



Education & Skills  
Funding Agency

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# Apprenticeships: common funding and performance- management rules

for the 2016 to 2017 funding year (1 August 2016 to 30 April 2017)

Note: New apprenticeship starts from May 2017 will be subject to the 2017 to 2018 funding and performance-management rules.

## Version 5

April 2017

Of interest to providers and employers

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## Introduction

Apprenticeships are a job with an accompanying skills development programme, designed by employers. Apprentices gain the technical knowledge, practical experience and wider skills they need for their immediate job and future career. The apprentice gains this through a wide mix of learning in the workplace, formal off-the-job training and the opportunity to practice new skills in a real work environment. This wide mix differentiates apprenticeships from training delivered to meet narrowly-focused needs.

- B1. This document sets out the common funding rules for all apprenticeships. You should read it with other relevant funding rules documents. These include the following.
- [Skills Funding Agency: common funding and performance-management rules](#)
  - [Apprenticeship framework funding and AGE performance-management rules](#)
  - [Apprenticeship standards funding and performance-management rules](#)
- B2. These are the funding rules for all apprenticeship frameworks and standards, including those delivered by higher education institutions. We will use the generic term apprenticeship for all types of apprenticeship, unless we state otherwise.
- B3. Apprentices must be an employee on the first day of their apprenticeship and be paid at least a wage consistent with the law for both the time they are in work and in off-the-job learning. You can find information on the [definition of an employee](#) on GOV.UK and information on the [national minimum wage](#) on GOV.UK. The lead provider must retain evidence of the apprentice's employment.
- B4. To receive funding for an apprenticeship you must:
- B4.1. be satisfied that this is the most appropriate learning programme and it is
- B4.1.1. a new job role, or
  - B4.1.2. an existing job role, where the individual needs significant new knowledge and skills
- B4.2. make sure the job allows the apprentice to gain the wider employment experience as part of the apprenticeship
- B4.3. advertise new apprenticeship vacancies on [Find an apprenticeship](#), except where they are an existing employee
- B4.4. close the advert once the vacancy has been filled

B5. You must not ask an apprentice to contribute financially to the direct cost of learning. If providers charge an apprentice's employer, this is up to them. In an apprenticeship standard, the provider must charge the employer for a contribution towards the cost of the apprenticeship.

## Starting an apprenticeship

B6. For each apprentice, we will only fund a single apprenticeship at any one time. An apprentice must not progress onto another apprenticeship until they have completed or achieved and left their current apprenticeship.

B7. An apprenticeship is a full-time programme. You must not claim funding where either you or another party claim funding from another government department or an agency, such as the Education Funding Agency or Department for Work and Pensions, for that individual.

B8. We will not fund an apprenticeship delivered only by distance learning. You can include online and other blended learning activity as part of the delivery of an apprenticeship.

B9. If an apprentice becomes self-employed during the apprenticeship, this will make their apprenticeship and funding ineligible at that point unless the apprenticeship framework falls within the alternative completion conditions. [The Apprenticeships \(Alternative English Completion Conditions\) Regulations 2012](#) and [The Apprenticeships \(Alternative English Completion Conditions\) \(Amendment\) Regulations 2013](#).

B10. You must not use our funding to pay apprentices' wages.

## Learner file and the evidence pack

B11. The learner file, described in the common funding rules, is the generic term that the SFA uses for evidence. Where we use this term in relation to apprenticeship standards you must also refer to the evidence pack as detailed in the specific apprenticeship standards rules. The evidence pack has additional requirements.

## Apprenticeship agreement

B12. There must be evidence that an apprentice has an [apprenticeship agreement](#) at the start and throughout their apprenticeship, between the employer and apprentice as defined in the [Apprenticeships, Skills, Children and Learning Act 2009](#) (unless the apprenticeship framework is covered by the alternative completion conditions).

B13. The apprenticeship agreement can be a written statement of particulars under the [Employment Rights Act 1996](#). Alternatively, it can be a contract of

employment or a letter of engagement, where the employer's duty under the 1996 Act is treated as met.

