to meet the 20% requirement would therefore remain the same as though there had been no break in training (break in learning).

## **Apprenticeship agreement between the employer and the apprentice**

- E30. There must be evidence that the apprentice has an apprenticeship agreement with you at the start of, and throughout, their apprenticeship. For standards, this is defined in section A1(3) of the Apprenticeships, Skills, Children and Learning Act 2009 (as amended by the Enterprise Act 2016); for frameworks, this is defined in section 32 of the same Act.
- E30.1 In relation to standards, the approved English apprenticeship agreement must also (i) set out the amount of time the apprentice will spend in off-the-job training, and (ii) the planned end date of the apprenticeship's practical period, called the "final day". These requirements are provided for in the Apprenticeships (Miscellaneous Provisions) Regulations 2017.
- E30.2 In relation to frameworks, there must be an apprenticeship agreement in place which (i) meets your duty under section 1 of the Employment Rights Act 1996 and (ii) includes a statement of the skill, trade or occupation for which the apprentice is being trained under the apprenticeship framework. These requirements are provided for in the Apprenticeships (Form of Apprenticeship Agreement) Regulations 2012.
- E30.3 Apprentices who are made redundant up to six months before the final day of their apprenticeship do not need to be employed under an apprenticeship agreement (see paragraph E15.1).
- E31. There must be an apprenticeship agreement in place at the start, and for the entire length of, the apprenticeship (updated as needed), with signed copies. This must be distributed to both signatories (employer and apprentice). You must give a copy to the main provider to keep in the evidence pack along with any revisions.
- E32. The start date set out in the apprenticeship agreement must match the date in the commitment statement. Details in the commitment statement must be completed before the apprenticeship agreement can be signed.

## **The commitment statement between the employer, apprentice and main provider**

- E33. Before the apprenticeship starts and before the apprenticeship agreement is signed, you, the apprentice and the main provider should have contributed to and signed a copy of the commitment statement (often known as the individual learning plan). This should set out how all three parties (apprentice, employer, main provider) will support the achievement of the apprenticeship.
- E34. All three parties must keep a current signed and dated version. The main provider's copy (and any previous versions) must be retained with the apprenticeship agreement and the written agreement they have with you (where the apprenticeship is funded from your apprenticeship service account this is the contract for services between you and the main provider).

- E35. The commitment statement must set out:
- E35.1 The name of the apprentice, their job role and their contracted hours
  - E35.2 Your details and those of the main provider (and any subcontractors involved in the delivery of off-the-job training).
  - E35.3 Details of the apprenticeship, including the name of the apprenticeship framework or standard, the level, the start and end-dates for the apprenticeship and (for standards) the dates relating to the end-point assessment period. The start date set out in the commitment statement must align with the start date in the apprenticeship agreement and the ILR.
  - E35.4 The amount of off-the-job training that will be delivered to meet the minimum 20% requirement (see paragraphs E20 to E21 for what can and cannot be included in this calculation).
  - E35.5 The planned content/components and schedule of eligible training (and for standards the end-point assessment). This should include key milestones for mandatory or other qualification achievements. It should also be clear if the component has been used towards the calculation of the minimum 20% off-the-job training requirement.
  - E35.6 Confirmation of funding sources for the planned content/components:
    - E35.6.1 Those eligible for funding from the employer's apprenticeship service account or government-employer co-investment;
    - E35.6.2 Those to be fully funded by the ESFA (e.g. English and maths to level 2); and
    - E35.6.3 Those to be fully funded by you (the employer).
  - E35.7 A list of all organisations delivering the training content/components including English and maths and the end-point assessment organisation (for standards). We recognise that while new standards continue to be developed, not all end-point assessment organisations will be known at the start of the apprenticeship. The commitment statement must be updated to include these details as soon as they have been confirmed.
  - E35.8 An agreement of what is expected from, and offered by you, the apprentice, and the main provider (and any delivery subcontractors) to achieve the apprenticeship and details of how all parties will work together. This must include contact details and the expected commitment from each party, for example:
    - E35.8.1 The apprentice: attendance and commitment to their off-the-job training.
    - E35.8.2 The employer: commitment to wages and time off to train

during working hours.

E35.8.3 The main provider (and any delivery subcontractors):  
delivery of training, support and guidance.

E35.9 The process for resolving any queries or complaints regarding the apprenticeship, including quality. This must include details of the escalation route within the main provider's own organisation and the escalation process to the ESFA through the apprenticeship helpline.

## **Apprenticeship duration and employment hours**

- E36. The minimum duration of an apprenticeship is one year (365 days). The framework or standard specification or assessment plan may require this to be longer to support the delivery of the full apprenticeship content. For apprenticeship standards, the end-point assessment can only be taken after the minimum duration has been met (see paragraph E119).
- E37. The apprenticeship must meet the minimum apprenticeship duration rules. This includes where the content, negotiated price and/or duration of the apprenticeship has been adjusted to recognise prior learning (see paragraphs E142 to E144).
- E38. For standards, the apprentice must be employed until the end-point assessment is completed.
- E39. An apprenticeship framework completion certificate on behalf of the apprentice cannot be claimed from Apprenticeship Certificates England if the minimum duration has not been met. For standards, the minimum duration is checked as part of confirming the end-point assessment gateway requirements.
- E40. The apprentice must be involved in active learning throughout an apprenticeship. The apprentice can, after achieving all the mandatory requirements of the apprenticeship, stay in learning to embed the skills they have gained through off-the-job-training. The main provider must keep evidence of this taking place.
- E41. The minimum duration of each apprenticeship is based on the apprentice working at least 30 hours a week, including any off-the-job training they undertake.
- E42. The apprentice must work enough hours each week so that they can undertake sufficient regular training and on-the-job activity. This is to ensure the apprentice is likely to successfully complete their apprenticeship. There must be evidence of the agreed average weekly hours, including time spent on off-the-job training, in the evidence pack.
- E43. You must allow the apprentice to complete the apprenticeship within their working hours. This includes English and maths if required. You must provide the main provider with evidence of this for them to keep in the evidence pack.
- E44. If the apprentice works fewer than 30 hours a week your main provider must extend the expected duration of the apprenticeship on the ILR (pro rata) to take account of this. This will also apply to any temporary period of part-time working. You must also

extend the apprenticeship agreement accordingly.

- E45. Where a part-time working pattern is needed, you must jointly agree with the main provider and the apprentice the extended apprenticeship duration (see paragraph E49).
- E46. Where part-time working is agreed, you must:
- E46.1 Record the agreed average number of hours each week
  - E46.2 Evidence why this working pattern is in place
  - E46.3 Extend the minimum duration using the following formula:
    - E46.3.1  $12 \times 30 / \text{average weekly hours} = \text{new minimum duration in months}$
- E47. Zero-hours contracts are acceptable only where they meet all of the other rules in this document. For an apprentice with a zero-hour contract you must extend the duration of the apprenticeship in proportion to the hours they work.
- E48. An apprentice with a zero-hours contract must be allowed to complete their apprenticeship in their working hours, including the off-the-job training. Where this is not possible, a break in learning in the apprenticeship must be recorded.
- E49. Working fewer than 30 hours a week or being on a zero-hours contract must not be a barrier to successfully completing an apprenticeship. We will monitor working hours data and patterns of behaviour to ensure that sufficient regular training and on- and off-the-job activity is done to ensure successful completion of the apprenticeship, regardless of the number of hours worked. We reserve the right to take action where alternative working patterns are not managed appropriately leading to a reduction in the quality of the apprenticeship.
- E50. If an apprentice starts a new apprenticeship, time on any previous apprenticeship does not apply in meeting the minimum duration requirements. The only exceptions to this are where an apprentice:
- E50.1 Is made redundant with more than six, but less than 12 months remaining before their final day. In these cases they may seek a further apprenticeship agreement which takes their prior apprenticeship experience into account. This further agreement may provide for a duration of less than 12 months.
  - E50.2 Changes their framework pathway.
  - E50.3 Transfers between main providers, but remains on the same framework or standard.
  - E50.4 Returns to the same apprenticeship after a break in learning.
- E51. For the exceptions in paragraph E50 you must have evidence that the total amount of time spent on their apprenticeship, which may include more than one episode of learning, meets the minimum duration requirement.

## Who can be funded?

- E52. You can only use funds in your apprenticeship service account, or government-employer co-investment, for those who are eligible. You must give the main provider evidence of the individual's eligibility.
- E53. To use funds in your apprenticeship service account or government-employer co-investment, the individual must:
- E53.1 Start their apprenticeship after the last Friday in June of the academic year in which they have their 16th birthday.
  - E53.2 Be able to complete the apprenticeship within the time they have available. If you know an individual is unable to complete the apprenticeship in the time they have available, they must not be funded.
  - E53.3 Not be undertaking another apprenticeship, or another DfE funded FE/HE programme, at the same time as any new apprenticeship they start. Individuals on a sandwich placement as part of a degree programme must not undertake any part of an apprenticeship during this placement.
  - E53.4 Not be asked to contribute financially to the direct cost of training, on-programme or end-point assessment. This includes both where the individual has completed the programme successfully or left the programme early. Direct costs include any co-investment or additional training and assessment costs, above the funding band, that you have paid directly to the main provider where this is part of the agreed apprenticeship.
  - E53.5 Not use a student loan to pay for their apprenticeship. Where an individual transfers to an apprenticeship from a full-time further education or higher education course, and that course has been funded by a student loan, the loan must be terminated.
  - E53.6 Spend at least 50% of their working hours in England over the duration of the apprenticeship. You must make separate arrangements with the relevant devolved administration if you are planning to deliver apprenticeships to individuals who do not spend at least 50% of their working hours in England over the duration of their apprenticeship, including time spent on off-the-job training. Refer to Annex A (E247) for exceptions to this rule.
  - E53.7 Have the right to work in England.
  - E53.8 Have an eligible residency status (information can be found under the residency eligibility section in Annex A).
- E54. You can only use funds from your apprenticeship service account or employer-government co-investment for apprentices employed by you or a [connected company or charity](#) as defined by HMRC. You must provide evidence of employment to the main provider. This also applies where the apprentice is funded by a transfer

of funds from another employer.

