



Department
for Education

Apprenticeship funding for employers who do not pay the apprenticeship levy

Reservation of funds guidance

Version 2 – April 2023

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Introduction

This document sets out the policy by which we will operate the reservation of funds.

To help us forecast, monitor, and manage the availability of funding for apprenticeships through the apprenticeship service, employers who do not pay the apprenticeship levy are required to reserve funds before an apprenticeship can commence (unless the apprenticeship is being funded by a transfer of levy funds).

The policy within this document was launched in January 2020. We keep this policy under review and will publish changes to this policy when required. This document should be read alongside:

- [The apprenticeship funding rules](#)
- [The DfE Apprenticeships – Employer Agreement](#)
- Guidance on GOV.UK on how to use the [apprenticeship service](#). Simply search “How to use the apprenticeship service”, or use our [ESFAGOVUK](#) YouTube channel, which includes a playlist called ‘Using the apprenticeship service’.

Reservation of funds

Reservations provide certainty that the Government will pay for the apprenticeship training and assessment while also managing the availability and affordability of apprenticeship funding for employers who do not pay the levy.

Since January 2020 employers who do not pay the apprenticeship levy have been able to reserve funding for an apprenticeship in advance of recruitment or an offer of an apprenticeship being made to an existing employee. This reservation ensures that employers can plan, and that funds will be available to pay for the training from the point the apprenticeship starts. The employer must then turn this ‘reservation’ into a ‘commitment’ once the training provider and an apprentice are confirmed.

Funds transferred from employers, who pay the levy, to other employers through the apprenticeship service (either via a direct transfer or online pledge) are not subject to reservations.

We will continue to monitor reservations to help us manage the Government’s overall spend on apprenticeships. We may pause reservations for employers within the financial year to ensure that the programme remains affordable.

How will reservations work?

1. Reservations are classified as follows:
 - An 'active' reservation is where the reservation has not yet turned into a commitment and has not yet expired;
 - A 'used' reservation is where the reservation has been turned into a commitment.
2. Reserving funds continues to be an action that must be undertaken by an employer prior to recruiting an apprentice or confirming a start date with an existing employee. The employer may give a provider their permission to do this on their behalf through the apprenticeship service.
3. Each reservation is linked to an employer and their account. If a provider reserves the funds on behalf of the employer, the employer can still use this reservation with any provider. The employer can change the provider at any time up to the point of turning the reservation into a commitment.
4. Once a reservation has been made, funds are guaranteed for that apprenticeship, subject to the reservation being turned into a commitment, and all other eligibility criteria being met as detailed in the Apprenticeship Funding Rules. This will be the eligibility criteria that is in place at the time the apprentice starts on programme and not when the reservation is made.
5. The DfE will monitor the number of reservations being made by employers and retains the right to amend this – for example, by reducing the number of active reservations an employer may make or restricting the ability to reserve funds for a given month. Changes to our policy will be communicated via GOV.UK.

How to make a reservation

6. Once employers have set up their apprenticeship service account and accepted the employer agreement, they can reserve funds.
7. When making a reservation the following details will be required:
 - the month the apprenticeship training will start;
 - the apprenticeship standard.
8. Employers can reserve funds up to three months before an apprenticeship is planned to start. Each reservation will expire two months after the reservation start date if the apprenticeship details are not completed and fully approved on the service.

For example, in April 2023 employers will be able to reserve funds for a start in June 2023; if the apprenticeship details are not completed and fully approved by August 2023 it will expire.

9. Where funds have not been reserved before the apprenticeship start or re-start

date, employers must reserve funds no later than the end of the calendar month in which the apprentice starts or re-starts.

10. Where an apprenticeship has started or re-started and funds have not been reserved, if an employer wants to use reserved funds to fund that apprenticeship, they must reserve funds for a future available month. Employers and providers must re-start the apprentice on their apprenticeship and re-determine eligibility in line with the start date confirmed in the reservation. This includes, where applicable, updating the apprenticeship agreement and training plan.
11. Once a reservation has been made it can be converted into a full apprenticeship record, or a commitment, by adding the chosen apprentice's details and being agreed by both the employer and provider.
12. Individualised Learner Records (ILR) and returns remain an essential feature of apprenticeship funding arrangements and will still need to be completed by providers.

Expired and deleted reservations

13. Reservations will expire if they are not turned into a commitment within 3 months of the apprenticeship start date, detailed within the reservation.
14. Where a reservation is not required it can be deleted by using the apprenticeship service.
15. Expired and deleted reservations cannot be turned into commitments. Where a commitment is needed, and a previous reservation has expired or been deleted, a new reservation must first be made.
16. Expired and deleted reservations are not classed as active reservations.
17. Instructions on [how to use the apprenticeship service](#) to create an apprenticeship service account, make reservations and commitments, and more can be found on GOV.UK.
18. The [funding rules](#) also provide additional information on reservation of funding.



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