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Guidance

Privately funded apprenticeships: rules and guidance

Updated 3 August 2026

Applies to England

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July 2026 – version 1.1

Introduction

Currently around 1% of apprenticeships are privately funded. This is often due to the learner not meeting the eligibility requirements in the [apprenticeship funding rules](#) (for example, they are from a devolved nation). However, it is expected that the volume of privately funded learners may increase, following the change to the funding of Level 7 apprenticeship provision and other standards.

This information has been produced for providers who intend to deliver privately funded apprenticeships. This means that no apprenticeship funding is being accessed from the Department for Work and Pensions (DWP).

Statutory requirements for apprenticeships

Under the [Apprenticeship, Skills, Children and Learning Act 2009](#) (ASCLA) it is an offence for a person who is providing or offering a course or training, that is to be undertaken in England, to describe the course or training as an apprenticeship if it is not a statutory apprenticeship. This measure is designed to protect the integrity of, and prevent misuse of, the term 'apprenticeship' and to safeguard learners, employers, and providers.

Providers must not advertise, promote or describe any course or training as an apprenticeship unless the person doing the course or training is employed and works for reward under an English apprenticeship agreement (or is part of an arrangement which falls into one of the Alternative English apprenticeship categories [specified in these Regulations](#)). In addition, the programme must meet the following minimum statutory requirements:

- it must align to an approved apprenticeship standard (approved for delivery on the [Skills England](#) website)
- it must contain off-the-job training which meets the requirements of the approved standard for the occupation – this must be delivered within normal working hours
- it must specify a practical period of training which meets at least the statutory minimum duration (8 months for new starts from August 2025)
- it must include an independent apprenticeship assessment aligned to the standard

Local authorities, acting as weights and measures authorities, have a statutory duty

to enforce these provisions.

Certification

An apprentice can only be certificated for their apprenticeship programme if the statutory requirements outlined above have been met and the apprenticeship training, and the apprenticeship assessment, have been completed.

For all apprenticeships, including privately funded, an Individual Learning Record (ILR) must be submitted by the training provider for the apprentice to receive their apprenticeship certificate.

Training providers must submit a record for the learner on their ILR return to the Department for Education (DfE) (using code 99 – unfunded learner); this record must be accurately maintained in line with the [ILR specification](#) (this includes timeliness of data). [Additional guidance](#) is available.

To claim the apprenticeship certificate, the apprenticeship assessment provider must apply for the certificate on the [Apprenticeship Assessment Service](#) and follow the instructions for a ‘privately funded learner’.

Delivering privately funded apprenticeships

Contractual arrangements

Before they deliver a privately funded apprenticeship, the training provider must:

- be registered on the [Apprenticeship Provider and Assessment Register](#) (APAR)
- have a signed provider agreement in place

English and maths

As with funded apprentices, the English and maths exit requirements are optional for apprentices who are aged 19+ at the start of their apprenticeship training, unless the standard specifies differently.

Incentives and additional payments

As no DWP apprenticeship funding for training and assessment is being accessed, the learner, employer or provider is not eligible for incentives or additional support. This includes the additional £1,000 additional payment for younger learners, the care leaver bursary and learning support payments.

Using the apprentice rate of the National Minimum Wage

If the individual is working under a valid English apprenticeship agreement (or falls into one of the alternative English apprenticeship categories) they are legally considered an apprentice. As such, the employer can use the apprentice rate of the National Minimum Wage, or higher if they wish.

Using the National Insurance exemption for younger apprentices

HMRC has confirmed that privately funded apprenticeships are eligible for the Class 1 National Insurance exemption, provided that:

- the person is under the age of 25 (note, this exemption is not based on age at start; which means the exemption might stop whilst the apprentice is still on-programme (for example, if they turn 25 during the programme))
- the person is employed under an apprenticeship that falls within Regulation

154A(2) SSCR 2001, as set out in the National Insurance Manual at [NIM01307](#)

- the person is being trained pursuant to an apprenticeship agreement which is either DWP funded or is set out in a written agreement between that person, the employer, and the training provider – the written agreement must include the type of apprenticeship standard being followed, the start date of the apprenticeship and the expected completion date of the apprenticeship

The exemption only applies to apprenticeships approved for delivery on the [Skills England](#) website, where the programme meets the definition set out in ASCLA.

Privately funded programmes and VAT

DfE does not give specific VAT advice, and providers and employers should always seek their own advice. However, the following may be useful:

- [VAT Notice 701/30](#) outlines how VAT applies to education, research, vocational training, examination services and goods and services connected with these activities
- where an apprenticeship is part funded by DWP, the privately funded part may be subject to VAT, depending on who is delivering the training and whether this party has an 'eligible body' status
- where an employer chooses to work with a provider that does not have eligible body status and the provider subsequently charges VAT on training that is for a business purpose, the employer would normally be able to reclaim this as input tax, subject to the normal rules (see VIT12100 [VAT Input Tax basics: the basic right to deduct principles](#) and VIT21000 [is it input tax: the link to supplies](#) for more information)

Financial contributions by an apprentice

On a DWP funded programme, the apprentice is prohibited from contributing financially to the eligible costs of training, on-programme or apprenticeship assessment. This is not the case with a privately funded apprenticeship.

Non-compliance

Where providers do not comply with, or engage with, the statutory and contractual arrangements set out above they risk losing access to funded delivery and risk removal from the APAR.

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