## **Apprenticeship training agency (ATA)**

B14. An ATA must follow our ATA framework. You can find [information on ATAs](#) on GOV.UK.

B15. You must not employ apprentices solely to deliver an apprenticeship, unless employment is through a recognised ATA.

B16. An ATA, an organisation whose main business is employing apprentices who are made available to employers for a fee, must:

B16.1. set up as a distinct legal entity so that apprentices can have employment contracts with the ATA

B16.2. report that the apprentice is employed by an ATA in the Individual Learning Record (ILR)

B17. Group training associations that offer an ATA service to employers must follow ATA-specific rules.

## **Employment hours**

B18. You must:

B18.1 make sure that apprentices are employed for at least 30 hours a week

B18.2 record the agreed average weekly hours including study hours in the learner file

B18.3 ensure the apprentice spends a large proportion of their apprenticeship developing the skills of their job

B18.4 ensure the employer provides the apprentice with paid time to attend off-the-job training, including additional support for English and maths, or support accessed for learning difficulties and/or disabilities

B18.5 only train apprentices who work part-time for fewer than 30 hours a week, by exception, due to personal situations or because of the industry or job role. In these instances:

B18.5.1 the apprentice must work for at least 16 hours a week

B18.5.2 you must record the agreed average number of hours each week

B18.5.3 you must evidence why this is required

- B18.5.4 you must meet the minimum apprenticeship duration rule
- B18.5.5 you must make it clear in an advert for a vacancy on [Find an apprenticeship](#) if the apprenticeship is for fewer than 30 hours a week
- B18.5.6 Zero-hour contracts will only be accepted if there is a contract of employment that meets the funding rules in the paragraph above.
- B19. The employer must recognise that the apprentice must complete the apprenticeship within their working hours.
- B20. An apprentice must still meet the minimum employment hours if they work irregular working hours or are on a zero-hour contract. For an apprentice in these circumstances you must use a four-week rolling average to make sure they meet the employment hours funding rule. If the four-week rolling average falls below 16 hours, then the apprenticeship must be put on hold until the working hours increase to 16 or greater.
- B21. The planned length of the apprenticeship and average working-hour pattern must be clear when you advertise a vacancy on the [Find an apprenticeship](#) website.
- B22. If the number of part-time apprenticeships is large and you fail to evidence the exceptional reasons why, we will remove funding from you as part of the performance-management process.

## **Apprenticeship duration**

- B23. The minimum duration of an apprenticeship is one year, unless:
- B23.1. the framework or standards specifications or assessment plans require it to be longer, or
  - B23.2. the apprentice is aged 19 or older, is following a framework and funding is reduced because of prior learning or achievement
- B24. Where the minimum duration is one year, the apprentice must be in learning on the anniversary of the date they started the apprenticeship.
- B25. In an apprenticeship standard, the end-point assessment must be taken after the minimum duration in learning has been met.
- B26. If the minimum duration has not been met, you must not claim an Apprenticeship Framework Completion Certificate from Apprenticeship Certificates England. (Not applicable to apprenticeship standards.)
- B27. You must make sure that, the apprentice is involved in active learning or monitored workplace practice, throughout an apprenticeship. The apprentice can, after achieving all mandatory qualifications in a framework, stay in learning

until they meet the minimum duration and embed the skills they have gained. You must have evidence that the apprentice continues in learning.

B28. If the apprentice works part-time for fewer than 30 hours a week you must extend the minimum duration to take account of the shorter working time. For example, if the apprentice only works 20 hours a week, you must extend the end date by 50% – so the apprentice must be in learning for at least 18 months. This would also apply where the working hours of an apprentice temporarily fall below 30 hours a week.

## **Transfers and breaks in learning and minimum duration**

B29. When an apprentice transfers between providers or returns after a break in learning:

B29.1. you must have evidence that the total amount of time spent on their apprenticeship meets the minimum duration funding rule for the continued apprenticeship

B29.2. if they start a new apprenticeship standard, framework or pathway, previous durations do not apply to meeting the minimum duration requirements

## **English and maths**

B30. Frameworks and standards have specific funding rules on the delivery and achievement of English and maths, which you can find in the frameworks funding rules and the standards funding rules.

