



Skills Funding  
Agency

# Apprenticeship funding: rules for employer-providers

May 2017 to March 2018

Version 2

This document sets out the funding rules which will apply to all employer-providers following the introduction of the apprenticeship levy.

March 2017

Of interest to employer-providers.

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# Introduction and purpose of the document

- EP1. This document sets out the funding rules for employer-providers delivering apprenticeship training and assessment under the new apprenticeship programme from 1 May 2017.
- EP2. You can find details on the features of the new apprenticeship funding system including how we will calculate funding for organisations receiving funding from us in the [Apprenticeship technical funding guide for starts from 1 May 2017](#).
- EP3. We use the term 'you' to refer to the 'employer-provider', that is, any organisation who delivers some, or all, of the 'off-the-job' training element of an apprenticeship to their own staff and holds a contract with us through which we directly route funds from your digital account or government-employer co-investment. The employer-provider will have overall responsibility for the training and on-programme assessment conducted by themselves, their delivery subcontractors and to arrange end-point assessment conducted by apprentice assessment organisations.
- EP4. We use the term 'employer' to mean an organisation that has a contract of employment with an apprentice. This may also include a company whose PAYE scheme you have connected to your digital account in accordance with HMRC's definition of connected companies. This does not refer to individual sites or locations but the company or connected companies and connected charities as a whole.
- EP5. The terms 'we', 'our', 'us' and 'SFA' refer to the Skills Funding Agency.
- EP6. These rules form part of your terms and conditions for the use of funds in your digital account or for government-employer co-investment and you must read them in conjunction with your funding agreement with the Secretary of State for Education acting through the Skills Funding Agency (the SFA), an executive agency of the Department for Education.
- EP7. The SFA may make changes to these rules.
- EP8. If you are an employer-provider delivering the new apprenticeship programme, you must operate within the terms and conditions of your funding agreement, these rules, and the [Individualised Learner Record \(ILR\) Specification](#). If you do not, you will be in breach of your funding agreement with the SFA.
- EP9. If you breach your funding agreement, we reserve the right to take action.
- EP10. You can contact us through our service desk at [servicedesk@sfa.bis.gov.uk](mailto:servicedesk@sfa.bis.gov.uk) or telephone 0370 2640001. You can also contact your provider management manager/adviser.
- EP11. These rules will apply to all apprenticeship programmes starting on or after 1 May 2017. This includes both apprenticeship frameworks and standards. We will use the generic term 'apprenticeship' for all types of apprenticeship, unless we state otherwise.

- EP12. Any apprenticeship which started before 1 May 2017 will continue to follow the rules set out in the documents we list below and which you can access on [GOV.UK](#).
- 12.1. Skills Funding Agency: common funding rules 2016 to 2017
  - 12.2. Apprenticeships: common funding rules 2016 to 2017
  - 12.3. Apprenticeship framework funding rules 2016 to 2017
  - 12.4. Apprenticeship standards funding rules 2016 to 2017

## Understanding the terminology

- EP13. We use the term ‘apprenticeship’ to mean the training and (where applicable) end-point assessment for an employee as part of a job with an accompanying skills development programme funded by us. The term apprenticeship is a legally protected term and can only be used to describe a statutory apprenticeship as set out in the [Enterprise Act 2016](#). You can find a full definition of an approved English apprenticeship on the [legislation website](#).
- EP14. We use the term ‘apprentice’ to include all those who receive apprenticeship training and (where applicable) end-point assessment through an apprenticeship framework or standard funded by us.
- EP15. We use the term ‘funding agreement’ to include:
- 15.1. the apprenticeship employer agreement
  - 15.2. the apprenticeship provider funding agreement
  - 15.3. Apprenticeship funding: rules for employer-providers, May 2017 to March 2018
- EP16. We use the term ‘this document’ to refer to the Apprenticeship funding: rules for employer-providers, May 2017 to March 2018.
- EP17. We use the term ‘provider’ to include any organisation on the register of apprenticeship training providers and appointed by you for the delivery of training and on-programme assessment as part of your agreed apprenticeship programme. This includes companies, charities, bodies, colleges, universities, sole traders and other types of legal entity, including those who are in the same group as, or are associated with, the employer-provider. This excludes individuals who are self-employed or supplied by an employment agency and who are working under the employer-provider’s direction and control, in the same way as an employee.
- EP18. We use the term ‘delivery subcontractor’ to include any organisation contracted through a main provider or employer-provider to deliver apprenticeship off-the-job training, English or maths or planned on-programme assessment. This excludes apprentice assessment organisations and other subcontractors you use for different services, including help with marketing or data management. This also excludes subcontractors who deliver training to an apprentice that is in addition to the

apprenticeship and not funded through this route.

