



Education & Skills  
Funding Agency

# Apprenticeship performance-management rules for training providers

August 2018 to March 2019

## Version 1

This document sets out the performance-management rules for all training providers with non-levy procured funding and apprenticeships carry-in funding.

August 2018

Of interest to colleges, training providers, higher education institutions and employer-providers.

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# Introduction and purpose of the document

- P1. This document sets out the performance-management rules for training providers delivering apprenticeship training to apprentices that started:
- 1.1. before 1 May 2017 (under the previous funding systems)
  - 1.2. with non-levy paying employers between 1 May and 31 December 2017 (under the new funding system recorded in the ILR under funding model 36)
  - 1.3. with non-levy paying employers between 1 January and 31 March 2018 (if you were offered a 3 month run-down extension as a result of being unsuccessful in the non-levy procurement).
  - 1.4. with non-levy paying employers from 1 January 2018 (if you were successful in the non-levy apprenticeships procurement)
- P2. These performance-management rules supersede previous versions.
- P3. We use the term 'you' to refer to the 'main provider', that is, any organisation holding a contract with us. The main provider will have the overall responsibility for the training and on-programme assessment conducted by themselves, their delivery subcontractors and have a contractual relationship on behalf of the employer for the end-point assessment conducted by apprentice assessment organisations.
- P4. The terms 'we', 'our', 'us' and 'ESFA' refer to the Education and Skills Funding Agency.
- P5. We use the term 'contractor's allocation' to mean your contract value, as set out in Appendix 1 of your contract.
- P6. We will publish version 2 of these rules at a later date, this version will cover the arrangements from April 2019 onwards.
- P7. These rules must be read alongside the relevant apprenticeship funding rules.
- P8. The funding rules that apply to apprentices that started before 1 May 2017 are listed below, you can access these on [GOV.UK](https://www.gov.uk).
- 8.1. Education and skills funding agency: common funding rules 2016 to 2017
  - 8.2. Apprenticeships: common funding rules 2016 to 2017
  - 8.3. Apprenticeship framework funding rules 2016 to 2017
  - 8.4. Apprenticeship standards funding rules 2016 to 2017
  - 8.5. Apprenticeship funding rules for higher education institutions 2016 to 2017

- P9. The funding rules that apply to apprentices that started between 1 May 2017 and 31 July 2018 with non-levy paying employers are listed below, you can access these on [GOV.UK](https://www.gov.uk)
- 9.1. Apprenticeship funding: rules for employer-providers 2017 to 2018
  - 9.2. Apprenticeship funding and performance-management rules for training providers 2017 to 2018 and addendum 1
- P10. The funding rules that apply for apprentices that start between 1 August 2018 and 31 July 2019 with non-levy paying employers are listed below, you can access these on [GOV.UK](https://www.gov.uk)
- 10.1. Apprenticeship funding: rules for employer-providers 2018 to 2019
  - 10.2. Apprenticeship funding: rules for training providers 2018 to 2019
- P11. We may make changes to these rules.
- P12. These rules form part of your terms and conditions for the use of funds for government co-investment. You must read them in conjunction with your funding agreement the Secretary of State for Education (acting through the Education and Skills Funding Agency (the ESFA), an executive agency of the Department for Education.
- P13. You must operate within the terms and conditions of your funding agreement, these rules, the funding rules and the [Individualised Learner Record \(ILR\) Specification](#). If you do not, you will be in breach of your funding agreement with us.
- P14. If you breach your funding agreement, we reserve the right to take action.
- P15. All providers are required to return regular ILR data for apprenticeships. If you do not return ILR data for a period of months, we may contact you to discuss removing your allocation.
- P16. You can contact us through our Business Operations Service Desk by email [SDE.servicedesk@education.GOV.UK](mailto:SDE.servicedesk@education.GOV.UK) or by telephone on 0370 2640001. You can also contact your provider manager/adviser.

## **Payments and performance-management**

### **Generic rules that apply to all delivery**

- P17. It is our intention to fund apprentices until the end of their programmes, subject to affordability, the application of the relevant funding and performance-management rules and reflecting funding previously paid by the Education and Skills Funding Agency (including the Skills Funding Agency).
- P18. We will use our approach to funding to make sure apprenticeship provision is of

a high quality. We will use your track record to assess your ability to deliver education and training to the required standard. Your track record will include Ofsted grades, minimum standards of performance, financial health, financial management and control and your previous delivery against your contract.