## **Second apprenticeships at the same or a lower level**

B31. If an apprentice starts a new job in a different occupation, we will fund them to do an apprenticeship at the same level as previously achieved.

B32. We will fund another apprenticeship framework at the same or lower level if the apprentice needs to be multi-skilled for their occupation and if the learning is materially different to the apprenticeship they achieved previously. You must have evidence that the repeat or lower-level apprenticeship framework is supporting the apprentice in an extended job role.

B33. We will not fund another apprenticeship standard at a lower level than already achieved.

## Apprenticeship learning support

- B34. We will provide learning support for apprentices to help with learning that affects their ability to continue and complete their apprenticeship.
- B35. This must not be used to deal with everyday difficulties that are not directly associated with an apprenticeship.
- B36. You must:
- B36.1. carry out a thorough assessment to identify the support the apprentice needs
  - B36.2. agree and record the outcome of your assessment in the learner file
  - B36.3. deliver support to meet the apprentice's identified needs, and review progress and continuing needs, as appropriate
  - B36.4. record all outcomes in the learner file and keep evidence of the assessment of the needs
  - B36.5. report in the ILR that an apprentice has a learning support need associated with an identified learning aim
- B37. Learning support is earned at a fixed monthly rate, the same in both frameworks and standards, which should be enough to cover your costs. If the support cost exceeds that earned from the fixed monthly rate, and you provide evidence of this, you can claim excess learning support using the Earnings Adjustment Statement (EAS). You can find further information on the [EAS](#) on GOV.UK.
- B38. You can claim learning support as long as the learner needs support for the learning aim up to the learning actual end date.
- B39. You must promptly claim for learning support from your apprenticeship budget through the ILR and the EAS. We will not pay you for claims from a previous funding year if you do not claim on time.
- B40. The maximum value of learning support each year claimed through the monthly rate and excess learning support claimed through the EAS is £19,000. If learning support costs for an apprentice exceeds this maximum, we will need to authorise you to claim exceptional learning support.

## Apprenticeship payments and performance

We have updated these rules to reflect changes arising from the introduction of the new apprenticeship funding system.

These rules only apply to apprentices that start before 1 May 2017. For apprentices that start after 1 May 2017, the [Apprenticeship funding and performance management rules for training providers 2017 to 2018](#) will apply.

Contracts will run for the full 2016 to 2017 funding year. We will adjust the April-to-July 2017 element of the contract to ensure it contains sufficient funding for apprentices that started their learning before 1 May 2017.

Funding for apprentices that start their learning with non-levy paying employers between 1 May and 31 December 2017 will be added to current contracts. Rules for the delivery to these apprentices are set out in the [Apprenticeship funding and performance management rules for training providers 2017 to 2018](#).

We will allocate funds in future funding years to meet the costs of apprentices who started before 1 May 2017. This will reflect funding previously paid by the Education and Skills Funding Agency.

B41. You can fund all apprenticeships starts (16 to 18 and adult) until 1 May 2017 under your existing terms and conditions up to the value of your contract.

B42. Your contract spans two financial years.

- August 2016 to March 2017: periods 1 to 8 of the 2016 to 2017 funding year.
- April 2017 to July 2017: periods 9 to 12 of the 2016 to 2017 funding year.

B43. For starts before 1 May 2017, you must fund the delivery of both apprenticeship frameworks and apprenticeship standards from your apprenticeship funding allocation or contract value. For apprenticeship standards, this includes any additional incentive payments that you must pass to employers.

### 16-to-18 apprenticeships for all providers

B44. You cannot move funds between 16-to-18 traineeships and 16-to-18 apprenticeships without our agreement.