- E55. We will fund an apprentice to undertake an apprenticeship at a higher level than a qualification they already hold, including a previous apprenticeship.
- E56. We will fund an apprentice to undertake an apprenticeship at the same or lower level than a qualification they already hold, if the apprenticeship will allow the individual to acquire substantive new skills and you can evidence that the content of the training is materially different from any prior qualification or a previous apprenticeship.
- E57. The age of the apprentice on the day they start their apprenticeship will be used for all age-based eligibility criteria for that apprenticeship.
- E58. An apprentice's eligibility will not change during the apprenticeship, unless their employment status also changes.
- E59. If an apprentice is made redundant, we will continue to fund their training even if they cannot find another employer. Apprentices who are made redundant within six months of their final day will be funded to completion. We will also fund apprentices' training for 12 weeks where they are made redundant more than six months from their final day, while they seek a further [apprenticeship agreement](#) (see paragraph E15.2).

### **Individuals who are not eligible for funding**

- E60. You must not use funds in your apprenticeship service account for individuals who do not meet the eligibility criteria set out in this document unless they are eligible under the [Education \(Fees and Awards\) \(England\) Regulations 2007](#) (as amended). Individuals who do not meet the eligibility criteria include:
  - E60.1 Are here illegally.
  - E60.2 Are resident in the United Kingdom on a tier 4 (general) student visa unless they are eligible through meeting any other of the categories described in Annex A.
  - E60.3 Are non-EEA citizens in the United Kingdom on holiday, with or without a visa.
  - E60.4 Have overstayed their immigration or visitor visa.
  - E60.5 Are non-EEA citizens and are a family member of a person granted a tier 4 visa, have been given immigration permission to stay in the UK and have not been ordinarily resident in the UK for the previous three years on the first day of learning.
  - E60.6 Are ordinarily resident in the Channel Islands or Isle of Man, unless they are also ordinarily resident within England.
  - E60.7 Have a biometric residence permit or residence permit imposing a study prohibition or restriction on the individual.

## **Apprentices who need access to learning support**

- E61. We will provide learning support for apprentices to help with learning that affects their ability to continue and complete their apprenticeship. This can be claimed by your main provider. This will not be deducted from your apprenticeship service account or require employer co-investment.
- E62. Learning support must not be used to deal with everyday difficulties that are not directly associated with an apprenticeship. If an apprentice needs help at work they may be able to get help from [Access to Work](#).

## **Apprenticeship training agency (ATA)**

- E63. An ATA is an organisation whose main business is employing apprentices who are made available to employers for a fee.
- E64. An ATA must be set up as a distinct legal entity so that apprentices can have contracts of service with the ATA.
- E65. The main provider must report in the ILR that the apprentice is employed by an ATA.
- E66. An ATA must follow our ATA framework. You can find information on ATAs on [GOV.UK](#).
- E67. Apprenticeship positions offered by an ATA must comply with the apprenticeship requirements set out in paragraphs E9 to E14. If the job is with a third party, the cost of wages may be met by that third party, but the wages must be paid by the ATA.
- E68. Where the apprentice is employed by a levy-paying ATA they must follow the rules set out in this document.
- E69. Where you host an apprentice that is employed by an ATA you must not use the funds in your apprenticeship service account to pay the training and assessment costs.
- E70. Where they are a levy paying ATA these costs must be met from the ATA's own apprenticeship service account. Where the apprentice is employed by a non-levy-paying ATA, the ATA will be able to access support for training and assessment through government-EHC employer co-investment.
- E71. Group training associations that offer an ATA service to employers must follow ATA-specific rules.

## **What can be funded?**

### **Eligible costs**

- E72. The apprenticeship must be eligible for funds in your apprenticeship service account or government-employer co-investment before the individual starts. The hub contains

details of all eligible apprenticeships. Apprentices can only be enrolled against an apprenticeship standard once it is identified as 'approved for delivery' on the Institute for Apprenticeships website.

- E73. Funds from your apprenticeship service account, government-employer co-investment or the additional funds paid for 16 to 18 year olds on frameworks must only be used for eligible costs directly related to the individual apprenticeship. These funds must only be used to pay for training and assessment, including end-point assessment, to complete an apprenticeship that is eligible for funding up to the limit of the funding band.
- E74. For organisations that have been accepted onto the register of end-point assessment organisations eligible costs are set out in the conditions of acceptance document.
- E75. For main providers and the delivery of training and on-programme assessment, eligible costs are limited to the following:
- E75.1 Off-the-job training through a training provider, or evidenced costs for employer-provider delivery. This could include some or all of the training aspects of a licence to practise or non-mandatory qualification. In both cases there must be a clear overlap between this training and the knowledge, skills and behaviours needed for the apprenticeship standard.
  - E75.2 Registration, examination and certification costs associated with mandatory qualifications, excluding any licence to practise (see paragraph E75.8).
  - E75.3 Regular planned on-programme assessments (progress reviews) to discuss progress to date against the commitment statement and the immediate next steps required.
  - E75.4 Self-directed distance learning (where it forms only part of the learning experience), interactive online learning (virtual classrooms) or blended learning relating to the off-the-job training element of an apprenticeship (see paragraph E79.6).
  - E75.5 Materials (non-capital items) used in the delivery of the apprenticeship framework or standard. By materials (non-capital items) we mean the equipment or supplies necessary to enable a particular learning activity to happen. These items would not normally have a lifespan beyond the individual apprenticeship being funded.
  - E75.6 Any administration directly linked to training and assessment, including end-point assessment. This includes costs relating to the ongoing development of existing teaching materials, lesson planning, the processing of the ILR and quality assurance.
  - E75.7 Time spent by employees/managers supporting or mentoring apprentices; this must be directly linked to the apprenticeship training and assessment, including end-point assessment, and be in addition to generic line management responsibilities.

- E75.8 Additional learning and/or the cost to resit an exam linked to a mandatory qualification.
  - E75.9 Additional learning required to retake an end-point assessment.
  - E75.10 Accommodation costs for training delivered through residential modules where the residential training is a mandatory requirement for all apprentices. By mandatory we mean that there is a specific requirement in the apprenticeship standard which would apply equally to any apprentice, regardless of their location, employer or training provider. Any costs for residential modules must represent value for money.
  - E75.11 Costs of an apprentice taking part in a skills competition if you and the main provider have agreed that participation in the competition directly contributes to helping that individual achieve the apprenticeship standard.
- E76. The costs of taking part in any of the above activities may be included in the total negotiated price of training and end-point assessment, agreed between you and the main provider, and you and the end-point assessment organisation. You and the main provider agree the price of the training. You and the end-point assessment organisation agree the price of the end-point assessment.
- E77. If the total negotiated price exceeds the maximum of the funding band, then you must pay in full the difference between the band maximum and the total negotiated price.
- E78. Any of the eligible costs outlined in paragraph E75 can be bought in from a third party, including the apprentice's employer, and we will fund them. Where you are the third party then only actual costs will be funded and these must be recorded. Where the eligible cost is for the delivery of apprenticeship training and/or on-programme assessment from a third party the subcontracting rules in paragraphs E128 to E138 must be followed. Funds from an employer's apprenticeship service account or government co-investment must not be used to fund other services from a third party.

### **Ineligible costs**

- E79. For main providers and the delivery of training and on-programme assessment, ineligible costs include the following:
- E79.1 Enrolment, training provider induction, prior assessment, initial diagnostic testing, or similar activity.
  - E79.2 Travel costs for apprentices under any circumstances.
  - E79.3 Apprentice wages.
  - E79.4 Personal protective clothing and safety equipment required by the apprentice to carry out their day-to-day work.
  - E79.5 Development of original teaching materials related to the delivery of a new apprenticeship offer.

- E79.6 Off-the-job training delivered only by self-directed distance learning,
- E79.7 Any training, optional modules, educational trips or trips to professional events in excess of those required to achieve the apprenticeship framework or meet the knowledge, skills and behaviours of the apprenticeship standard. This includes training solely and specifically required for a licence to practise.
- E79.8 Any fees to third parties associated with a licence to practise. This includes registration, examination and certification costs. This applies even where a licence to practise is specified in the apprenticeship standard and assessment plan.
- E79.9 Any fees to awarding bodies for non-mandatory qualifications (qualifications that are not specifically listed in the standard). This includes registration, examination and certification costs.
- E79.10 Student membership fees that are required by professional bodies, even where linked to mandatory qualifications.
- E79.11 End-point assessment costs incurred by the training provider but not included in the price negotiated between the employer and the end-point assessment organisation.
- E79.12 English and maths up to level 2 (this is funded separately.)
- E79.13 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.
- E79.14 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 training provider. Residential costs associated with non-mandatory learning, including qualifications, are also excluded.
- E79.15 Capital purchases including lease agreements. Capital purchases are long-term assets that would have a lifespan beyond the apprenticeship being funded, such as land, buildings, machinery and ICT equipment (e.g. tablets and similar electronic devices).
- E79.16 Maintenance of capital purchases. This includes vehicle parts and labour, insurance and MOT.
- E79.17 Time spent by employees/managers supporting or mentoring apprentices, where this is not linked to the apprenticeship training and assessment, including end-point assessment.
- E79.18 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, brokerage services (to an employer or training provider) and the costs of memberships or other costs paid to employers, or their representatives, associated with procurement registers or opportunities to secure business.

- E80. You must not seek or accept inducements or any other payment not authorised by us from the training provider or an end-point assessment organisation in relation to any part of the apprenticeship programme.

### **Additional payments**

- E81. You and the main provider will receive a payment towards the additional cost associated with training if, at the start of the apprenticeship, the apprentice is:

E81.1 Aged between 16 and 18 years old (or 15 years of age if the apprentice's 16th birthday is between the last Friday of June and 31 August).

E81.2 Aged between 19 and 24 years old and has either an Education, Health and Care (EHC) plan provided by their local authority or has been in the care of their local authority as defined in paragraph E82.