- P19. As part of our financial assurance work, we will continue to monitor compliance with the funding rules. We will contact you where we identify you have submitted data that does not meet our funding rules and individualised learner record (ILR) requirements. You will be required to correct inaccurate ILR and earnings adjustment statement (EAS) data. For more information on our assurance work, please refer to the [Funding Monitoring Plan for 2018 to 2019](#) (when published).
- P20. You must fund the delivery of both apprenticeship frameworks and apprenticeship standards from your 'contractor's allocation'. This includes any additional payments that you must pass to employers. You must also fund the delivery of English, maths, learning support and learner support (learner support relates to pre-May 2017 carry-in only), where applicable.
- P21. We will pay you based on your actual delivery each month up to the value of your contractor's allocation for the relevant financial year. We will calculate the value of your actual delivery using the latest validated ILR and EAS data you provide.
- P22. We have no responsibility to pay any amount over your allocated funding for the funding year or financial year. If you deliver more than your contractor's allocation, you do so at your own risk.
- P23. You cannot vire funds between funding agreements.
- P24. We reserve the right to increase or decrease the number of performance-management points we operate, in line with delivery against the funding available for apprenticeships and/or in line with paragraph 5.5 of the invitation to tender for the non-levy procurement.
- P25. We reserve the right to adjust your contractor's allocation if there is a risk that demand for apprenticeships may exceed the national funding available.
- P26. Allocations and performance-management decisions are subject to affordability within the available budget at the time.

## Arrangements for carry-in apprentices

From 2018 to 2019, we have simplified our apprenticeship carry-in arrangements.

You now have one contractor's allocation for carry-in that contains funding for:

- 16 to 18 year olds and adults
- Apprentices that started before May 2017, for both frameworks and standards
- Apprentices that started with non-levy employers between 1 May and 31 December 2017
- Apprentices that started with non-levy employers between 1 January and 31 March 2018 (for providers that were issued with 3-month run-down contract extensions)

This means you can receive payments up to your total carry-in contractor's allocation (for the financial year) rather than against the individual components that make up your allocation.

We will review whether the value of your carry-in delivery exceeds your contractor's allocation at regular review points. It is important that you submit accurate and timely data at these points to ensure we can accurately calculate the amount of funding you need.

P27. This section applies to apprentices that started:

- 27.1. before 1 May 2017
- 27.2. between 1 May 2017 and 31 December 2017 with non-levy paying employers
- 27.3. between 1 January 2018 and 31 March 2018 with non-levy paying employers (for providers that were given run-down contract extensions only)

P28. Your carry-in contractor's allocation is separate from:

- 28.1. your procured non-levy contractor's allocation if you were successful in the new non-levy procurement exercise launched in July 2017
- 28.2. any funding you receive from delivering apprenticeships training for levy paying employers.

P29. Your contractor's allocation reflects delivery to:

- 29.1. both levy and non-levy paying employers before 1 May 2017
- 29.2. non-levy paying employers between 1 May 2017 and 31 December 2017
- 29.3. non-levy paying employers between 1 January 2018 and 31 March 2018

(if you were given a run-down contract extension)

- P30. Your contract will identify your contractor's allocation for all age carry-in apprentices. It will state the maximum amount you can deliver from 1 August 2018 to 31 July 2019.
- P31. Your contract spans two financial years:
- 1 August 2018 to 31 March 2019: periods 1 to 8 of the 2018 to 2019 funding year
  - 1 April 2019 to 31 July 2019: periods 9 to 12 of the 2018 to 2019 funding year
- P32. For providers that had a 3-month run-down allocation for 1 January to 31 March 2018, you must continue to use learning delivery monitoring (LDM) code 358 to record delivery under your run-down allocation. Please refer to the [ILR specification](#) for more information about using LDM codes.
- P33. In the summer of 2019, we will allocate funds for apprentices that have not yet completed their apprenticeship.
- P34. At the performance-management point set out in Table 1 of Annex B and in spring 2019, we will review whether your carry-in costs exceed your contractor's allocation. We will work out how much funding you need to fund your carry-in apprentices by recalculating your allocation based on your latest data returns at these points. We will increase your contractor's allocation if we have evidence that that your current contractor's allocation is insufficient. This increase will reflect funding previously paid by the Education and Skills Funding Agency (including the Skills Funding Agency) as well as being subject to affordability and the application of the relevant funding and performance-management rules.
- P35. At the same point, we will reduce your apprenticeship contractor's allocation where we have evidence that the value you need to fund your carry-in apprentices has reduced. We will work these reductions out by recalculating your allocation based on your latest data returns at this point.
- P36. We will apply this reduction unless:
- you demonstrate that you were impacted by data issues that were outside of your control
  - it is less than £25,000
- P37. It is important that you make timely and accurate data returns at the performance-management points, as this will help us to ensure your allocation is set at the correct level.

