



Department  
for Education

# **Employer-provider Guide**

**Guidance for employers about being  
apprenticeship training providers**

**February 2017**

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## Summary

This publication provides non-statutory guidance from the Department for Education. It has been produced to help employers wishing to become an apprenticeship training provider to understand the different steps involved and what employers will need to do at each stage.

## Who is this publication for?

This guidance is for:

- Employers that wish to become apprenticeship providers and deliver training to their own staff or to other employers' staff.

## Benefits of becoming an apprenticeship training provider

Government is very supportive of employers who want to deliver training to apprentices (to your own staff or to other employers' staff) and we understand that the introduction of the apprenticeship reforms will make many employers feel that this is the right approach for them. It enables you to directly design and deliver the content of the off the job training which your own apprentices will receive, giving you the ability to make sure it includes everything you think it should. Employers who become providers can also help improve the quality of apprenticeships by widening the market and increasing the options for delivering high-quality training that will raise professional standards in your industry.

Becoming a provider may mean investment in personnel (for example data administration, quality advisors, trainers, maths & English tutors etc.) and should only be considered if you are confident that you can provide quality training to the standards required of Approved English Apprenticeships.

Many employers already deliver training as part of apprenticeships, and a few have shared their experiences in this document.

There are three routes for employers to become training providers:

- As an employer-provider who delivers some, or all, of the off-the-job training element of an apprenticeship to their own staff.
- As a provider who delivers training to other employers' staff, as well as their own staff.
- As a sub-contractor to a main provider.

If you do not wish to provide any training to your apprentices, you do not need to become an employer-provider. You will be able to select a provider to deliver the apprenticeship training on your behalf.

This document gives an overview of the steps involved in becoming a provider and what employers will need to do at each stage.

If you pay the apprenticeship levy, you can use funds in your digital account to pay for apprenticeship training, as long as you follow the steps below and the costs are eligible for funding. You will need to apply to the Register of Apprenticeship Training Providers to become an employer-provider or provider, be subject to inspection by Ofsted and provide information and data to the Skills Funding Agency (SFA).

## **Richard Hamer, Education and Skills Director, BAE Systems**

“BAE Systems can see many advantages in being an apprenticeship employer-provider:

It gives us clear ownership of our apprenticeships, which allows us to run apprenticeships that meet our specific skills needs, to determine the quality controls we require and thereby ensures we mitigate critical skills requirements.

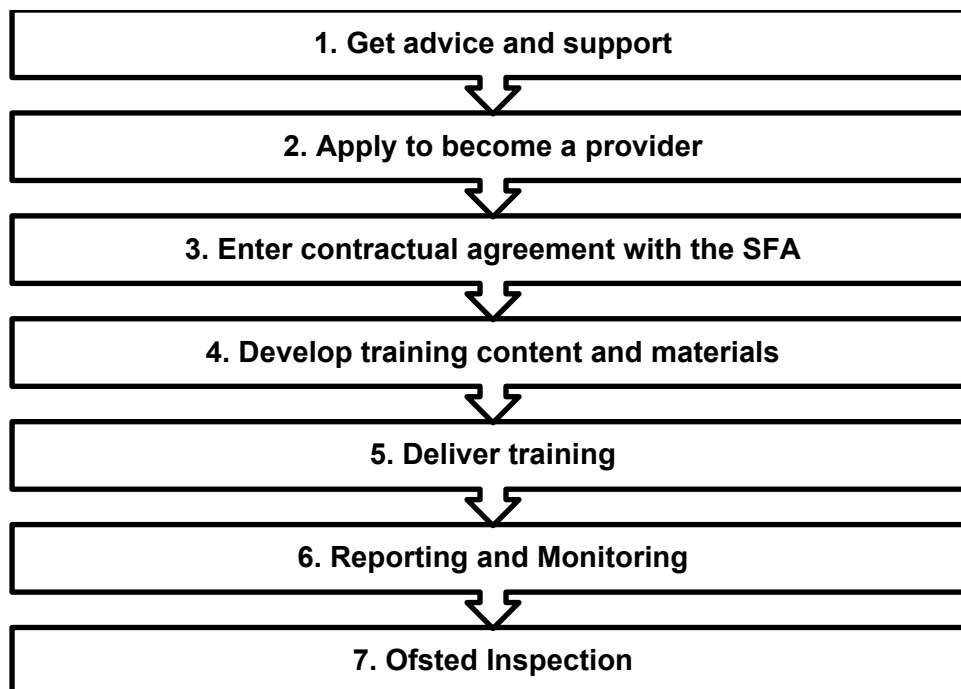
It allows us to build our company culture into the apprenticeship and reinforce our approach to safety in the workplace and the behaviours we require.

It is an investment that delivers value for us and prepares the apprentice for a long-term career in the company.

We believe too that being an apprenticeship employer-provider puts us more in the driving seat of the Apprenticeship Reform agenda: helping to engage on new Apprenticeship Standards development and the Apprenticeship Levy and its associated processes with confidence.”

# The step by step process to become a training provider

There are a number of steps involved in becoming an apprenticeship training provider. These are set out below and are applied to all organisations who wish to deliver apprenticeships training to ensure a consistent quality bar is met by all.