- EP19. We use the terms 'standard' and 'apprenticeship standard' to cover the apprenticeship standards which employers have designed. This is defined as those standards that have had their assessment plan approved and have been published alongside their allocated funding band.
- EP20. We use the terms 'framework' and 'apprenticeship framework' to cover the apprenticeship frameworks which are available for delivery.
- EP21. The [Hub](#) contains details of eligible apprenticeships.
- EP22. We use the term 'apprentice assessment organisation' to include any organisation on the [Register of apprentice assessment organisations](#) (RoAAO) and selected by the employer and contracted with you for the delivery of end-point assessment as part of your agreed apprenticeship programme.
- EP23. We use the term 'training' to mean the delivery of training and on-programme assessment by a main provider or any organisation contracted to a main provider for this purpose.
- EP24. From April 2017, all employers operating in the UK, with a pay bill of over £3 million each year will be required to pay a new apprenticeship levy. Employers can benefit from this investment by training apprentices.
- EP25. The 'apprenticeship service' is the service that will allow employers to choose and pay for the apprenticeship training that they want and will support the uptake of apprenticeships. The service is designed primarily for employers, with information coming from a range of different sources, including training providers.
- EP26. We use the term 'employer's digital account' or 'digital account' to mean the part of the apprenticeship service that will allow employers to view the funds they have available to spend on apprenticeships in England and direct us to pay for their chosen apprenticeship training and assessment.
- EP27. We use the term 'government-employer co-investment' to mean funding that is not paid for from your digital account because there are insufficient levy funds. You will be required to make a mandatory co-investment with the government.

## What is an apprenticeship?

### Genuine job

- EP28. An apprenticeship is a genuine job with an accompanying skills development programme. Through their apprenticeship, 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 practise new skills in a real work environment.

EP29. By 'genuine' we mean that:

- 29.1. the apprentice must have a contract of employment which is long enough for them to complete the apprenticeship successfully
- 29.2. the cost of the apprentice's wages must be met by the employer
- 29.3. the apprentice must have a job role (or roles) within the organisation that provides the opportunity for them to gain the knowledge, skills and behaviours needed to achieve their apprenticeship
- 29.4. the apprentice must have appropriate support from within the organisation to carry out their job role

EP30. When the apprenticeship is achieved the apprentice should remain with the employer, where a job opportunity continues to exist and where the apprentice wishes to remain. Where this is not possible, the apprentice must be supported to seek alternative opportunities.

EP31. The SFA will monitor apprentice destination data and HMRC data to ensure that job roles are genuine and are not created purely for the purposes of the apprenticeship programme. We will take action if employer recruitment practice is detrimental, either to the apprentice or to the apprenticeship brand.

## **Off-the-job training**

EP32. 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 an 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.

EP33. The off-the-job training must be directly relevant to the apprenticeship framework or standard and could include the following.

- 33.1. The teaching of theory (for example: lectures, role playing, simulation exercises, online learning or manufacturer training).
- 33.2. Practical training: shadowing, mentoring, industry visits and attendance at competitions.
- 33.3. Learning support and time spent writing assessments/assignments.
- 33.4. Off-the-job training does not include:
  - 33.4.1. English and maths (up to level 2) which is funded separately (please see paragraphs 84 to 93)
  - 33.4.2. progress reviews or on-programme assessment needed for an apprenticeship framework or standard
  - 33.4.3. training which takes place outside the apprentice's paid working hours

## Apprentices' wages

- EP34. Apprentices must be an employee on the first day of their apprenticeship and be paid at least a wage consistent with the law for the time they are in work and in off-the-job training. You can find information on the definition of an employee and information on the national minimum wage on [GOV.UK](https://www.gov.uk).

