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Policy paper

Apprenticeship funding for employers who do not pay the apprenticeship levy

Updated 31 October 2023

Applies to England

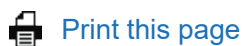
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This guidance explains our reservation of funds policy.

Employers who do not pay the apprenticeship levy need to reserve funds unless they are receiving a transfer of levy funds. This helps us forecast, monitor and manage the availability of funding through the apprenticeship service.

You should read this document alongside:

- the [apprenticeship funding rules](#)
- the [apprenticeship employer agreement](#)
- guidance on how to use the [apprenticeship service](#)

Videos on [using the apprenticeship service](#) are also available.

Reservation of funds

Reservations:

- provide certainty that the government will pay for the apprenticeship training and assessment
- manage the availability and affordability of apprenticeship funding for employers who do not pay the levy

Employers who do not pay the apprenticeship levy should reserve funding for an apprenticeship in advance of:

- recruitment
- making an offer of an apprenticeship to an existing employee

Where reserving in advance is not possible, employers can backdate reservations by one calendar month of the apprenticeship starting.

Reservations ensure that employers can plan, and that funds will be available to pay for the training from the point the apprenticeship starts.

Once the employer has confirmed the training provider and apprentice, they must turn the reservation into a commitment.

Where the apprenticeship is being funded via a transfer of levy funds, these do not require a reservation to be made.

We will continue to monitor reservations to help us manage the government's spend on apprenticeships. We may pause reservations within the financial year to ensure that the programme remains affordable.

How reservations work

Reservations are either:

- an 'active' reservation, where the reservation has not yet turned into a commitment and has not yet expired
- a 'used' reservation, where an employer has turned the reservation into a commitment

Employers should reserve funds before:

- recruiting an apprentice
- confirming a start date with an existing employee

Where this is not possible, the employer must reserve funds within one calendar month of the apprenticeship starting. This means they can backdate a reservation by one calendar month.

The employer may give a provider their permission to reserve funds on their behalf through the apprenticeship service.

Each reservation is linked to an employer and their apprenticeship service 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.

Once the employer or provider makes a reservation, we guarantee the funds for that apprenticeship. This is subject to:

- the employer turning the reservation into a commitment
- all the eligibility criteria detailed in the apprenticeship funding rules being met

The eligibility criteria is the criteria in place at the time the apprentice starts on programme. It is not the criteria in place when the reservation is made.

We will monitor the number of reservations employers make. We may amend this policy if needed - for example, by:

- reducing the number of active reservations an employer may make
- restricting the ability to reserve funds for a given month

We'll communicate any changes to the policy to employers and providers in advance of the changes.

How to make a reservation

Employers can reserve funds once they have:

- set up their apprenticeship service account
- accepted the employer agreement

When making a reservation, employers will need to know the:

- month the apprenticeship training will start
- apprenticeship standard

Reservations will expire 2 months after the reservation start month if:

- employers do not complete the apprenticeship details in the service
- employers and providers do not fully approve the apprenticeship details in the service

In November 2023, an employer reserves funds for a start in January 2024. If the employer and provider do not complete and approve the apprenticeship details by 31 March 2024, the reservation will expire.

In November 2023, an employer reserves funds for a start that occurred in October 2023. If the employer and provider do not complete and approve the apprenticeship details by 31 December 2023, the reservation will expire.

Where an apprenticeship has started or restarted before a reservation is made, employers can backdate a reservation by a maximum of one calendar month. If the apprenticeship started or restarted before this, employers and providers must:

- restart the apprentice on their apprenticeship within the earliest reservation start month available
- determine their eligibility in line with the start date confirmed in the reservation
- update the apprenticeship agreement and training plan

Employers can convert a reservation into a full apprenticeship record or a commitment by adding the apprentice's details. Both the employer and the provider need to agree these details.

Providers will still need to complete individualised learner records (ILRs).

Expired and deleted reservations

Employers can delete reservations they no longer need using the apprenticeship service.

Employers cannot turn expired and deleted reservations into commitments. If a commitment is needed, a new reservation must be made.

We do not class expired and deleted reservations as active reservations.

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