## 1. Get advice and support

Contact the Skills Funding Agency (SFA) via the National Apprenticeship Service website for advice about becoming an employer-provider ([enquiry form](#)), or call them on 08000 150 600. The support available includes:

- free workshops for large employers about becoming an employer-provider where you will be able to hear from other employers who already deliver training to their own apprentices.
- a named contact from the National Apprenticeship Service for each large employer-provider.

## 2. Apply for approval to become a provider

All organisations that want to deliver apprenticeship training in the future, including employers, will need to meet the requirements of the new register of apprenticeship training providers. There are three application routes onto the register: a main route, an employer-provider route and a supporting route. Employers who want to achieve maximum flexibility to deliver training to their own and other employers' staff will have to apply via the main route to the register. Employers who solely wish to deliver training to their own staff (or staff in a [connected company](#)) can apply via the employer-provider route.

Employers who want to be a sub-contractor to a main provider, but deliver some training to their own staff can also apply via the employer-provider route.

**The table below should help determine which route you should apply for:**

		Apply to the one route that meets your requirements		
Scenario		Main route	Employer-provider route	Supporting route
Main provider scenarios	I want to deliver apprenticeship training, as a main provider, to employers that will use a digital account to pay for apprenticeship training	This route will enable you to do this	Not able to do this	
	I want to deliver apprenticeship training, as a main provider, to employers that will not use a digital account to pay for apprenticeship training	In addition to applying to the main route, you must also compete in a procurement exercise. More information can be found <a href="#">here</a> .		
Employer scenarios	I will use a digital account to pay for apprenticeship training, and want to deliver apprenticeship training as a main provider or subcontractor	<p>This route enables you to deliver training to:</p> <ul style="list-style-type: none"> <li>•Your own staff</li> <li>•Your '<a href="#">connected companies</a>' defined by HMRC</li> <li>•Other organisations that will use a digital account to pay for apprenticeship training, including your supply chain</li> </ul>	This route enables you to deliver training to: <ul style="list-style-type: none"> <li>•Your own staff</li> <li>•Your '<a href="#">connected companies</a>' defined by HMRC, that are linked to your apprenticeship service digital account</li> </ul>	Not able to do this
Subcontracting Scenarios	I want to deliver apprenticeship training working as a subcontractor and the total value of these arrangements will be £100,000 or more per year	This route will enable you to do this, including above £500,000 per year	See row above	This route will enable you to do this, only up to a value of £500,000 per year across all organisations you work with
	I want to deliver apprenticeship training working as a subcontractor and the total value of these arrangements will be less than £100,000 per year	You are not required to apply to the register		

The requirements of the register will include due diligence checks on your organisation and directors, financial checks and an assessment of your organisation's capability to deliver high quality apprenticeship training.

The Register of Apprenticeship Training Providers will be published for the first time in early March 2017. The new register will open four times a year for new applications. The Skills Funding Agency plans to reopen the register for applications as soon as the results from the first round are available. Each provider would need to reapply every 12 months if they want to maintain their registration.

More information on the new register is available [here](#).

If you are already on the register of training organisations or are an existing direct grant provider, you must apply to the register of apprenticeship training providers if you want to train apprentices that start from May 2017.

Before you submit your application to the register, there are a few things you must do:

1. **register with the United Kingdom Register of Learning Providers (UKRLP)** - <https://www.ukrlp.co.uk/>. This is a requirement of all organisations that want to deliver apprenticeship training. It will give you a unique identifier which we will use to identify you when managing your application to the register. All applicants to the register need to quote their number in their application.
2. **register with the Information Commissioner's Office** – [www.ico.org.uk](http://www.ico.org.uk) – for the processing of personal data for delivering education and training. It is a legal requirement that any organisation applying to the register of apprenticeship training providers is registered with the Information Commissioner's Office.
3. **register for an account on the portal** <https://skillsfundingagency.bravosolution.co.uk/web/login.shtml> through which we will manage your application to the register and communicate with you
4. employers already registered with UKRLP and on our portal should **review your details to ensure they are up-to-date**.

### **3. Enter into a contractual agreement with the SFA**

Once your organisation is successfully on the register of apprenticeship training providers you will need to enter into a contractual agreement with the SFA. This commits both parties to a set of terms and conditions.

If you intend to deliver training to apprentices employed by other businesses, you will need to enter into a contract with that other business as their training provider. The



contract will need to include evidence of the cost of apprenticeship training and assessment and any details of training that you will sub-contract.

### **Simon Eastwood, British Gas**

“British Gas has a long and proud history of developing our workforce through high quality, apprenticeship programmes that are internally delivered at one of our six academy sites across Britain.

We meet our apprenticeship training requirements internally to ensure that we have direct control over the training delivered to our apprentices and can ensure that our high standards are consistently met.

Holding a direct grant with the Skills Funding Agency (SFA) supports us to achieve this and is a critical feature of our operation. We have held direct grant status as an employer-provider for many years and found this to be very beneficial in supporting our growth in apprenticeships.

There is an internal investment to be made; we need to understand the SFA business cycle, the funding rules and invest resources into an MI system, but we don't do this in isolation - each employer is appointed a Relationship Manager who will support you through the journey.

Our experience has always been very positive and collaborative. Aside from our Relationship Manger we've been supported by and supported, other organisations with a direct grant. We have worked closely with many organisations to share best practice following an introduction at one of the SFA organised networking events. This has been particularly important in the current fast paced Apprenticeship policy environment and will continue to be the case with the introduction of the Apprenticeship Levy in 2017.”