- E82. A child in care is defined as:

E82.1 An eligible child - a young person who is 16 or 17 and who has been looked after by the local authority/health and social care trust for at least a period of 13 weeks since the age of 14, and who is still looked after.

E82.2 A relevant child - a young person who is 16 or 17 who has left care after their 16th birthday and before leaving care was an eligible child.

E82.3 A former relevant child - a young person who is aged between 18 and 21 (up to their 25th birthday if they are in education or training) who, before turning 18, was either an eligible or a relevant child.

- E83. To be eligible for these payments you must have evidence in respect of each apprentice before the apprenticeship starts. You must check this and either you or the apprentice must give the main provider evidence to keep in the evidence pack.

- E84. Where these payments are for apprentices aged between 19 and 24 years old at the start of their apprenticeship (see paragraph E81.2), the main provider must include consent from the apprentice to inform you that they have an EHC plan or that they have been in the care of their local authority and either:

E84.1 A signed email or letter confirmation from a local authority appointed Personal Advisor to confirm they are a care leaver; or

E84.2 Evidence of an EHC plan.

E85. Your payments will be paid to the main provider as follows:

E85.1 90 days after the apprentice starts, 50% will be paid if the apprentice is still undertaking their apprenticeship.

E85.2 365 days after the apprentice starts, the remaining 50% will be paid if the apprentice is still undertaking their apprenticeship.

E86. The main provider must pass these on in full to you within 30 working days of receiving this funding from us. Where an apprentice is employed by an ATA, any applicable additional payments will be paid to the ATA.

E87. For frameworks, the main provider will also receive an additional payment of 20% of the funding band maximum if the apprentice is aged between 16 and 18. This must only be used to fund the eligible costs described in paragraph E75. The [apprenticeship technical funding guide](#) gives more information on how uplifts are paid. Employers do not have to contribute to this additional funding.

E88. We will monitor take-up of additional payments to identify any potential fraud or gaming.

### **Care leavers bursary**

E89. Eligible apprentices will receive a £1000 payment if they have been in the care of the local authority as defined in paragraph E82.

E90. Main providers will receive the payment due to the apprentice 60 days after they start. They must pass this on in full to the apprentice within 30 days of receiving this funding from the ESFA.

E91. This is a one-off payment. An eligible apprentice must only receive this payment once. Therefore an individual must not receive this funding again if they progress to another apprenticeship or leave before the end of their apprenticeship to commence another apprenticeship. It is the main provider's responsibility to ensure that the apprentice has not received this payment previously. We will also monitor this to ensure that the apprentice only receives this payment once.

### **Extra support for small employers**

E92. The government will fund all of the apprenticeship training costs, up to the maximum value of the funding band for the apprenticeship, for employers employing fewer than 50 people if, on the first day of their apprenticeship, the apprentice is:

E92.1 Aged between 16 and 18 years old (or 15 years old if the apprentice's 16th birthday is between the last Friday of June and 31 August) .

E92.2 Aged between 19 and 24 years old and either has:

E92.2.1 An EHC plan provided by their local authority;

E92.2.2 Or has been in the care of their local authority as defined in paragraph E82.

- E93. If the price negotiated by you and the main provider is above the maximum value of the funding band for the apprenticeship, you must pay in full the difference between the band maximum and the negotiated agreed price. This cannot be funded from your apprenticeship service account.
- E94. Before any apprenticeship starts, you must have evidence that the apprentice and you are eligible for the waiving of the employer contribution. You must provide evidence that you employed an average of 49 or fewer employees in the 365 days before the apprentice was recruited (using the calculation set out in paragraph E95) and you must give this to the main provider to keep in the evidence pack.
- E95. We define the number of employees as the number of people with a contract of service. This must be calculated using the average number of employees with a contract of service in the 365 days before the apprentice is recruited. If the average number of employees is 49 and the recruitment of apprentices takes this number to 50, you will still be eligible to receive this extra support. However, if the average number of employees is 50 and the recruitment of apprentices takes this number to 51, you will not be eligible to receive this extra support.

### **Support for English and maths training**

- E96. Maths and English are essential to supporting longer-term career prospects. This is why all apprentices must be supported to gain these essential skills and secure recognised qualifications.

### **Achievement levels**

- E97. As part of our ambition for a world-class technical education system and in line with recommendations from independent experts, progression towards, and attainment of approved level 2 maths and English qualifications is an important part of the apprenticeship programme. For those undertaking a level 3 or higher apprenticeship, it is a requirement that they should hold or achieve an approved level 2 in both subjects before they can successfully complete the apprenticeship.
- E98. For apprentices undertaking a level 2 apprenticeship
- E98.1 We want as many as possible to achieve approved level 2 English and maths qualifications and we expect all apprentices to work towards level 2 in these subjects. We recognise however, that for some a level 2 may be difficult to achieve. In these circumstances, we will accept achievement of approved level 1 English and maths qualifications as sufficient for successful completion of their apprenticeship, except where the framework or standard specifies a higher level of English and/or maths must be achieved.
- E98.2 Where the apprentice already holds, or is assessed at level 1 in English and/or maths they must start, continue to study and take the test for level 2.

E98.3 For individuals with special educational needs, learning difficulties or disabilities who struggle to achieve the regular English and/or maths minimum requirement due to the nature of their difficulty or disability we will accept achievement at entry level 3 functional skills in English and/or maths (see paragraphs E110 to E116 below).

E98.4 You should make every effort to enable apprentices with special educational needs, learning difficulties or disabilities achieve the minimum English and maths requirements of the specific apprenticeship as set out in paragraphs E97 to E109, including appropriate use of access arrangements, reasonable adjustments and other approved qualifications.

## What we will fund

E99. We will fund an apprentice to achieve up to an approved level 2 qualification in English and maths where they do not already hold a suitable equivalent qualification. Acceptable equivalents are set out in a published list on [GOV.UK](https://www.gov.uk).

E100. The ESFA will pay the main provider for this at the single rate set by us for each eligible qualification undertaken. It will not be deducted from your apprenticeship service account or require co-investment.

E101. Main providers can claim funding for apprentices who have not previously attained a GCSE grade A\* to C (or 9 to 4) in English or maths (or both) on the day they start the following qualifications:

E101.1 GCSE English language or maths (or both)

E101.2 Functional skills English or maths at level 2 (or both)

E102. 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 main providers can claim funding for an apprentice to:

E102.1 Undertake and achieve English and maths qualifications of at least level 1 (functional skills level 1 or GCSE grade E or 2) before taking the end-point assessment or achieving an apprenticeship framework. Training providers must ensure that any level 1 training and tests are taken at an early stage in the apprenticeship to allow enough time to undertake training and take the level 2 test, once level 1 has been achieved.

E102.2 Start, continue to study and take the test for level 2 English and maths (functional skills level 2 or GCSE) before they complete their apprenticeship, although they do not have to achieve level 2 English and maths to complete their apprenticeship. In these circumstances, main providers can claim only for the training given. Wherever possible the apprentice must be given the opportunity to complete a level 2 and take the test.

E103. We will fund functional skills English and/or maths at level 1 or below where training

providers have conducted an initial assessment that shows the apprentice needs to study at a lower level before being able to achieve their level 2.

E104. In exceptional circumstances, we will fund:

E104.1 Re-takes of English and/or maths qualifications where apprentices receive further teaching to achieve the required English and/or maths functional skills qualification.

E104.2 Other approved qualifications (including components, where applicable) where an apprentice will need significant, additional numeracy and literacy support that is not met through immediate entry onto a GCSE or functional skills course

E105. If the apprentice is made redundant, they are allowed to continue with their English and/or maths up to and including level 2. Main providers can continue to claim funds at the published apprenticeship English and maths rates.

E106. Main providers must not claim funding from the adult education budget for English or maths undertaken by an apprentice.

E107. Any English and/or maths requirements for the achievement of an apprenticeship standard or framework not set out above must be funded from your apprenticeship service account or through government-employer co-investment.

E108. Main providers must provide evidence of prior attainment of English and maths. Guidance for obtaining acceptable evidence is provided in the evidence pack.

### **Assessment of an apprentice's current level**

E109. If an apprentice does not have acceptable evidence of previous attainment of English and/or maths training providers should carry out an assessment of their current level. The assessment must use current assessment tools based on the national literacy and numeracy standards and core curriculum.

### **Assessment for exceptions to the regular English and maths minimum requirements, for people with special educational needs, learning difficulties or disabilities**

E110. Individuals should be assessed on a case-by-case basis and should satisfy all of the following conditions:

E110.1 You and the training provider expect the apprentice to achieve all other aspects of the apprenticeship requirements, become occupationally competent and achieve entry level 3 functional skills in the adjusted subject(s) before the end of their apprenticeship.

E110.2 The apprentice has either an existing or previously issued education, health and care (EHC) plan, a statement of special educational need (SEN) or a learning difficulty assessment (LDA).

- E110.3 The training provider hold or have conducted an evidenced assessment demonstrating that even with support, reasonable adjustments and stepping stone qualifications, the apprentice, will not be able to achieve English and/or maths to the minimum level within the timeframe projected for them to complete all the occupational elements. This would apply to both frameworks and standards.
- E111. Depending on the apprentice's individual circumstances and assessment, this exception may apply to either English and maths (or both). If the exception applies to only one subject, the regular requirements for the non-adjusted subject will apply.
- E112. Although the apprentice will be exempt from the regular English and/or maths minimum requirements, training providers must plan and evidence how the apprentice will access further literacy and numeracy development, including level 1 and level 2 courses, as part of their overall training provision, if appropriate.
- E113. The assessment must be formal and structured and conducted by an appropriate professional associated with the training provider, such as the head of SEN or student support. The assessment must be conducted within eight weeks of an apprentice beginning their apprenticeship assessments must include:
- E113.1 Assessment of the apprentice's current English and maths ability.
- E113.2 Information on how the learning difficulty or disability affects the apprentice's English and maths abilities and a clear indication of whether one or both English and maths are affected.
- E113.3 Assessment of the apprentice's ability to meet the regular English and maths requirements even with appropriate support in place.
- E113.4 Creation of a recommended learning plan to enable the apprentice to achieve entry-level 3 functional skills in the adjusted subject(s) and, where appropriate, to continue to build on their literacy and numeracy skills by accessing further courses.
- E113.5 Collection of copies of an education, health and care (EHC) plan, a statement of special educational need (SEN) or a learning difficulty assessment (LDA) .
- E114. The main provider must retain all elements of the assessment in the evidence pack.
- E115. If the apprentice disagrees with the outcome of the assessment, the training provider must provide a facility for the apprentice to request a second opinion. The training provider must ensure that a second SEN professional independently reviews the assessment. The training provider may determine the format of the review process.
- E116. Where the apprentice needs to change to entry level 3 for English and/or maths due to their disability or learning difficulty the main provider should record this in the ILR as a change in the usual way.