B45. We will pay you on the basis of your actual delivery each month up to your contract value for the financial year. We will calculate the value of your actual delivery using the latest validated individualised learner record (ILR) and earnings adjustment statement (EAS) data you provide. From 1 May 2017 your monthly

payments under these rules will only be made for value of apprentices who began their learning before 1 May 2017.

B46. At the performance-management point in December 2016, we will have measured your performance against a standard national profile (please see table 1 of annex A). We set out the performance-management point timetable in table 1 of annex B.

B47. We will have reduced your contract value if your performance against the standard national profile for the period in question was outside our published tolerance level. We set out the tolerance level applied at the performance-management point in table 1 of annex B.

B48. The reduction we make will reflect some or all of the value of the under-delivery to date. We will not have changed this approach unless there were exceptional circumstances.

B49. We will have applied the reduction unless:

- a. your historic delivery pattern is significantly different to the standard national profile (including where this is a result of your delivery of apprenticeship standards)
- b. you demonstrated that you were impacted by data issues that were outside of your control
- c. it is less than £25,000

B50. We will not make an automatic payment for delivery over your funding allocation.

## **Adult apprenticeships for all providers**

### **Learner and learning support**

B51. You must provide learning support to learners from your existing adult apprenticeship funding allocation or contract value.

B52. If you are a provider funded through a contract and do not have an allocation for discretionary learner support, you can claim learner support for adult apprentices in genuine need from the adult skills component of your adult education budget.

### **Providers funded through a grant**

B53. We will make payments on a standard national monthly profile, shown in table 2 of annex A.

- B54. From 1 May 2017, your monthly payments under these rules will only be for apprentices who began their learning before 1 May 2017.
- B55. You must provide three funding claims setting out your actual delivery to date and, where appropriate, provide a forecast of your spending for the remainder of the funding year. The funding claims you must provide are the:
- mid-year funding claim (February 2017)
  - year-end funding claim (September 2017)
  - final funding claim (October 2017)
- B56. You must make your funding claims in line with the [Funding Claims 2016 to 2017 Guide](#). We will review the actual spend in your final funding claim against the ILR and EAS data you provide.
- B57. We will not make an automatic payment for delivery over your apprenticeship allocation.
- B58. We will not apply an automatic year-end tolerance for under-delivery for apprenticeships. For any under-delivery, we will make a year-end adjustment to your funding allocation and you must pay back any unspent funds. We will confirm the value of funding you must pay back in your reconciliation statement.
- B59. From 1 August 2017, for apprentices that started their learning before 1 May 2017, we will pay you on the basis of your actual delivery each month up to your contract value for the financial year. We will calculate the value of your actual delivery using the latest validated ILR and EAS data you provide. We will no longer make adult apprenticeship payments on a standard national monthly profile and you will no longer have to make funding claims for your apprenticeship delivery.
- B60. From 1 May 2017, we will pay you on the basis of your actual delivery for apprentices that start from that date. Please see the 2017 to 2018 rules on [GOV.UK](#) for more information.

### **Providers funded through a contract**

- B61. We will pay you on the basis of your actual delivery each month, up to your contract value for the financial year. We will calculate the value of your actual delivery using the latest validated ILR and EAS data you provide. From 1 May 2017, your monthly payments under these rules will only be for apprentices who began their learning before 1 May 2017.
- B62. At the performance-management point in December 2016, we will have measured your performance against a standard national profile (please see table 3 of annex A). The performance-management point timetable is set out in table 1 of annex B.
- B63. We will have reduced your contract value if your performance against the standard national profile for the period in question was outside our published

tolerance level. We set out the tolerance level applied at the performance-management point in table 1 of annex B.

B64. The reduction we will have made to your adult apprenticeship contract value will have reflected some or all of the value of the under-delivery to date. We will not have changed this approach unless there were exceptional circumstances.