## **4. Develop training content and materials**

If you decide to deliver some, or all, of the training directly yourselves you will need to design the content of the training and the training materials. You must ensure that this is aligned with the knowledge, skills and behaviours set out in the relevant apprenticeship standard or the specific requirements of the apprenticeship framework. Once the apprentice has completed the training and the on-the-job element of the apprenticeship, they should have acquired all of the skills, knowledge and behaviours needed to complete their apprenticeship and be entered for their end point assessment.

If you choose to sub-contract some of the training to another approved provider, you should work with them to negotiate the price, content and method of delivery. You will act as the 'main' provider; you will receive all the funding for the training for that apprentice from the SFA; and you will then need to pay the sub-contractor yourselves.

The National Apprenticeship Service (NAS) currently run workshops to support employers to become employer-providers. To find out more about these events you can contact the NAS through their [enquiry form](#), or call them on 08000 150 600. You don't need to wait until you have finalised your contractual agreement with the SFA before you start this stage.

### **Sandra Kelly, Head of Education, Whitbread Group**

“The experience of delivering our Apprenticeships as an employer-provider has been extremely positive. Setting up an internal team to manage all aspects of the programmes has enabled us to design an architecture that meets our business needs from reporting, quality assurance to operational engagement.

For us the importance of being able to create an internal business case has enabled us to spread ownership of the programme across multiple departments. Top tip: use subject matter experts to transition and integrate into business as usual aligned to business strategy.”

## **5. Deliver Training**

All apprenticeships must include at least 20% of the training 'off-the-job'. Off-the-job training is defined as learning which is undertaken outside of the normal day-to-day working environment and leads towards the achievement of the apprenticeship. This can include training that is delivered at the apprentice's normal place of work but must not be delivered as part of their normal working duties.

It is up to you to decide at what point during the apprenticeship the training is best delivered (for example, a proportion of every day, one day a week throughout, one week out of every five, a proportion at the beginning, middle and end). This will depend on what is best for your organisation and your apprentice. You need to ensure that all apprentices receive all of the training.

## **6. Reporting and Monitoring**

The SFA will collect information from you on a monthly and annual basis to:

- ensure that you are delivering the training you are being paid to deliver and that it is good quality;
- enable payments to be made to you; and
- keep track of learners and their outcomes.

## Reporting to the SFA

If you are delivering apprenticeship training, you will need to register your apprentices on the Apprenticeship Service to be able to use the funds in your digital account to pay for them.

All providers will need to return monthly data to the SFA through the Individualised Learner Record (ILR) data collection. You will need management information systems in place to collect and manage this data. This data will be on the apprentices in learning so that you can get paid and claim any incentives due, such as for recruiting a 16 to 18 year old apprentice. This will include:

- the details of the apprentice and the apprenticeship
- the cost of the apprenticeship
- whether they need any additional support
- when they have completed their apprenticeship.

Your data returns will be used to assess quality, particularly if there has been any concerning trends that may indicate a drop in quality, this information may be shared with Ofsted.

They will also be included in national statistics on the numbers and types of apprenticeships being delivered. Employers and individuals cannot be identified from the national statistics.

The SFA could also select you for an audit periodically to verify the information that you have submitted in your data returns.

## Annual monitoring

All training must meet a minimum standard for achievement rates as set by government. Currently it is expected that a minimum of 62% of apprentices successfully complete their apprenticeship. For the 2016/17 academic year, this expectation will rise to a minimum of 65%. The SFA monitors delivery against that minimum standard, which could trigger intervention to support improvement.

The SFA will review data to monitor whether the costs of training represents good value for money. They will do this by comparing costs against others delivering the same apprenticeship and use their findings to inform which employer-providers will be audited. Employer-providers selected for an audit will need to share the evidence they used to price the apprenticeship and demonstrate that they have only used the eligible costs describe here. If these rules haven't been followed we may recover the funding that you have already received.

## 7. Ofsted inspection

The Office for Standards in Education, Children's Services and Skills (Ofsted) inspect and regulate services that care for children and young people, and services providing education and skills for learners of all ages, including apprenticeships.

Ofsted have produced some guidance on inspection for employers who deliver apprenticeship training, at Annex B. Some key points are below. For more detailed information, please follow the links they have provided.

If you choose to become an employer-provider, Ofsted inspect you to:

- assess the quality of your training:
  - to help you improve it
  - to provide useful information for future employees
  - to provide accountability for use of public money against a national framework
- help ensure that apprentices learn, develop and progress as they should.
- check that you manage training so that it effectively delivers good quality training.

Each inspection will result in a published report which will highlight both the strengths and areas for improvement identified in the inspection.

### Inspectors

The inspectors on your inspection team will be professional inspectors of apprenticeships who have had years of experience in vocational education and training. At least one member of the team will be a specialist from your sector and will often be currently employed in that sector.

They will not be inspectors of schools. The inspectors also don't look at the whole of your corporate governance: their focus is on the delivery of apprenticeships in your company.

### Inspections

Inspections will involve:

- a professional conversation between the inspectors and you, your senior managers involved in training and training staff.
- Ofsted talking with staff and employees about their training to get a rounded picture.
- a senior member of your staff acting as inspection 'nominee' and liaising with the inspection team throughout the inspection. You will get 2 working days' notice of an inspection.