## End-point assessments

- E117. End-point assessment is a holistic and independent assessment of the knowledge, skills and behaviours which have been learnt throughout an apprenticeship standard. The requirements for end-point assessment are set out in the assessment plan for each specific standard. Frameworks have different assessment arrangements and do not require end-point assessment.
- E118. Apprentices will not be able to achieve an apprenticeship standard without satisfying all the requirements of the assessment plan, including the end-point assessment.
- E119. An apprentice can only take the end-point assessment once they have
- E119.1 Met the minimum duration of an apprenticeship
  - E119.2 Satisfied the gateway requirements set out in the assessment plan and
  - E119.3 You (in consultation with the main provider) are content they have attained sufficient skills, knowledge and behaviours to successfully complete the apprenticeship.
- E120. You must ensure the apprentice is employed until the end-point assessment (where applicable) is completed. The only exception is where the apprentice has been made redundant and we are funding the apprenticeship to completion.
- E121. Before the apprentice reaches the gateway, you must
- E121.1 Select an end-point assessment organisation from the register of end-point assessment organisations (RoEPAO) to deliver the end-point assessment; and
  - E121.2 Negotiate a price with this organisation for the end-point assessment. Only those organisations listed on the RoEPAO will be eligible to be funded.
- E122. Although the training provider (and possibly you) will be involved in arrangements for end-point assessment, the assessment itself must be independent (subject to paragraph E123 below). Some assessment plans give the employer and the training provider specific roles but, with the exception of integrated standards, training providers who have delivered the training cannot make an end-point assessment judgement for that same group of apprentices.
- E123. The end-point assessment organisation for an integrated degree standard may also be the training provider, although the assessment must be conducted by someone who has not been involved in the delivery of the apprenticeship.
- E124. The main provider must contract with the end-point assessment organisation that has been selected by you and lead the relationship with them including where the delivery of apprenticeship training is subcontracted. This allows the main provider, on your behalf, to make payment to the end-point assessment organisation for conducting the end-point assessment. The written agreement must set out the arrangements for sharing relevant information about the apprentice so end-point assessment and certification can take place, including arrangements for any re-takes

and payments. This should also include arrangements for a change of circumstances, which may delay, or lead to the cancellation of, the end-point assessment.

- E125. You must ensure that the price you agree with the main provider for the apprenticeship includes the amount that you have negotiated with the end-point assessment organisation for end-point assessment. This includes the cost of external quality assurance, which involves an external body (either the [Institute for Apprenticeships](#) or a body approved by it) ensuring consistency of quality and approach to end-point assessment against a particular standard, regardless of which end-point assessment organisation has carried it out. Costs for external quality assurance will depend on the body undertaking it. You must ensure that you engage actively with any request for information from the external body, where applicable.
- E126. Eligible costs for end-point assessment organisations are set out in [the conditions of acceptance](#) for organisations on the RoEPAO.
- E127. We expect that the cost of end-point assessment should not usually exceed 20% of the funding band maximum. This does not mean that end-point assessment must cost 20%; the cost that individual employers will pay for assessment varies between standards and we expect you to negotiate with assessment organisations to secure value for money. Where the total negotiated price is higher than the funding band maximum the difference must be paid by you.

## Contracting and subcontracting

### Main providers directly delivering training or on-programme assessment

- E128. Funding for all elements of each apprenticeship will be routed through a single main provider that you have chosen. This includes funding for English and maths.
- E129. You must ensure that the main provider that you contract with directly delivers some of the apprenticeship training and/or on-programme assessment associated with your apprenticeship programme. By apprenticeship programme we mean the apprentices that are being trained for you by your chosen main provider. The volume of training and/or on-programme assessment that the main provider directly delivers for you must have some substance and must not be a token amount to satisfy this rule. It must not be limited to a brief input at the start of your apprenticeship programme or involve delivery to just a few of a large number of apprentices. You can find further information in [Using subcontractors in the delivery of apprenticeships](#).
- E130. Where you ask them to use delivery subcontractors they must satisfy one of the following three criteria:
- E130.1 They are on the published register of apprenticeship training providers and have applied by the main or supporting provider application routes.
  - E130.2 They are you or one of your connected companies or charities as defined by HMRC and are on the published register of apprenticeship training

providers, having applied through the employer-provider application route.

E130.3 They are not on the published register of apprenticeship training providers but will deliver less than £100,000 of apprenticeship training and on-programme assessment under contract across all main providers and employer-providers between 1 April and 31 March each year.

E131. We will notify you if the training provider is removed from the register of apprenticeship training providers. We will stop payments to the main provider three months from the date of this notification unless the main provider has successfully entered the register. You must give the main provider three months' notice to terminate the contract with them.

E132. Where you are the delivery subcontractor you must only report actual costs of delivery.

### **Your written agreement with the main provider**

E133. You must agree with a main provider where delivery subcontractors are used and you must have a written agreement in place with the main provider setting out the following for the delivery of your apprenticeship programme.

E133.1 The apprenticeship training and/or on-programme assessment that they will directly deliver.

E133.2 The amount of funding they will retain for their direct delivery.

E133.3 The apprenticeship training and/or on-programme assessment that each delivery subcontractor will contribute to your apprenticeship programme.

E133.4 The amount of funding the main provider will pay each delivery subcontractor for their contribution.

E133.5 The amount of funding the main provider will retain to manage and monitor each delivery subcontractor.

E133.6 The support the main provider will provide each delivery subcontractor in exchange for the amount of funding they will retain.

E133.7 The monitoring they will undertake to ensure the quality of the apprentice training and/or on-programme assessment they have contracted their delivery subcontractors to carry out.

E133.8 Any actual or perceived conflict of interest between them and any delivery subcontractors.

### **Special conditions for all instances where the employer is the delivery subcontractor**

E134. Where the employer is the delivery subcontractor the main provider must only pay

you for actual costs of delivery. Employers must not profit from apprenticeship delivery to their own employees.

## **Disputes and issue resolution between the employer and main provider**

- E135. The main provider is responsible for resolving issues and disputes between you and their delivery subcontractors. Training providers and assessment organisations must provide you and your apprentices with their written complaints and dispute resolution procedure, policy and process. The first contact point for this must be included in the written agreement and in the commitment statement.
- E136. Agreements entered into between you and the main provider are legal agreements and dispute resolution should be in accordance with the terms of the written agreement and ultimately would be enforceable through the courts.
- E137. You and your apprentices must be made aware by the main provider that you can contact the apprenticeship helpline regarding apprenticeship concerns, complaints and enquiries. The contact number and website must also be included in the written agreement and in the apprentice's commitment statement.
- E138. If you are unable to resolve your complaint with the main provider you may make a complaint in accordance with the ESFA's procedure for dealing with complaints about training providers.

## **Paying for an apprenticeship**

### **The price of an apprenticeship**

- E139. You and your main provider must negotiate a price for the total cost of each apprenticeship, including the training costs and any subcontracted training. The price for apprenticeship standards must include the cost of the end-point assessment which you must negotiate with the end-point assessment organisation. The negotiated price of apprenticeship frameworks will include on-programme assessment.
  - E139.1 When negotiating a price with the main provider you must ensure that the main provider has reduced the content, duration and price of the apprenticeship to account for prior learning necessary to achieve the apprenticeship. The main provider must conduct a thorough assessment of the apprentice's prior learning. Funds must not be used to pay for knowledge, skills and behaviours already attained by the apprentice.
  - E139.2 If you negotiate a price that is more than the maximum allowed by the funding band for the chosen apprenticeship, then you must pay, in full, the difference between the band maximum and the negotiated price. This must not be funded from your apprenticeship service account or co-investment. Main providers may charge VAT on the difference. The funding bands, and standards and frameworks placed within them, may be subject to change.

- E140. The main provider must not offset the negotiated price with the costs of any service provided by you. If you are legitimately delivering relevant training or an eligible cost supported by these rules then this must be included into the overall price. The cost of the apprenticeship must be transparent.
- E141. Once the price has been negotiated, we do not expect the total price of the apprenticeship to change. The only exceptions to this are when there is a change of circumstances or when the end-point assessment cost is not known at the start of the apprenticeship. We will monitor changes of price and patterns of behaviour to identify fraudulent activity. The 'changes to the apprenticeship, main provider or employer' section (see paragraphs E209 to E226) has further details on changes of circumstances.

### **Accounting for prior learning**

- E142. Funds must not be used to pay for training for skills, knowledge and behaviours already attained by the apprentice. We may take action to recover apprenticeship funding where this happens.
- E143. Your main provider must account for prior learning when negotiating the price with you. They must reduce the content, duration and price, where the individual has prior learning necessary to achieve occupational competence. They should explain to you how the price has been reduced.
- E144. Your main provider must thoroughly assess the apprentice's existing knowledge, skills and behaviours against those required to achieve occupational competence. Where applicable, they will include in their appraisal any knowledge, skills and behaviours gained from the following:
- E144.1 Work experience, particularly where the apprentice is an existing employee.
  - E144.2 Prior education or training and associated qualifications in a related sector subject area.
  - E144.3 Any previous apprenticeship undertaken.