## Arrangements for apprentices that start on or after 1 January 2018 (procured non-levy contracts)

We will extend procured non-levy contracts for 12 months from 1 April 2019 to 31 March 2020.

We will confirm more details about this and any further performance-management points (to take place before March 2019) in the autumn.

The rules below currently apply until 31 March 2019. We will update them to cover the arrangements from April 2019 at a later date.

- P38. This section of the rules applies to new apprenticeship starts from 1 January 2018 to 31 March 2019. You will only have a contract to fund new starts if you submitted a tender for and were successful in securing a contract through the non-levy procurement.
- P39. The rules apply to providers on the main route of the Register of Apprenticeship Training Providers delivering apprenticeships to non-levy paying employers.
- P40. Your contract will identify your contractor's allocation for new starts. It will state the maximum amount of apprenticeship provision you can deliver to non-levy paying employers for:
- 16 to 18 apprenticeships from 1 January 2018 to 31 March 2019
  - adult apprenticeships from 1 January 2018 to 31 March 2019.
- P41. You cannot vire funds between 16 to 18 and adult apprenticeships.
- P42. Your contract spans two financial years and two funding years:
- 1 January 2018 to 31 March 2018 in the 2017 to 2018 funding year
  - 1 April 2018 to 31 March 2019 in the 2017 to 2018 and the 2018 to 2019 funding year
- P43. We will allocate funds beyond March 2019 so that that apprentices that start their programmes between 1 January 2018 and 31 March 2019 can be funded until the end of their programmes. These allocations will reflect funding previously paid by the Education and Skills Funding Agency (including the Skills Funding Agency) as well as being subject to affordability and the application of the relevant funding and performance-management rules.
- P44. At the performance-management point (set out in Table 1 of Annex C), we will consider:



- increasing your contractors' allocation where there is evidence of demand from non-levy paying employers that cannot be met from your existing funding
- reducing your contractor's allocation where your performance against the standard national profile (Tables 1 and 2 of Annex A) for the period in question is outside our published tolerance levels. The tolerance level that we will apply is set out in Table 1 of Annex C

P45. At the performance-management point (set out in Table 1 of Annex C), we will invite you to submit a growth request setting out your expected demand (a starts profile detailing when starts will be realised and the associated value) and evidence of that demand (i.e. a list of employers that have confirmed commitments linked to your starts profile). We will ask you to identify which of the 9 geographic areas set out in the invitation to tender, split by 16 to 18 and adult, your growth request relates to.

P46. We will review this against your performance to date to assess your plans. We may contact you to request more information to substantiate your request.

P47. We will consider increasing your 16 to 18 apprenticeship and/or adult apprenticeship contractor's allocation, if funds are available and:

- your growth request is credible based on your delivery to date
- you are listed on the Register of Apprenticeship Training Providers under the main provider route
- you have a good track record (see paragraph 18)
- you can prove there is demand from employers or apprentices
- you are not under notice for failure of inspection or financial control
- you are not under a notice to improve, additional conditions of funding or additional contractual obligations in relation to minimum quality standards for apprenticeships
- we are confident that awarding an increase to your contractor's allocation is a good use of public funds
- we will also consider the expiry date for the contract, after which new starts may not be recruited

P48. Following our assessment, if the total value of the credible growth requests we wish to support is larger than the available budget, we will prioritise the requests on the basis of the principles set out in paragraphs 7.5 and 7.6 of the invitation to tender. Where necessary, to achieve this we may pro rata the available funding. This may mean you do not receive the full value of your growth request.

- P49. If your performance against the standard national profile (Tables 1 and 2 of Annex A) is outside our tolerance level, we will not agree an increase to your contractor's allocation unless we have also agreed that one or more of the criteria in paragraph 52 apply.
- P50. At the performance-management point, set out in Table 1 of Annex C, we will reduce your apprenticeship contractor's allocation if your performance against the standard national profile is outside of the tolerance.
- P51. The reduction we will make will reflect some or all of the value of your under-delivery to date outside of the tolerance. We will not change this approach unless there are exceptional circumstances.
- P52. We will apply the reduction unless:
- your historic delivery pattern is significantly different to the standard national profile (including where this is a result of delivering increasing proportions of apprenticeship standards)
  - you demonstrate that you were impacted by data issues that were outside of your control
  - it is less than £25,000

## Annex A – Standard national profiles

The following tables set out a 15-month profile from January 2018 (P6 of the 2017 to 2018 funding year) to March 2019 (P8 of the 2018 to 2019 funding year).