- observations of training sessions both on and off-the job.
- giving apprentices an online link to the Ofsted Learner View survey where they can give their views of their experience of the training.
- Ofsted looking at your records, for example those which show how you assess the progress of employees in their training, and looking at your plans, such as those showing how your training strategy is integrated with the organisation's business objectives. (See Annex 2 of full Ofsted guidance at Annex B)

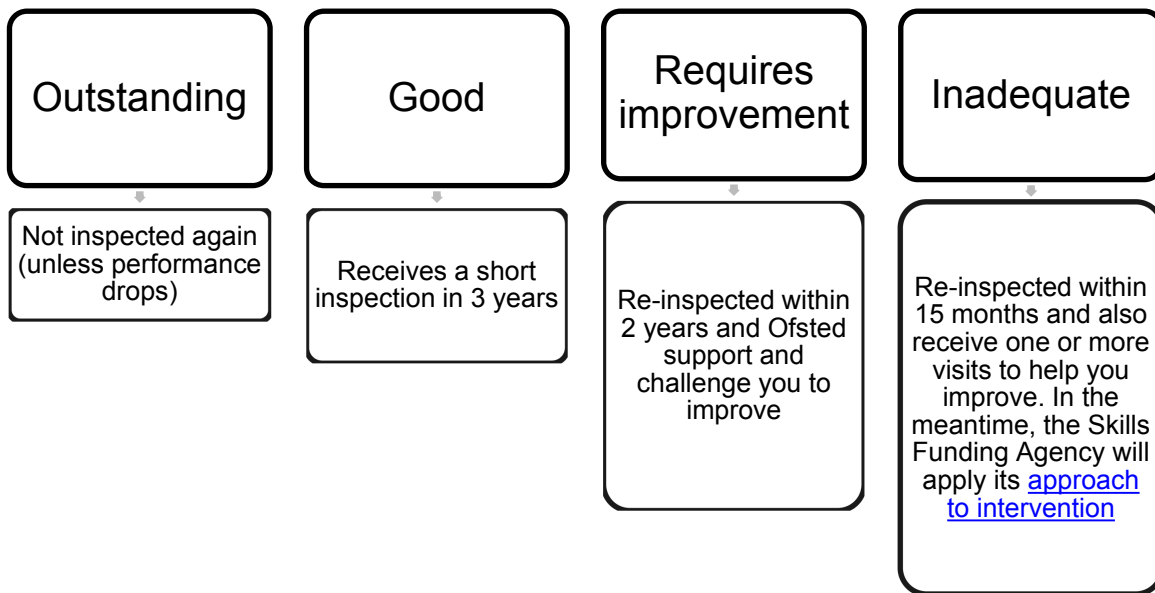
You won't be asked for documents and you don't have or be expected to provide policies or information in certain formats (see Annex 2 of the full Ofsted guidance for the information the inspector may ask). You won't have to do a lot of preparatory work for inspection – if your approach to training is effective, Ofsted will find evidence of it. You will not find Ofsted visiting you at peak business times such as January sales for retail employers (though they may visit at any other times).

### A typical inspection timetable

Typical inspection timetable	Length of inspection	Timeline
Notification	2 working days before the inspection starts	Day -2
On-site inspection	Inspection currently lasts for 3 or 4 continuous days on-site (unless it is a short inspection because you were 'good' last time, when it will last 2 days)	Days 1-3/4
Report factual accuracy check	The lead inspector will draft a report which will be quality assured and then sent to you to check for factual accuracy	Around Day 13
Report publication	This usually happens within 4-5 weeks of the end of the inspection	Day 19

### Ofsted have a risk-based and proportionate approach to inspection

Ofsted focuses its inspection where it will have the most impact. If your training is good quality then you will be able to demonstrate it and Ofsted won't need to come back for a few years.



If you are a new training provider you will be inspected within 3 years of beginning to use funding to train apprentices.

## Reviewing the inspection process

Government is working with Ofsted to ensure inspection is as appropriate as possible for employer-providers, whilst ensuring that we don't create a 'two tier' approach – one for apprenticeship employer-providers and one for all other providers. We would welcome your input into this process by providing your views, insights and queries to [fes@ofsted.gov.uk](mailto:fes@ofsted.gov.uk)

In particular, we would welcome thoughts on:

- elements of the current Ofsted Inspection Framework and Handbook that you think are the most applicable to employer-providers.
- elements of the current Ofsted Inspection Framework and Handbook that you think do not apply to employer-providers.
- if your organisation is currently a training provider, how useful you have found the Ofsted inspection process.

# What your levy money can be spent on

## The funding flow for levy payers

- you declare your levy liability to HMRC as part of your monthly PAYE return
- Government puts the amount that you have available to spend on apprenticeship training and assessment in England into your digital account plus the 10% top up (for more details on how the amount entering your account will be calculated please read the Apprenticeship Funding rules)
- you can see this money and decide to spend it on apprenticeship training
- if you want to become an employer-provider and effectively pay yourself to deliver training to your own staff, then you can providing you are successful in applying to the SFA Register of Apprenticeship Training Providers
- once that's confirmed and the training starts, we remove funds from your digital account and pay your training arm (via BACS or similar) on a monthly basis on return of data through the ILR
- if there aren't enough funds in your digital account, we will draw down the amount of funds in your digital account, Government will co-fund 90% of the balance and you will be liable for the remaining balance of the training cost.