### **Employer co-investment**

- E145. Where the monthly cost of apprenticeship training cannot be fully met by funds from your apprenticeship service account (because there are insufficient funds), you must co-invest 10% of the outstanding balance for that month.
- E146. If you do not pay the apprenticeship levy you must also co-invest 10% of the cost of apprenticeship training. The government will pay the remaining 90% up to the funding band maximum. Where the funding band maximum is exceeded you must pay all the additional costs.

- E147. Main providers will need to invoice you separately for any employer co-investment, including any VAT.
- E148. You may agree a schedule of co-investment payments with the main provider which does not match payments made by us each month but this should ensure that your contributions are at least equal to the required 10% every three months when main providers report your contributions.
- E149. Main providers will need to show to us that they have received your co-investment payments to justify the government's contribution. If they cannot do that then we may withhold payments. Where you are required to pay co-investment, this must be a transfer of funding visible in the main provider's financial systems. This will typically be in the form of a main provider invoice and corresponding employer payment.
- E150. You must not seek or accept any refund, in total or in part, of your co-investment contribution.
- E151. The only exceptions to employer co-investment are for:
- E151.1 English and maths to achieve the required government standard (see paragraphs E96 to E116).
  - E151.2 Where you employ fewer than 50 people and meet the requirements set out in paragraphs E92 to E95.
  - E151.3 Any learning support for the apprentice (see paragraph E61).
  - E151.4 Where you deliver to your own staff as an employer-provider.

### **When payments are made**

- E152. We will pay the main provider 80% of the negotiated price up to the maximum value of the funding band, in equal monthly instalments according to the planned duration of the apprenticeship regardless of how training is scheduled over the duration of the apprenticeship. The deductions from your apprenticeship service account will mirror these payments where funds are available.
- E153. We will pay the remaining balance of the negotiated price, up to the maximum value of the funding band, to the main provider when the apprentice has undertaken all the activity relevant to the apprenticeship, including:
- E153.1 All mandatory elements of the framework; or
  - E153.2 Completing all elements of the end-point assessment for standards.
- E154. The deductions from your apprenticeship service account will mirror these payments where funds are available.

## Funds in your apprenticeship service account

- E155. You must only add PAYE schemes for you or your connected companies or charities (according to [HMRC's definition](#)) to your apprenticeship service account.
- E156. Public bodies cannot usually be connected for apprenticeship levy purposes. If you are setting up an apprenticeship service account for a public body, you should only add the PAYE scheme or schemes for one employer, that is, a government department, local authority or non-ministerial department.
- E157. There are some exceptions where public bodies are considered to be corporate bodies, companies or charities. If your organisation is connected as defined by [HMRC employment allowance connection rules](#) and shares one apprenticeship levy allowance, then you could set up an account with another connected employer.
- E158. We will monitor accounts to check that PAYE schemes are properly used. If we have any questions, we may ask you to provide evidence that the employers sharing an apprenticeship service account are connected.
- E159. You must:
- E159.1 Remove PAYE schemes from your apprenticeship service account that are no longer operated by the employer associated with the account (or leave the group of connected companies).
  - E159.2 Ensure the PAYE scheme for the apprentice's employer is associated with the same apprenticeship service account which records the apprenticeship for them.
  - E159.3 Only register with the apprenticeship service for the purpose of accessing funds where you have a realistic expectation of paying the levy in that financial year.
  - E159.4 Manage users associated with your account including:
    - E159.4.1 Removing users who are not authorised to act on your behalf.
    - E159.4.2 Controlling who can add users.
- E160. Where your apprenticeship service account is used to fund training and assessment, you are responsible for recording the required details of the apprenticeship in your account. You can give the main provider permission to enter this information on your behalf but you will need to authorise the apprentice details so we can use your apprenticeship service funds to pay for that apprentice's apprenticeship.
- E161. Only you can confirm the spending of funds from your apprenticeship service account. You must not delegate this function to the main provider and they must not take on this responsibility.

- E162. You must not allow any third party to authorise payments through your apprenticeship service account.
- E163. To be funded from your apprenticeship service account, the data entered into the apprenticeship service account must correspond with the information submitted by the main provider to us each month through the ILR. Payments to your chosen main provider will only be made if these details match.
- E164. If we withhold payments to the main provider because there is not a match, we will reconcile the payments due to the main provider when the data matches and make the corresponding changes to your apprenticeship service account.
- E165. You must not ask for, or demand, a fee from a training provider or an intermediary for access to funds in your apprenticeship service account.
- E166. As a result of retrospective changes to the amount of apprenticeship levy declared to HMRC, the balance in your apprenticeship service account could go up or down. If an adjustment reduces your balance to a negative value which persists, the ESFA may ask you to pay the ESFA this value, discounted by the co-investment rate in place when the apprenticeship started. We will provide you with details of this payment including the value due and when to make a payment.
- E167. If your organisation is subject to structural changes, including mergers and acquisitions, you must contact us.

### **Qualifying days for funding**

- E168. To qualify for any funds (including learning support) from your apprenticeship service account or government-employer co-investment, the apprentice must be in learning for a minimum of 42 days between the learning start date and learning planned end-date (which for standards is called the final day in legislation).
- E169. Where funding is paid for an apprentice who does not subsequently meet the qualifying period, we will recover the funding from the main provider. These funds will be returned to your apprenticeship service account.

### **State aid**

- E170. Funds that training providers receive from, and in, your apprenticeship service account and government top-ups to funds in your apprenticeship service account, government-employer co-investment and additional payments, do not fall within the scope of state aid control from 1 August 2018 to 31 July 2019.
- E171. The waiving of the employer contribution for small employers is subject to state aid regulations.
- E172. Transfers of funds are subject to State Aid regulations. For any transfer you

receive, 10% of the transferred funds will count towards your de minimis state aid limit.

- E173. You must complete a state aid declaration for funding you receive. You must give this to the main provider to keep in the evidence pack. If you have any concerns about exceeding your state aid limit, please contact your main provider for further guidance.

## **Apprenticeships funded by transfer of levy funds**

### **Introduction for all employers**

- E174. Levy-paying employers are now able to transfer up to 10% of their levy funds, which were declared for the previous tax year, to other employers, including apprenticeship training agencies (ATAs). The 10% allowance will be calculated from the total amount of levy declared during the previous tax year, with the English percentage applied, plus the 10% government top-up payment. This allowance is recalculated every tax year and any unused allowance will not be carried forward.
- E175. Employers receiving transferred funds will only be able to use them to pay for training and assessment for apprenticeship standards, for new starts from 1 May 2018. Employers will not be able to use transferred funds to pay for training and assessment for apprenticeship frameworks or apprentices that started before 1 May 2018.
- E176. 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:
- E176.1 16-18 years old; or
  - E176.2 An eligible 19-24 year old.

### **Rules for sending employers**

- E177. A sending employer is a levy-paying employer who wishes to transfer levy funds in their apprenticeship service account to another employer to support their delivery of an apprenticeship standard starting from 1 May 2018. These funds can only be used for the cost of apprenticeship training and assessment.
- E178. We will calculate the transfer allowance around the start of each tax year (the calculation is based on the period 12 levy figure declared to HMRC). The 10% transfer allowance is calculated on declared levy multiplied by the English percentage, along with the 10% automatic top up from government.
- E179. If you are part of an account with connected organisations your 10% transfer allowance will be calculated from the total levy declared by all organisations included within the account at the time of the calculation. You will not have an individual transfer account.

- E180. Provided you do not exceed the 10% transfer cap, you are able to transfer funds to any number of employers<sup>3</sup>.
- E181. To send a transfer you must re-sign the ESFA employer agreement, which has been updated to include transfers.
- E182. You must agree with the receiving employer which apprenticeship standard their chosen apprentice will be undertaking and the price that they have agreed with their chosen main provider and end-point assessment organisation. You will need to confirm these details through the apprenticeship service and ensure you do not exceed your 10% transfer cap.
- E183. By agreeing to fund an apprenticeship with a transfer you are committing to fund the apprenticeship over its entire duration until completion. You will need to ensure that you will have enough transfer allowance to cover these costs over the relevant number of years. You will not be able to stop payments once you have approved the apprenticeship on the apprenticeship service and transfer payments will be deducted from your levy account first, prior to your own apprenticeships.
- E184. The transfer amount should cover 100% of the eligible training and assessment costs, up to the funding band maximum, of the apprenticeship standard. This does not include English and maths training up to and including level 2, which is funded separately.
- E185. You cannot jointly fund an apprenticeship with another levy-paying employer.
- E186. 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:
- E186.1 16-18 years old; or
- E186.2 An eligible 19-24 year old.
- The eligibility criteria are detailed in the extra support for small employers section (paragraphs E92 to E95).
- E187. You must not impose conditions on the transfer, such as choosing the receiving employer's training provider or end-point assessment organisation for them.
- E188. You must not seek or accept any incentives or inducements or any other payments not authorised by us in exchange for sending a transfer.
- E189. If you are a training provider who is also a levy-paying employer, you must not deliver training to apprentices you are funding through a transfer. This includes where you are acting as a main provider or a subcontractor.

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<sup>3</sup> The number of employers that you can transfer funds to is temporarily limited as the new functionality is introduced. Roll out details will be communicated on the transfers page on [GOV.UK](https://www.gov.uk).

- E190. The funds that you transfer will retain their initial date of expiry; the date of transfer will not affect this.
- E191. As a sending employer, you will not be able to receive any transferred funds from another levy-paying employer, while you are funding a transfer.

### **Rules for receiving employers**

- E192. A receiving employer is any (levy-paying or non-levy paying) employer who receives a transfer of funds from a levy-paying employer.
- E193. You cannot use a transfer to fund an apprenticeship if you are eligible for full government funding because you have fewer than 50 employees and your apprentice is:

E193.1 16-18 years old; or

E193.2 An eligible 19-24 year old.

The eligibility criteria are detailed in the extra support for small employers section (paragraphs E92 to E95).