B65. We will have applied the reduction unless:

- a. your historic delivery pattern is significantly different to the standard national profile (including where this is a result of your delivery of apprenticeship standards)
- b. you demonstrated that you were impacted by data issues that were outside of your control
- c. it is less than £25,000

### **Increases to 16-to-18 or adult apprenticeship allocation or contract value for starts before 1 May 2017**

#### **All providers of 16-to-18 apprenticeships and providers funded through a contract for adult apprenticeships**

B66. At the performance-management point in December 2016, if your performance against the standard national profile was outside our published tolerance level, we will not have agreed an increase to that contract value unless we also agreed that:

- a. your delivery pattern in 2015 to 2016 is significantly different to the standard national profile (including where this is a result of your delivery of apprenticeship standards)
- b. you demonstrated that you were impacted by data issues that were outside of your control
- c. it is less than £25,000

#### **All providers**

B67. At the performance-management point (set out in table 1 of annex B), we will have considered requests to:

- increase your 2016 to 2017 funding allocation for 16-to-18 apprenticeships and adult apprenticeships
- move funding between 16-to-18 apprenticeship and 16-to-18 traineeship funding

B68. We will have only awarded growth for learners that started before 1 May 2017.

B69. We will not have agreed growth for a subcontractor if:

- it would take the total value of subcontracts that the subcontractor holds to deliver education and training funded by us to £100,000 or more, and
- the subcontractor is not on the [Register of Training Organisations](#)

B70. If you requested growth for subcontracted delivery, you must have provided evidence that you have published your supply-chain fees and charges policy on your website. This requirement is set out in the [Skills Funding Agency common funding and performance-management rules](#).

B71. We may have increased your funding allocation if funds are available and if:

- you are listed on the [Register of Training Organisations](#) and have completed the capacity and capability questions successfully
- you have a good track record
- you can prove there is demand from employers or learners
- you are not under notice for failure of inspection, financial health or financial control
- you are not under notice for minimum standards for apprenticeships
- we are confident that awarding an increase to your contract value is a good use of public funds

## Annex A – Standard national profiles

The following tables refer to P1 to P9. These represent the funding year periods where P1 is August and P9 is April. These profiles apply to learners that started before 1 May 2017.

**Table 1. 16-to-18 apprenticeships**

	P1	P2	P3	P4	P5	P6	P7	P8	P9
16-to-18 apprenticeships monthly profile	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%	8.35%	8.40%
16-to-18 apprenticeships cumulative profile	8.30%	16.60%	24.90%	33.20%	41.50%	49.80%	58.10%	66.45%	74.85%

**Table 2. Adult apprenticeships for providers funded through a grant**

	P1	P2	P3	P4	P5	P6	P7	P8	P9
Adult apprenticeships monthly profile	12.56%	9.44%	9.56%	7.44%	5.60%	5.60%	5.20%	5.16%	12.56%
Adult apprenticeships cumulative profile	12.56%	22.00%	31.56%	39.00%	44.60%	50.20%	55.40%	60.56%	73.12%

**Table 3. Adult apprenticeships for providers funded through a contract**

	P1	P2	P3	P4	P5	P6	P7	P8	P9
Adult apprenticeships monthly profile	7.61%	8.01%	8.35%	8.15%	7.57%	8.14%	8.14%	8.68%	8.44%
Adult apprenticeships cumulative profile	7.61%	15.62%	23.97%	32.12%	39.69%	47.83%	55.97%	64.65%	73.09%

## Annex B – Performance-management point

**Table 1. Apprenticeship performance-management point, tolerance and minimum threshold**

	<b>Performance-management point 1</b>
Growth funding that can be requested	For periods 1 to 8 <ul style="list-style-type: none"> <li>• 16-to-18 apprenticeships</li> <li>• Adult apprenticeships</li> </ul>
Growth form published	4 November 2016
Tolerance for under-delivery	6%
Lower threshold for contract value adjustments	£25,000
Growth requests had to be received by	18 November 2016
Delivery information using the latest validated ILR data you provide	6 December 2016
Cases for increasing or reducing contract values reviewed by	14 December 2016
Decision to approve or reject increases and reductions	Week commencing 2 January 2017
Providers told the outcome of our performance-management process from	Week commencing 9 January 2017
Performance-management values published on our website by	3 March 2017



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