Employer-providers will be able to use funds in their digital account to pay for the following:

- training to achieve the apprenticeship, which could include qualifications or e-learning (as part of a broader training package)
- registration, assessment, materials and examination
- administration related to the delivery of the apprenticeships
- accommodation costs for learning delivered through residential modules where the residential learning is a requirement for all apprentices
- costs for use of premises where these are used for the apprenticeship
- wages and associated costs (such as pension and National Insurance contributions) for employees directly involved in the delivery of the apprenticeship.

They won't be able to use it for:

- costs that are the employer's responsibility, for example health and safety requirements, travel, commercial choices (e.g. CSCS cards)
- wages for line managers or other colleagues supporting the apprentice

- wages of the apprentice
- profit or employee bonuses
- capital purchases, including leases
- more than one apprenticeship at a time for an individual apprentice
- re-taking qualifications or assessment where no additional learning takes place
- apprentice recruitment
- anything that has received other government funding (for example European Social Fund)

More details of what can and cannot be funded is available in Annex A.

In addition, the government will fund apprentices to achieve qualifications in English or maths (or both), if they do not already meet the minimum requirements. This will be paid in full to the provider by the SFA at the rate they set, and will not be deducted from the employer's digital account or require employer co-investment.

Incentives will also be provided to help employers and providers with the extra costs of training 16 to 18 year olds, or 19-24 year olds leaving care or with Education and Health Care Plans. Where you are acting as an employer-provider you are entitled to both payments.

A set of detailed apprenticeship funding rules will determine what public funding is available for apprenticeship training, for which individuals and in what circumstances; and the expectations on employers and providers.

Annex A sets out the funding rules that are of most importance to employers-providers, and how they should apply after May 2017. This includes rules on which costs are eligible for funding and the sorts of evidence that is required.

## How actual costs are calculated

Employer-providers will be required to record and evidence the actual cost of the apprenticeship training they are delivering (either as an employer-provider delivering all of the training themselves or as part of a sub contracting arrangement).

In the same way that employers will record the negotiated price per individual per cohort, employer-providers will record eligible costs on their digital account as an **actual cost** per individual per cohort.

Employer-providers should calculate how much the eligible costs will be for the full duration of the cohort and divide by number of apprentices. If this amount is within the



funding band for the apprenticeship then no additional contributions are required if you have enough digital funds to cover this amount, if not you will need to co-invest. If it is above the funding band then you will not receive any government funding.

**The table below provides an illustrative example of how costs may be estimated**

Table 1

<b>Estimated Eligible Costs (per cohort)</b>		
Training to achieve the apprenticeship including qualifications	Estimate for 20 learners per annum	£15,000
Registration, assessment, materials and examination	Estimate for 20 learners per annum	£15,000
Administration	Sundry costs per annum	£1,000
Costs for use of premises	Estimated annual cost for room hire	£10,000
Wages and associated costs	2 staff @ £30,000 per annum	£60,000
<b>(a) Total costs per annum</b>		<b>£101,000</b>
(b) Duration of the programme in years		4
(c) Total estimated cost of training (a)*(b)		£404,000
(d) End point assessment		£108,000
<b>(e) Total estimate of the cost of the cohort (c)+(d)</b>		<b>£512,000</b>
(f) Number of learners		20
<b>(g) Estimated actual cost per apprentice (e)/(f)</b>		<b>£25,600</b>
(h) Funding band maximum		£27,000
(i) Difference from funding band		-£1,400

So in this example the estimated actual cost per individual of the cohort is £25,600 and the funding band maximum is £27,000. As the estimated actual cost per individual is within the funding band and within the amount of Levy available, this can be funded from the Levy. Co-funding does not apply in this example and no additional costs are payable by the employer.

## **Start date for the new apprenticeship funding system**

The levy will come into effect in April 2017. Employers will declare levy payable based on payroll year to date. Therefore the first time eligible employers will have to declare their liability to HMRC will be in May 2017 for levy due on their April payroll. Levy-paying employers will be able to see corresponding funds in their digital accounts shortly after their first declaration to HMRC, so after 22 May. To simplify the employer experience of the new apprenticeship funding system we are introducing, the new funding rates and rules come into effect from 1 May 2017.

Levy-paying employers will be able to purchase training through the new digital system from the very start of May as the earliest payments for training will leave their accounts in the following month. This is because the new system will pay providers one month in arrears for training they report has been delivered. Those employers that do not pay the levy will continue to access the current funding system until the terms change on 1 May 2017, after which the new funding approach will come into effect.

## Connected companies

Where a group of employers are connected they will only be able to use one £15,000 levy allowance. The definition of connected companies and charities is based on the [definition used with the Employment Allowance](#).

If you are in a group of companies connected for the purposes of paying the levy, your group will be able to collect their funds together into one digital account. Your group will do this by registering to have PAYE schemes attached to a single digital account.

Since you can only use funds in your digital account to pay for apprenticeship training for your own employees, employers that are not connected will not be able to pool funds in a digital account.

If you apply to the register via the employer-provider route, you will only be allowed to train staff within connected companies that share a single digital account. To train staff outside of the payroll of connected companies, you must apply to the register via the main route and train them as a main provider.