- E194. As a transfer of funds will not take place and the apprenticeship will be 100% funded by government, you must not enter these apprenticeships on your apprenticeship service account.
- E195. For the purposes of apprenticeships funded by a transfer, the receiving employer is treated as a levy-paying employer.
- E196. To receive a transfer you must sign the ESFA [employer agreement](#) and ensure apprenticeships funded by a transfer follow the rules in this document.
- E197. The transfer amount you receive should cover 100% of the eligible training and assessment costs, up to the funding band maximum, of the apprenticeship standard. This does not include English and maths training up to and including level 2, which is funded separately.
- E198. You will need to set up an apprenticeship service account, if you do not already have one. You will need to enter details of the apprenticeship that the transferred funds relate to. If you are not a levy-paying employer then you can only use this account for apprentices funded through transferred funds - if any apprentices, which are not funded through transfers, are entered then all payments will be suspended and you will be notified. Once you have rectified your data the suspension of payments will be lifted.
- E199. If you already have an apprenticeship service account, you may use this to receive a transfer.
- E200. Apprenticeships that are not being funded through either a transfer, or your own levy funds from your apprenticeship service account, must be delivered by a main provider who has a contract with us. These apprenticeships must:

- E200.1 Be funded by government-employer co-investment; and
- E200.2 Not be entered on your apprenticeship service account.
- E201. The rules on what apprenticeship funding can be spent on are set out in the eligible costs section at paragraph E75.
- E202. Before entering the details on your apprenticeship service account, you must:
  - E202.1 Agree with the sending employer and the main provider which apprenticeship standard your apprentice will be undertaking; and
  - E202.2 Confirm the price that you have negotiated with your main provider. All parties will need to approve these details through the apprenticeship service.
- E203. If you are a levy-paying employer, you must not transfer funds to other employers while you are in receipt of transferred funds.
- E204. You must not provide any incentives or inducements or any other payments not authorised by us in return for receiving a transfer.

### **If the total cost cannot be covered by the transfer**

- E205. If you do not pay the levy or have exhausted the levy funds in your apprenticeship service account, and at any point the 'sending' employer has insufficient funds to cover the cost of your apprenticeship training you must pay co-investment to your main provider for the remainder.
- E206. If you are a levy-paying employer, if at any point the 'sending' employer has insufficient funds to cover the cost of your apprenticeship training and you have sufficient levy funds available then these funds will automatically be used before you enter co-investment.
- E207. If the total negotiated price of the apprenticeship exceeds the funding band maximum, you must pay all additional costs.

### **Monitoring**

- E208. We will monitor transfer activity to ensure apprenticeship funding is used appropriately, and may take action were you do not meet the terms and conditions of using apprenticeship funding. These terms and conditions are set out in these funding rules and the ESFA employer agreement.

### **Changes to the apprenticeship, main provider or employer**

- E209. If any circumstances change that affect any agreement made between you and the main provider, you must revise existing agreements or create new agreements. This includes:

- E209.1 Changes to price;
  - E209.2 Changes to the apprentice's eligibility;
  - E209.3 Any updates required to your apprenticeship service account;
  - E209.4 Changes to the apprentice's contract or working pattern;
  - E209.5 Changes to the apprenticeship duration.
- E210. The apprentice may take a break in learning where they plan to return and this is agreed with you. This could include medical treatment, parental leave or personal reasons. Annual leave, public holidays and short-term absences (up to 4 weeks) must not be recorded as breaks in learning. You should revise the Apprenticeship Agreement if required.
- E211. We will stop making payments from funds in your apprenticeship service account or government-employer co-investment if an apprentice has a break in learning. You (through your apprenticeship service account) or your main provider must inform us if an apprentice takes a break in learning.
- E212. If an apprentice is on a break in learning when an additional payment is due, the payment will be delayed until the apprentice resumes their apprenticeship and has reached an overall total of 90 or 365 days in learning.
- E213. We will monitor take-up of additional payments and unusual patterns of activity to identify any potential fraud or gaming.

### **Where training or assessment stops**

- E214. Where a change of circumstance means that training and/or assessment is no longer being delivered, no further funds from your apprenticeship service account, government-employer co-investment or additional payments will be made.
- E215. In these circumstances you must agree with the main provider the cost of the training and, where applicable, the end-point assessment delivered to date. The main provider must ensure that you have paid any mandatory co-investment due for any training or end-point assessment already delivered.
- E216. You may alert us through your apprenticeship service account at any time, if training and/or assessment is no longer being delivered.
- E217. When a change of circumstance results in over-payment of funds from your apprenticeship service account or government-employer co-investment, any over-payment must be repaid by the main provider to us. We will then credit the appropriate funds to your apprenticeship service account. The main provider must follow the arrangements set out in their agreement with you for any over-payment by you.

E218. You must agree with the main provider any reimbursement of your co-investment made for learning paid for, but not undertaken, or learning delivered, but not yet paid up to the employee's leave date, or the date of their break in learning, as needed.

E219. If any change of circumstances is not included in this section, you should seek advice from us about what action you should take. Please email our Business Operations Service Desk [SDE.servicedesk@education.gov.uk](mailto:SDE.servicedesk@education.gov.uk).

### **Summary of action following a change in employer, apprentice or training provider circumstances**

#### **Actions to take when there is a change in price where the employer negotiates a revised training or assessment cost, or assessment cost is added after the start of the programme.**

E220. Both the employer and main provider must:

E220.1 Agree a new price.

E220.2 Confirm the new price on the apprenticeship service.

E220.3 Where the apprenticeship is funded by a transfer, all parties including the sending and receiving employers will need to agree the new apprenticeship in the apprenticeship service.

E220.4 Revise agreements and/or the commitment statement as required (see E209).

E221. The main provider must:

E221.1 Update the price on the ILR.

#### **Effect on funding**

After applying the funding band limit, we will hold 20% of the new total price back as the completion payment and deduct any funding already received. The remainder will be spread equally over the remaining planned duration. Additional payments are unaffected.

#### **Actions to take where there is a break in learning where the apprentice requires a break in their apprenticeship, for example illness, maternity, or other personal reasons**

E222. The employer must:

E222.1 Notify the main provider that the apprentice will be absent for a period of time.

E222.2 Stop payments through their apprenticeship service account.

E222.3 Re-active the apprenticeship in their apprenticeship service account when the apprentice returns to learning.

E222.4 Extend the practical period of the apprenticeship agreement as required.

E223. The main provider must:

E223.1 Record the break and restart dates in the ILR.

E223.2 Agree a revised price, if required, with the employer when the apprentice resumes learning and this must be entered on the new programme aim in the ILR. If a different price had been entered previously on the employer's apprenticeship service account, the revised price must also be entered here, on or before the new start date.

#### **Effect on funding**

Funding from an employer's apprenticeship service account or government co-investment stops until apprentice resumes their apprenticeship. Funding is capped across both period of learning so that overall earnings do not exceed the funding band maximum. Funding will recommence based on the new start date in the ILR. All additional payments stop until apprentice resumes their apprenticeship. Any additional payments already made are retained.

**Actions to take where the apprentice withdraws from the apprenticeship, where the apprentice is no longer employed by the employer and has withdrawn from their programme (not redundancy) OR the apprentice chooses to withdraw to prior completion but remains with the same employer.**

E224. The employer must:

E224.1 Notify the main provider that the apprentice has left.

E224.2 Stop payments through their apprenticeship service account. This includes where the apprenticeship is funded by a transfer.

#### **Effect on funding**

Funding from an employer's apprenticeship service account or government co-investment stops. The employer co-investment should be reconciled to the date of withdrawal and a balancing payment may be made by us. All additional payments stop until apprentice resumes their apprenticeship. Any additional payments already made are retained.

**Action to take where the apprentice starts a new role with the same employer and requires a different apprenticeship programme and the training provider remains the same**

E225. Both the employer and main provider must:

- E225.1 Agree a new price for training and assessment for the new apprenticeship, taking into account relevant learning from the first apprenticeship.
- E225.2 Enter the details of the new programme, price and effective date on the apprenticeship service.
- E225.3 Where the apprenticeship is funded by a transfer, all parties including the sending and receiving employers will need to agree the new apprenticeship in the apprenticeship service.

**Effect on funding**

Funding from an employer's apprenticeship service account or government co-investment stops. Any employer co-investment should be reconciled to the date of withdrawal and a balancing payment may be made by us. Funding from an employer's apprenticeship service account or government co-investment for the second programme is made for the new programme. Each programme price is capped separately. Additional payments are received once for each apprenticeship.

**Action to take where the employer selects a different main provider where the apprenticeship remains the same**

E226. Both the employer and new main provider must:

- E226.1 Negotiate a new price, as set out in these funding rules.
- E226.2 Update the apprenticeship service with the new price, new main provider and effective date.
- E226.3 Where the apprenticeship is funded by a transfer, all parties including the sending and receiving employers will need to agree the new apprenticeship in the apprenticeship service.

## **Effect on funding**

Funding from an employer's apprenticeship service account or government co-investment to the first main provider stops. Payments due to the first main provider are reconciled. Funding from an employer's apprenticeship service account or government co-investment for the second programme is made to the new main provider. The funding band cap and minimum duration will apply to the total cost across both main providers.

The employer continues to receive additional payments. The original main provider retains any additional payments already made. Any remaining main provider additional payments not paid to the original main provider can be paid to the new main provider.

The number of days in learning with the first main provider are added to the days in learning with the new main provider to calculate when payments are due.

## **Annex A: Eligibility criteria (who we fund)**

E227. To use funds in the employer's apprenticeship service account or government-employer co-investment, the individual must have a valid and eligible residency status.

### **Residency eligibility**

E228. Any individual, or relevant family member, who has applied for an extension or variation of their current immigration permission in the UK is still treated as if they have that leave. Keeping this permission applies as long as the application was made before their current permission expired. Their leave continues until the Home Office make a decision on their immigration application.

E229. An individual, or relevant family member, is considered to still have the immigration permission that they held when they made their application for an extension. Their eligibility would be based upon this status.