**Table 1. 16-18 apprenticeships 15-month profile**

	2017 TO 2018 FUNDING YEAR							2018 TO 2019 FUNDING YEAR							
	P6	P7	P8	P9	P10	P11	P12	P1	P2	P3	P4	P5	P6	P7	P8
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
16 to 18 apprenticeships monthly profile	0.44%	0.79%	1.12%	4.61%	4.57%	4.66%	4.76%	5.21%	7.91%	9.95%	8.69%	13.95%	12.24%	11.05%	10.03%
16 to 18 apprenticeships cumulative profile	0.44%	1.24%	2.36%	6.97%	11.54%	16.21%	20.97%	26.18%	34.09%	44.04%	52.73%	66.68%	78.92%	89.97%	100.00%

**Table 2. Adult apprenticeships 15-month profile**

	2017 TO 2018 FUNDING YEAR							2018 TO 2019 FUNDING YEAR							
	P6	P7	P8	P9	P10	P11	P12	P1	P2	P3	P4	P5	P6	P7	P8
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Adult apprenticeships monthly profile	1.07%	2.03%	3.06%	4.34%	5.05%	5.85%	6.59%	6.99%	7.76%	8.38%	8.76%	9.06%	9.99%	10.36%	10.72%
Adult apprenticeships cumulative profile	1.07%	3.10%	6.16%	10.50%	15.55%	21.40%	27.99%	34.98%	42.74%	51.11%	59.87%	68.93%	78.92%	89.28%	100.00%

## Annex B – Review points for carry-in

**Table 1. Apprenticeships carry-in (for apprentices that started before 1 May 2017, between 1 May and 31 December 2017 with non-levy paying employers and between 1 January and 31 March 2018 with non-levy paying employers for providers with run-down extensions) – points at which we will adjust contractor allocations where there is evidence that the value needed to fund carry-in apprentices has increased or reduced**

	Review point 1	Review point 2
Delivery information using the latest validated ILR data you provide	4 October 2018 (R02 data return)	To be confirmed in version 2 of the rules
Lower threshold for contractor's allocation adjustments	£25,000	
Providers notified of the outcome	Mid-November 2018	

## Annex C – Performance-management points

Table 1. Apprenticeships new starts from 1 January 2018 performance-management point, tolerances and minimum thresholds

	Performance-management point 2
Growth funding that can be requested	For January 2018 to March 2019: <ul style="list-style-type: none"> <li>Apprenticeships allocation for new starts from 1 January 2018 to 31 March 2019</li> </ul>
Growth form published	20 July 2018
Growth requests had to be received by	3 August 2018
Delivery information using the latest validated ILR data you provide	6 August 2018
Tolerance for under-delivery	8%
Lower threshold for contractor's allocation adjustments	£25,000
Cases for increasing or reducing contractor's allocation reviewed by	7 September 2018
Decision to approve or reject increases and reductions	Week commencing 10 September 2018
Providers told the outcome of our performance-management process from	19 September 2018

## 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 Apprenticeships, Skills, Children and Learning Act 2009.</p>
<b>Earnings adjustment statement (EAS)</b>	<p>The earnings adjustment statement is how main providers claim funding that cannot be claimed through the individualised learner record.</p>
<b>Individualised learner record (ILR)</b>	<p>The primary data collection requested from main 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.</p>
<b>Levy-paying employer</b>	<p>An employer with an annual pay bill of over £3 million.</p>
<b>Register of apprenticeship training providers</b>	<p>From May 2017, levied employers will be able to choose a main provider from a new register, the register of apprenticeship training providers (RoATP). The register will encourage diversity and competition in the 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.</p>
<b>Register of apprentice assessment organisations</b>	<p>A register of assessment organisations 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.</p>
<b>Non-levy paying employer</b>	<p>An employer with an annual pay bill of less than £3 million.</p>
<b>Subcontractor</b>	<p>A legal entity that has a contractual relationship with a main provider to deliver apprenticeship training funded by us.</p>





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