## Adapting existing training programmes to become apprenticeships

It is possible for existing training programmes to be adapted to meet the requirements of apprenticeship standards. Employers should first check to see if a standard already exists or is in development. If a standard does not exist then the employer should seek to bring together a group of employers to develop a new apprenticeship standard that meet their training needs. Our [guidance](#) for trailblazers provides information on how to do this. The government offers each group of employers a named contact to provide support through this process (and is increasing the number of relationship managers to make this process as quick as possible).

A new standard must have been approved by government or, from April 2017, the Institute for Apprenticeships, before it can be paid for from your digital account.

# Annex A - Funding rules for employer-providers

## Eligible costs

As defined in the Government publication, “Apprenticeships (in England): Vision for 2020”, the ‘off-the-job training element’ is defined as learning which is undertaken outside of the normal day-to-day working environment and leads towards the achievement of the apprenticeship. The apprentice should spend at least 20% of their employed time off-the-job.

Any funds in an employer’s digital account or government co-investment can only be used to fund externally purchased and delivered training and assessment, including end-point assessment required to meet the apprenticeship.

Funds from an employer-provider’s digital account or government-employer co-investment must only be used for activity directly related to the apprenticeship. These funds must only be used to pay for training and assessment, including end-point assessment, to attain an apprenticeship that is eligible for funding up to the limit of the funding band. This includes the following:

- Off-the-job training, including the costs associated with mandatory qualifications, through an externally-contracted provider or evidenced costs for employer-provider delivery.
- Planned on-programme assessment (progress reviews) and the formal end-point assessment including any costs associated with the completion certification for the apprenticeship.
- Distance, online or blended learning relating to the off-the-job training element of an apprenticeship.
- Materials (non-capital items) used in the delivery of the apprenticeship framework or standard. 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.
- Any administration directly linked to the training and assessment, including end-point assessment. This includes costs relating to the development of teaching materials, lesson planning, the processing of the ILR and quality assurance.
- Funding to retake mandatory qualifications or the end-point assessment, providing additional learning takes place.
- Accommodation costs for learning delivered through residential modules where the residential learning is a requirement for all apprentices. Any costs for residential modules must represent value for money.
- Costs of an apprentice taking part in a skills competition if you have evidence that participation in the competition directly contributes to helping that individual achieve the apprenticeship standard.

The costs of taking part in any of the above activities must be included in the recorded

price of training and end-point assessment. If this means the total price exceeds the maximum of the funding band, then you, as the employer, must pay, in full, the difference between the band maximum and the agreed price.

Any of the eligible costs outlined above can be bought in from a third party and we will fund them. Funds from your digital account or government-employer coinvestment must not be used to fund other services from a third party.

Funds in an employer's digital account or government co-investment cannot be used for:

- Enrolment, induction, prior assessment, initial diagnostic testing or similar activity.
- Travel costs for apprentices under any circumstances.
- Apprentices' wages.
- Personal protective clothing and safety equipment required by the apprentice to carry out their day-to-day work.
- Off-the-job training delivered only by distance learning, although you can include online and other blended learning activity as part of the delivery of an apprenticeship.
- Any training, optional modules, educational trips or trips to professional events in excess of those needed to achieve the apprenticeship framework or meet the knowledge, skills and behaviours of the apprenticeship standard.
- Training, assessment, exams or tests in any skills and knowledge solely and specifically required to acquire licences to practise, or the certification of any licence to practise, where it is a legal (or statutory) requirement for all practitioners to obtain a licence which confirms that the licence holder meets prescribed standards of competence, including a situation in which it is unlawful to carry out a specified range of activities for pay without first having obtained a licence. This applies even where such a licence is required in the apprenticeship standard and the assessment plan.
- End point assessment costs incurred by the employer-provider but not included in the price agreed between the employer-provider and the apprentice assessment organisation.
- English and maths up to level 2; this is funded separately.
- 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.
- Resits for mandatory qualifications or the end-point assessment needed for the apprenticeship where no additional learning is needed.
- Registration and examination, including certification costs for nonmandatory qualifications (qualifications that are not specifically listed in the standard).
- Accommodation costs where the apprentice is resident away from their home base, because of the requirements of their day-to-day work or because this is convenient for the employer or provider. Residential costs associated with non-mandatory qualifications are also excluded.
- Capital purchases including lease agreements. Capital purchases are longterm assets which have a lifespan beyond the individual apprenticeship being funded for example: land, buildings, machinery and ICT.

- Maintenance of capital purchases. This includes vehicle parts and labour, insurance and MOT.
- Time spent by employees/managers supporting or mentoring apprentices, or the time of other employed staff arranging training support, except where this is directly linked to the training and assessment, including end-point assessment. For example, we would not expect to pay for any time spent by the apprentice's line manager for any of these activities.
- Specific services not related to the delivery and administration of the apprenticeship. This includes the recruitment and continuing professional development of staff involved in apprenticeships, company inductions, managing agents and those providing a brokerage service to an employer.

Where the employer-provider does not pay the levy or has used all of the funds in their digital account, the SFA will pay the government's co-investment contribution towards the costs of training and the employer will be expected to meet the remaining costs.

## Claiming eligible costs

To claim eligible costs, employer-providers are required to input the price of these costs on the digital apprenticeship service and through the Individualised Learner Record. As detailed below, employers must retain evidence of these costs. This evidence may be requested as part of the SFA's audit and assurance checks.