### **EEA citizens**

E230. An EEA citizen is eligible for funding if they:

E230.1 Are a citizen of a country within the European Economic Area (EEA) (including other countries determined to be within the EEA or those with bilateral agreements); and

E230.2 Have the right of abode in the UK, and have been ordinarily resident in the EEA (including other countries determined to be within the EEA or those with bilateral agreements) for at least the previous three years on the first day of the apprenticeship.

E231. The European Economic Area (EEA) includes all the countries and territories listed below (from paragraph E256)

E232. Nationals of any EU (or EEA) countries who have been ordinarily resident in the EEA (including other countries determined to be within the EEA or those with bilateral agreements) for at least the previous three years before the first day of the apprenticeship must be treated equally to UK residents while the UK remains part of the EU. The ESFA expects that this will remain the case for the full funding year 1 August 2018 to July 2019.

E233. The eligibility of individuals who do not meet the requirements in paragraph E230 is stated below.

### **Non-EEA citizens**

E234. A non-EEA citizen is eligible for funding if they have permission from the UK government to live in the UK (not for educational purposes), and have been ordinarily resident in the UK for at least the previous three years before the start of the

apprenticeship

## **Individuals with certain types of immigration status and their family members**

E235. Any individual with any of the statuses listed below, is eligible to receive funding and is exempt from the three-year residency requirement rule. You must have seen the individual's immigration permission in these circumstances.

E235.1 Refugee status.

E235.2 Discretionary leave to enter or remain.

E235.3 Exceptional leave to enter or remain.

E235.4 Indefinite leave to enter or remain.

E235.5 Humanitarian protection.

E235.6 Leave outside the rules.

E235.7 The husband, wife, civil partner and child of any of the above in this paragraph (that is E235.1 to E235.6) .

E236. The individual's immigration permission in the UK may have a 'No recourse to public funds' condition. This does not include education or education funding, so this does not affect an individual's eligibility, which must be decided under the normal eligibility conditions.

## **Asylum seekers**

E237. Asylum seekers are eligible to receive funding if they:

E237.1 Have lived in the UK for six months or longer while their claim is being considered by the Home Office, and no decision on their claim has been made; or

E237.2 Are in the care of the local authority and are receiving local authority support under section 23C or section 23CA of the Children Act 1989 or section 21 of the National Assistance Act 1948.

E238. An individual who has been refused asylum will be eligible if they:

E238.1 Have appealed against a decision made by the UK government against granting refugee status and no decision has been made within six months of lodging the appeal; or

E238.2 Are granted support for themselves under section 4 of the Immigration and Asylum Act 1999; or

E238.3 They are in the care of a local authority and are receiving local authority support for themselves under section 23C or section 23CA of the Children Act 1989.

## Family members of EU and EEA nationals

E239. In the explanations below, the ‘principal’ is the European Union (EU) or EEA national. The ‘family’ or ‘family member’ is the apprentice, and must be the husband, wife, civil partner, child, grandchild, dependent parent or grandparent of the ‘principal’.

E240. If the individual, who is a family member of an EEA national, has been ordinarily resident in the EEA for the three years prior to the start of their course, they are eligible for funding.

E241. This table shows the eligibility for family members if:

E241.1 The family member is now ordinarily resident in England, but has not been ordinarily resident in the EEA for at least the previous three years before the start of learning; and

E241.2 The principal has been resident within the EEA for the last three years.

		Principal ordinarily resident in the EEA for three years		
		EU (including UK) citizen	Non-EU EEA citizen	Non-EEA citizen
Family member not ordinarily resident in the EEA for three years	EU (including UK) citizen	Eligible	Eligible	Not eligible
	Non-EU EEA citizen	Eligible	Not eligible	Not eligible
	Non-EEA citizen	Eligible	Not eligible	Not eligible

## Children of Turkish workers

E242. A child of a Turkish worker is eligible if;

E242.1 The Turkish worker is ordinarily resident in the UK; and

E242.2 The Turkish worker is, or has been, lawfully employed in the UK; and

E242.3 The child has been ordinarily resident in the EEA and/or Turkey for the full three-year period before the start of their programme.

## **Persons granted stateless leave**

E243. A person granted stateless leave is a person who has:

- E243.1 Extant leave to remain as a stateless person under the immigration rules (within the meaning given in section 33(1) of the Immigration Act 1971); and
- E243.2 Been ordinarily resident in the UK and Islands throughout the period since the person was granted such leave. The UK and Islands are; England, Scotland, Wales, Northern Ireland, the Channel Islands and the Isle of Man.

E244. A stateless person must:

- E244.1 Be ordinarily resident in the UK on the first day of the apprenticeship; and
- E244.2 Have been ordinarily resident in the UK and Islands throughout the three-year period preceding the first day of the apprenticeship.

E245. Certain family members are also eligible under this category:

- E245.1 The spouse or civil partner of a person granted stateless leave (and who was the spouse or civil partner of that person on the leave application date), who is ordinarily resident in the UK on the first day of the apprenticeship, and who has been ordinarily resident in the UK and Islands throughout the three-year period preceding the first day of the apprenticeship;
- E245.2 Or the child of a stateless person or of the stateless person's spouse or civil partner (and who was the child of that stateless person or the child of the stateless person's spouse or civil partner on the leave application date), was under 18 on the leave application date, is ordinarily resident in the UK on the first day of the apprenticeship, and has been ordinarily resident in the UK and Islands throughout the three-year period preceding the first day of the apprenticeship.

E246. "Leave application date" means the date on which a persons granted stateless leave made an application to remain in the UK as a stateless person under the immigration rules (within the meaning given in section 33(1) of the Immigration Act 1971).

## **Those in the armed forces or outside of England**

E247. As an exception, we will also allow the following individuals to be funded from an employer's apprenticeship service account or using government-employer co-investment:

- E247.1 Armed forces and Royal Fleet Auxiliary personnel to undertake a statutory English apprenticeship wherever they are based in the United Kingdom.

- E247.2 Members of other nations' armed forces stationed in England and their family members, where the family member has a right to work in the United Kingdom, if the armed forces' individual has been ordinarily resident in England for three years. We will not fund family members that stay outside of England.
- E247.3 Apprentices whose occupation involves significant travel outside of the UK as part of their job (such as in travel or tourism) or work offshore (such as on an oil platform) and they have an identified registered work location in England. You must not claim for the additional expense of delivering learning outside of England.

### **Further information for 16 to 18 year-olds**

- E248. 16- to 18-year-olds are eligible to be funded for an apprenticeship if any of the following clauses apply.
- E248.1 They are accompanying or joining parents who have the right of abode, leave to enter or leave to remain in the UK (or accompanying or joining parents who are EEA nationals).
- E248.2 They are the children of diplomats.
- E248.3 They are the children of teachers coming to the UK on a teacher exchange scheme.
- E248.4 They are entering the UK (where not accompanied by their parents) and are British (or EEA) citizens.
- E248.5 They have a passport that has been endorsed to either show they have the right of abode in the United Kingdom or to show that they have no restrictions on working in the UK.
- E248.6 They are an asylum seeker.
- E248.7 They are placed in the care of the local authority.
- E248.8 They meet the requirements for any other eligible category in this document.
- E249. You can find further information on eligibility from the UK Council for International Student Affairs (UKCISA).

### **Countries or areas where residency establishes eligibility for our funding**

- E250. Member states of the European Union. You can access a list of European Union (EU) member states on the EU website.

E251. Other territories are categorised as being within the European Union for the purposes of the fees regulations; these are as follows.

E251.1 Cyprus: any Cypriot national living on any part of the island qualifies for EU residency and is considered an EU national

E251.2 Finland: includes the Aland Islands

E251.3 France: the French Overseas Department (DOMS) (Guadeloupe, Martinique, French Guiana (Guyana), Reunion and Saint-Pierre et Miquelon) as part of metropolitan France

E251.4 Germany: includes the former German Democratic Republic and the tax-free port of Heligoland

E251.5 Portugal: includes Madeira and the Azores but not Macau

E251.6 Spain: includes the Balearic Islands, the Canary Islands, Ceuta and Melilla

E251.7 United Kingdom: includes Gibraltar

E252. The Channel Islands and Isle of Man are part of the United Kingdom and Islands but not part of the EU. The Channel Islands and Isle of Man are not classed as part of England for apprenticeship funding purposes. The UK, Channel Islands and Isle of Man are collectively referred to as the "UK and Islands".

E253. Andorra, Monaco, San Marino and the Vatican are not part of the EU.

E254. For funding eligibility purposes, EEA and eligible overseas dependent territories are defined as all member states of the EU and Iceland, Liechtenstein, Switzerland, Norway and all the eligible British Overseas Territories and EU overseas territories (listed in paragraph E256 below).

E255. Although Switzerland is not part of the formally recognised EEA, its nationals are eligible under various international treaties signed by the UK and Swiss governments.

E256. Individuals who are nationals of certain British Overseas Territories and of certain European overseas territories are eligible for funding, ensuring they comply with the three-year rule on residence in the EEA. These are as follows.