## Evidencing costs for employer-providers

All eligible training to meet the requirements of an apprenticeship framework or the end-point assessment for standards must be set out in the commitment statement and retained in the agreement between the employer and lead provider, which must be the contract for services between the provider and employer.

- As employer-providers you must retain evidence of these requirements.

Employer-providers can directly deliver all or part of their apprenticeship training programme to their own employees.

- This delivery can be funded using funds in an employer's digital account or government co-investment following the same principles that apply to all other employers or training providers. This includes any additional payments for which they are eligible.

Employer-providers must report to the SFA the full cost of training and assessment including the end-point assessment for each apprentice, as this will determine how much of the funds in their digital account or government co-investment can be used.

- Costs can include salaries plus 'on costs' of employees directly involved in the administration. 'On costs' include employment costs such as employer pension

contributions, national insurance and employee benefits. Travel and subsistence costs for these employees can also be used if these directly relate to apprenticeship delivery.

- Costs can also include use of accommodation and facilities where the employer can demonstrate that this has been used for the purposes of training the apprentice.
- Bonuses or profit are not eligible costs.
- The employer-provider must retain evidence demonstrating these costs. This could include payroll, payslips, expense claims, hourly pay rates and training plans that include the hours of training delivered.
- You cannot claim for employee's time for any activity not connected to the administration, training or on-programme assessment of the apprenticeship.
- We will monitor training and end-point assessment costs to ensure that employer-providers achieve best value, such as economies of scale, which can be taken into consideration when calculating delivery costs.

Where the employer-provider does not have any levy funds in their digital account, the SFA will pay the government's co-investment contribution towards the costs of training and the employer will be expected to meet the remaining costs.

Employer-providers may subcontract the delivery of part of an apprenticeship to an approved external training provider and should follow the rules set out in the subcontracting rules, the full detail of these have been published as part of the main package of funding rules.

We will monitor training and end-point assessment costs to ensure that employer-providers achieve best value, such as economies of scale, which can be taken into consideration when calculating delivery costs.

Where employer-providers deliver apprenticeships to other employers (including those employers within their supply chain and franchises if they are not their own legal employee), they must follow the rules that apply to other training providers and set out in the rules.

For more information, please refer to please refer to the [Apprenticeship funding: rules for employer-providers](#).

# Annex B - Ofsted guide to inspection for employer-providers

## Introduction

This guide has been written to help ensure employers understand how Ofsted inspection under the Common Inspection Framework relates to employers that provide apprenticeship training to their own employees. Inspection is flexible and adapted to the context of the training provider.

The *Further Education and Skills Inspection Handbook* provides a more detailed guide to inspection and key training staff will want to familiarise themselves with this:

<https://www.gov.uk/government/publications/further-education-and-skills-inspection-handbook-from-september-2015>. For a quick introduction see pages 59-61 for how we will inspect apprenticeships (and 'What do inspectors look at?' below).

We familiarise training providers about the inspection process at events held for that purpose. Where an employer has its training provided by another training provider that employer will only experience inspection indirectly and in quite a different way. Annex 1 below sets out how an employer will be involved in inspection where that is the case.

## Why are employer-providers inspected?

- To assess the quality of your training:
  - to help you improve it .
  - to provide useful information for future employees.
  - to provide accountability for use of public money against a national framework.
- to help ensure that apprentices learn, develop and progress as they should.
- to check that the employer manages training so that it effectively delivers good quality training.

Each inspection will result in a report which will highlight both the strengths and areas for improvement identified in the inspection, and will be published on the Ofsted website <sup>1</sup>

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<sup>1</sup> Ofsted grades the overall effectiveness of the training. On full inspections we also grade: effectiveness of leadership and management, quality of training, learning and assessment, personal development of employees and the outcomes for employees. Ofsted always makes a judgement whether safeguarding arrangements are effective.

*Inspection means you get a professional independent report on the quality of your training. There is no cost to the training provider.*

## Who will carry out the inspections?

- The inspectors on your inspection team will be professional inspectors of apprenticeships who have had years of experience in vocational education and training.
- At least one member of the team will be a specialist from your sector and will often be currently employed in that sector.
- They will not be inspectors of schools.

## What does inspection involve?

- A professional conversation between the inspectors and you, your senior managers involved in training and training staff.
- Talking with staff and employees about their training to get a rounded picture: we want to hear your story.
- A senior member of your staff acting as inspection 'nominee' and liaising with the inspection team throughout the inspection. You will get two working days' notice that we will be inspecting you.
- Observing training sessions both on and off-the job.
- Passing trainees an online link to the Ofsted Learner View survey where they can give their views of their experience of the training.
- Looking at your records, such as those which demonstrate how you assess progress of employees in their training (see Annex 2).
- Looking at your plans, such as those showing how your training strategy is integrated with the organisation's business objectives.
- We are focussing only on your apprenticeship training so our inspections are streamlined for that.

## Inspection does not involve:

- asking you for documents you don't have or expecting you to provide policies or information in certain formats – we'll use what you have (see Annex 2 for the information the inspector may ask for).
- doing a lot of preparatory work for inspection. If your approach to training is effective we will find evidence of it - that is an inspector's job.



- Ofsted visiting you at peak business times such as January sales for retail employers (but we may visit at any other times).
- Looking at the employer's whole corporate governance. We are only concerned with the leadership and management of the training function.
- grading of training sessions.

## A typical inspection timetable

Typical inspection timetable	Length of inspection	Timeline
<b>Notification</b>	2 working days before the inspection starts	Day -2
<b>On-site inspection</b>	Inspection currently lasts for 3 or 4 continuous days on-site (unless it is a short inspection because you were 'good' last time, when it will last 2 days)	Days 1-3/4
<b>Report factual accuracy check</b>	The lead inspector will draft a report which will be quality assured and then sent to you to check for factual accuracy	Around Day 13
<b>Report publication</b>	This usually happens within 4-5 weeks of the end of the inspection	Day 19

## Ofsted has a risk-based and proportionate approach to inspection:

*Ofsted focuses its inspection where it will have the most impact. If your training is good then you will be able to demonstrate it and we won't need to come back for a few years.*

- If you are a new training provider you will be inspected within three years of beginning to use funding to train apprentices.
- If we find you to be outstanding you will usually not be inspected again (unless your performance drops).
- If we find you are good, you will usually receive a short inspection in three years.
- If we find you to require improvement we will come back to inspect you again within two years and also support and challenge you to improve.

- If we find you to be inadequate will be come back to inspect you again within 15 months and also carry out visits to help you improve. In the meantime you will enter into the Skills Funding Agency intervention process (this may be subject to change as the Institute for Apprenticeships and other new arrangements come into effect).
- Ofsted uses performance data and other information to help identify where a provider's performance is declining or improving and thus assess risk.

## What do inspectors look at?

In brief, inspectors will consider how well:

- apprenticeships are planned and managed and fully meet the principles and requirements of an apprenticeship.
- the training provider's staff successfully plan and carry out training and assessment and monitor and support apprentices to progress quickly and achieve to their full potential.
- trainers, assessors, coaches and mentors communicate up-to-date subject knowledge that reflects the required industry practice and meets the employer's needs.
- apprentices develop the vocational and employability skills that enable them to achieve their qualifications, contribute to their workplace and are relevant to their career aims.
- apprentices complete their apprenticeship, progress to their intended job role or other sustained employment, get promoted or, where appropriate, move to a higher level of apprenticeship or qualification.
- apprentices contribute to their employer's business.
- apprentices develop an understanding of professional standards and current industry practice, including technical skills, and can apply them at work.
- apprentices develop attitudes, behaviours and employability skills, including in English, mathematics and information and communication technology (ICT) and apply them at work.

## Safety and protection of trainees

On every inspection, Ofsted will make a judgement whether the provider has effective arrangements for ensuring the safety and well-being of trainees. This is part of the 'effectiveness of leadership and management' judgement. It is to check fulfilment of government requirements and expected practice:

- whether appropriate risk assessments have been carried out to protect children on work experience, young employees (16 and 17-year-olds) and vulnerable adults.

- appropriate measure to protect the physical safety of trainees are being taken.<sup>2</sup>
- how well employer-providers are meeting the requirements of the new Prevent duty. Prospective employer-providers can familiarise themselves with what this entails by looking at the government's Prevent guidance<sup>3</sup> and training offered by the Education and Training Foundation and others to support providers in this.<sup>4</sup>

## **We are keeping our inspection process under review:**

- Ofsted is always adapting its ways of inspecting to make them more efficient and effective and adapted to the context of those it is inspecting. We welcome your views, insights and queries. Please feel free to send any comments to [fes@ofsted.gov.uk](mailto:fes@ofsted.gov.uk)

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<sup>2</sup> Inspecting safeguarding in early years, education and skills settings, Ofsted, August 2015; [www.gov.uk/government/publications/inspecting-safeguarding-in-early-years-education-and-skills-from-september-2015](http://www.gov.uk/government/publications/inspecting-safeguarding-in-early-years-education-and-skills-from-september-2015)

<sup>3</sup> <https://www.gov.uk/government/publications/prevent-duty-guidance>

<sup>4</sup> [www.preventforfeandtraining.org.uk](http://www.preventforfeandtraining.org.uk)

## **Annex 1: employers whose training is provided by a training provider**

Employers who have their training provided by another training provider will only be indirectly involved in inspection since it will be the training provider which is inspected.

However, on every inspection of a training provider, we:

- always visit and observe some trainees on-the-job working on employers' premises to understand the quality of the whole apprenticeship training programme.
- always speak to at least some of the training provider's employers to understand their views and experiences of the quality of the training provider and its engagement with employers.

Employers' views about their training provider are important to Ofsted as evidence of the quality of training. Any employer can provide their views about their training provider at any time on Employer View here: <https://employerview.ofsted.gov.uk>

## **Annex 2: information the inspection team may request**

Providers are not expected to prepare anything extra for inspectors, but should make the following documents available to inspectors when the inspection is notified (where relevant):

- your training quality improvement or self-assessment plan or equivalent.
- strategic and operational business plans.
- details of training staff qualifications and experience and of training staff development activity over the last two years.
- a range of trainees' work, including marked work.
- records of observations of training, learning and assessment or support, information and advice sessions.
- timetables and schedules of activity involving trainees (showing locations and staff).
- up-to-date data on trainee numbers, achievements and destinations.
- information about the provider's organisation with staff names and responsibilities.
- names and email addresses of any employers and/or subcontractors whose premises the inspection team intends to visit.
- minutes from key meetings.



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