- Anguilla
- Bermuda
- British Antarctic Territory
- British Indian Ocean Territory
- British Virgin Islands
- Cayman Islands
- Falkland Islands
- Henderson Island
- Montserrat
- Pitcairn, Ducie and Oeno Islands
- South Georgia and the South Sandwich Isles

- St Helena and its dependencies
- Turks and Caicos Islands
- Greenland and Faroe Isles
- Antilles (Bonaire, Curacao, Saba, St Eustatius and St Maarten)
- Aruba
- New Caledonia and its dependencies
- French Polynesia
- Saint Barthélemy
- The Territory of Wallis and Futuna Islands
- Mayotte
- French Southern and Antarctic Territories

## Glossary

<b>Apprenticeship</b>	<p>An apprenticeship is a job with an accompanying skills development programme. This includes the training and (where required) end-point assessment for an employee as part of a job with an accompanying skills development programme.</p> <p>The full definitions of (i) an English apprenticeship (frameworks) and (ii) an approved English apprenticeship (standards) can be found in Part 1 of the <a href="#">Apprenticeships, Skills, Children and Learning Act 2009</a>.</p>
<b>Apprenticeship agreement</b>	<p>An <a href="#">apprenticeship agreement</a> between an employer and an apprentice, either in accordance with the <a href="#">Apprenticeships, Skills, Children and Learning Act 2009</a> sections 32 to 36 (for frameworks) or section A1 (for standards – an approved English <a href="#">apprenticeship agreement</a>).</p>
<b>(The) apprenticeship service</b>	<p>The <a href="#">digital interface</a> to services designed to support the uptake of apprenticeships. The service is aimed primarily at employers who engage with learning providers and apprenticeship assessment organisations to deliver and facilitate the apprenticeship programme.</p>
<b>Apprenticeship service account</b>	<p>The area on the apprenticeship service where employers can manage their funding and apprentices, view their account balance and plan their spending.</p>
<b>Apprenticeship training agency (ATA)</b>	<p>An organisation whose main business is employing apprentices who are made available to employers for a fee.</p>
<b>Apprenticeship levy</b>	<p>The apprenticeship levy will be a levy on UK employers to fund new apprenticeships. In England, control of apprenticeship funding will be put in the hands of employers through the apprenticeship service. The levy will be charged at a rate of 0.5% of an employer's pay bill. Each employer will receive an allowance of £15,000 to offset against their levy payment.</p>
<b>Break in learning</b>	<p>When an individual is not continuing with their apprenticeship but has told the employer beforehand that they intend to resume their apprenticeship in the future.</p>
<b>Commitment statement</b>	<p>A statement held by the main provider, the apprentice and their employer. The commitment statement sets out how the apprentice will be supported to successful achievement of the apprenticeship. It must be signed by the apprentice, their employer and the main provider, and all three parties must retain a current signed and dated version.</p>
<b>Contract for service</b>	<p>A contract between a contractor and a client.</p>

<b>Contract of service</b>	A contract between an employee and employer.
<b>Distance learning</b>	Learning delivered remotely (not face-to-face). This could include, but is not limited to, e-learning and webinars.
<b>Earnings adjustment statement (EAS)</b>	The <a href="#">earnings adjustment statement</a> is how training providers claim funding that cannot be claimed through the individualised learner record.
<b>Employed</b>	An individual who has a contract of service. This does not include individuals who are self-employed.
<b>Employer</b>	We use the term ‘employer’ to mean an organisation that has a contract of service and an apprenticeship agreement with an apprentice. This can include an apprenticeship training agency (ATA). This may also include a company or charity whose PAYE scheme the employer has connected to their apprenticeship service account in accordance with HMRC’s definition of <a href="#">connected companies and charities</a> . All references to an ‘employer’ are in relation to the whole organisation and not individual sites or locations.
<b>End-point assessment organisation</b>	End-point assessment organisations are organisations on the <a href="#">register of end-point assessment organisations</a> . End-point assessment organisations are selected by the employer. You and the end-point assessment organisation will need a form of contract in writing in order for them to be paid for delivering the end-point assessment as part of the employer’s agreed apprenticeship programme.
<b>Evidence pack</b>	A collection of documents and information brought together to form a single point of reference relating to the learning that is taking place. This provides the evidence to prove that the apprentice exists and is eligible for funding, and for the learning to be provided.
<b>Exceptional learning support (ELS)</b>	<a href="#">Exceptional learning support</a> when the needs of the apprentice are over £19,000 in a single year.
<b>Final day</b>	The date entered onto the <a href="#">ILR</a> when the apprentice is expected to complete the practical period of their apprenticeship.
<b>Framework</b>	<p>The term framework (sometimes referred to as apprenticeship framework) covers the apprenticeship frameworks which are available for delivery.</p> <p>The legislation relating to frameworks (“English apprenticeships”) has been repealed but saved until frameworks have been phased out (Deregulation Act 2015 (Commencement No. 1 and Transitional Saving Provisions) Order 2015).</p>

<b>Functional skills</b>	Applied practical skills in English, maths and ICT that provide the individual with the essential knowledge, skills and understanding to enable them to operate effectively and independently in life and work.
<b>Funding agreement</b>	Throughout this document the term ‘funding agreement’ is used to include: <ul style="list-style-type: none"> <li>• <a href="#">the apprenticeship levy provider funding agreement</a></li> <li>• the contract for services between the employer and main provider</li> <li>• <a href="#">the contract for services – apprenticeships</a> (between the ESFA and main providers delivering apprenticeships to non-levy-paying employers)</li> </ul>
<b>Gateway requirements</b>	These are requirements set out in the assessment plan that must be met by the apprentice prior to undertaking end-point assessment of the apprenticeship standard. They will include the completion of English and maths qualifications (where applicable) and completion of any on-programme mandatory qualifications (where applicable) along with satisfactory evidence (as determined by the employer, in consultation with the main provider) that the apprentice has achieved the necessary knowledge, skills and behaviours set out in the standard.
<b>Government-employer co-investment</b>	Government-employer co-investment is funding that is not paid for from an employer’s <a href="#">apprenticeship service</a> account (because the employer does not pay the levy or has insufficient levy funds in their apprenticeship service account). Employers will need to make a mandatory co-investment with the government.
<b>Higher and degree apprenticeships</b>	An apprenticeship where the main learning is at level 4 or above (including higher education qualifications).
<b>The Hub</b>	<a href="#">The hub</a> provides online services including the return of your ILR and completed EAS. You can also search all learning aims, components of qualifications, apprenticeship frameworks and standards along with their validity and funding details.
<b>Immigration permission</b>	The permissions, or otherwise, granted by the government of the United Kingdom for an individual to reside here.
<b>Individualised learner record (ILR)</b>	The primary data collection requested from training providers for further education and work-based learning in England. The data is used widely, most notably by the government, to monitor policy implementation and the performance of the sector. It is also used by organisations that allocate funding for further education.
<b>Integrated standard</b>	An integrated standard is where the end-point assessment is incorporated into the main learning aim (usually a degree or other full higher education qualification). In these cases, there is no need for an additional independent assessment.
<b>Levy-paying employer</b>	An employer with an annual pay bill of over £3 million.

<b>Licence to practise</b>	Where it is a legal (or statutory) requirement for all practitioners to obtain a licence which confirms the licence holder meets prescribed standards of competence, including situations in which it is unlawful to carry out a specified range of activities for pay without first having obtained a licence.
<b>Mentoring</b>	To include in off-the-job training, mentoring must impart new learning to the apprentice directly linked to the achievement of the apprenticeship by a more senior or experienced member of staff. This does not include general line management. The apprentice must not be doing productive work.
<b>Ordinarily resident</b>	For funding purposes, a person who normally lives in the country, is allowed to live there by law, and return there after temporary trips outside the country. Temporary absences from a country due to the learner or a relevant family member working or travelling abroad would be discounted when considering ordinary residency.
<b>Personal learning record (PLR)</b>	The <a href="#">personal learning record</a> (PLR) allows individual apprentices access to their past and current achievement records. These can be shared with schools, colleges, further education training providers, universities or employers when making an application to further their education, training and employment.
<b>Practical period</b>	The term of the <a href="#">apprenticeship agreement</a> , or the period for which the employer and apprentice agree that the apprentice will work and receive training under their approved English <a href="#">apprenticeship agreement</a> .
<b>Training provider</b>	The term training provider refers to any organisation on the <a href="#">register of apprenticeship training providers</a> who is appointed by an employer and/or holding a current funding agreement with us or contracted through a main provider for the delivery of training and on-programme assessment, as part of the employer's agreed apprenticeship programme. This includes companies, charities, bodies, colleges, universities, sole traders, and other types of legal entity, including those who are in the same group as, or are associated with, the main provider. This excludes individuals who are self-employed or supplied by an employment agency and who are working under the main provider's direction and control, in the same way as an employee.
<b>Register of apprenticeship training providers</b>	From May 2017, levied employers will be able to choose a main provider from a new register, the <a href="#">register of apprenticeship training providers</a> (RoATP). The register will encourage diversity and competition in the training provider market, supporting quality and employer choice. To be added to the register, organisations must pass tests on due diligence, financial health, and tests on quality, capacity and capability.

<b>Register of end-point assessment organisations</b>	A <a href="#">register of end-point assessment organisations</a> from which an employer can select an organisation (to be contracted by a main provider) to deliver the end-point assessment as part of the employer's agreed apprenticeship programme.
<b>Self-directed distance learning</b>	This is where the apprentice is working alone with on-line material. The material is not delivered in real time and there is no interactive support.
<b>Standard</b>	We use the terms 'standard' and 'apprenticeship standard' to cover the apprenticeship standards which have been approved and published by the Institute for Apprenticeships. Apprentices can only be enrolled against an apprenticeship standard once it is identified as 'approved for delivery' on the <a href="#">Institute for Apprenticeships</a> website. The Deregulation Act 2015, the Enterprise Act 2016 and the Technical and Further Education Act 2017 inserted the statutory provisions relating to standards ("approved English apprenticeships"), and the Institute for Apprenticeships and its functions, into ASCLA 2009.
<b>Start of learning</b>	The date on which learning begins. We do not consider enrolment, induction, diagnostic assessment or prior assessment to be part of learning.
<b>Subcontractor</b>	A legal entity that has a contractual relationship with a main provider to deliver apprenticeship training funded by us.
<b>This document</b>	This document refers to the <a href="#">apprenticeship funding: rules and guidance for employers August 2018 July 2019</a> .
<b>Training</b>	We use the term 'training' to mean the delivery of training and on-programme assessment by a main provider or any organisation contracted to a main provider for this purpose.
<b>Unique learner number</b>	A 10-digit number used to match a learner's achievement to their <a href="#">personal learning record</a> (PLR).
<b>Written agreement</b>	The main provider must have a written agreement in place with the assessment organisation and make payment to them for conducting the end-point assessment. The written agreement must set out the arrangements for end-point assessment including arrangements for any re-takes and the transaction of payments.
<b>Zero-hour contracts</b>	Contracts which do not specify a set number of hours for the employee.

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