## Use of funds

- EP35. To use funds in your digital account or from government-employer co-investment for an apprenticeship, you must:

35.1. retain evidence of the apprentice's employment

35.2. be satisfied that this is the most appropriate learning programme and it is:

35.2.1. a new job role, or

35.2.2. an existing job role, where the individual needs significant new knowledge and skills and

35.3. make sure and have evidence that the apprentice spends at least 20% of their time on off-the-job training (please see paragraphs 32 to 33) (we recognise that apprentices may require more than 20% off-the-job training for example, if they need English and maths)

35.3.1. It is up to you to decide how the off-the-job training is delivered (this may include regular day release, block release and special training days/workshops)

35.4. make sure the job allows the apprentice to gain wider employment experience as part of the apprenticeship

- EP36. You must not use funds from your digital account or government-employer co-investment for any part of any apprentice's programme where either you or another party claim funding from another government department or agency for the same purpose. This includes any funding from the European Social Fund, the Education Funding Agency or Jobcentre Plus for that individual.

- EP37. You must not claim funding for any part of any apprentice's programme that duplicates training or assessment they have received from any other source.

## Apprenticeship agreement and commitment statement

- EP38. You must evidence that an apprentice has an [apprenticeship agreement](#) at the start, and throughout, their apprenticeship, between you and the apprentice as defined in the [Apprenticeships, Skills, Children and Learning Act 2009](#).

38.1. This can be a written statement of particulars under the [Employment Rights Act](#)



[1996](#), a contract of employment or a letter of engagement, where the employer's duty under the 1996 Act is treated as met.

38.2. You must keep a copy of any revisions to the apprenticeship agreement, resulting from a change in circumstance, in the evidence pack.

EP39. A commitment statement (please see paragraphs 163 to 165) must be in place at the start, and for the entire length of the apprenticeship (and updated as needed), with signed copies. These must be distributed to both parties (employer-provider and apprentice).

## **Apprenticeship duration and employment hours**

EP40. The minimum duration for apprenticeship training is one year unless the framework or standard specification or assessment plan requires it to be longer. In apprenticeship standards, the end-point assessment can only be taken after the minimum duration has been met. (Please see paragraph 104.) You must ensure the apprentice meets the minimum apprenticeship duration rules.

EP41. You must not claim an apprenticeship framework completion certificate on behalf of the apprentice from Apprenticeship Certificates England if the minimum duration has not been met. For standards, you must ensure that the minimum duration has been met as part of confirming end-point assessment gateway requirements.

EP42. 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 requirements of an apprenticeship, 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.

EP43. The minimum duration of each apprenticeship is based on the apprentice working 30 hours a week or more, including any off-the-job training they undertake.

EP44. The apprentice must work enough hours each week so that they can undertake sufficient, regular training and on-the-job activity. This is to ensure that successful completion of the apprenticeship is likely. You must keep evidence of the agreed weekly hours, including time spent on off-the-job training, in the evidence pack.

EP45. You must allow the apprentice to complete the apprenticeship within their working hours. This includes English and maths. You must keep evidence of this in the evidence pack.

EP46. If the apprentice works fewer than 30 hours a week you must extend the minimum duration (pro rata) to take account of this. This will also apply to any temporary period of part-time working.

EP47. Where a part-time working pattern is needed, the extended duration of the apprenticeship must be agreed by the apprentice and you. You must also meet the conditions set out in paragraph 51.

EP48. Where part-time working is agreed you must:

- 48.1. record the average number of hours each week
- 48.2. evidence why this working pattern is needed
- 48.3. extend the minimum duration using the following formula:

48.3.1.  $12 \times 30 / \text{average weekly hours} = \text{new minimum duration in months}$

- EP49. Zero-hour contracts are acceptable only where they meet all of the other rules in this document. For an apprentice with a zero-hours contract you must extend the duration of their apprenticeship in proportion to the hours they work.
- EP50. An apprentice with a zero-hours contract must be allowed to complete their apprenticeship in their working hours, including the off-the-job training. Where this is not possible, you must record a break in the apprenticeship.
- EP51. Working fewer than 30 hours a week or being on a zero-hours contract must not be a barrier to successfully completing an apprenticeship. We will monitor working hours data and patterns of behaviour to ensure that sufficient regular training and on and off-the-job activity is undertaken to ensure successful completion of the apprenticeship regardless of the number of hours worked. We reserve the right to take action where alternative working patterns are not managed appropriately leading to a reduction in the quality of the apprenticeship.
- EP52. When an apprentice changes their framework or standard or returns after a break in learning:
  - 52.1. you must have evidence that the total amount of time spent on their apprenticeship meets the minimum duration funding rule for the continued apprenticeship
  - 52.2. if they start a new apprenticeship, previous durations do not apply in meeting the minimum duration requirements

## **Who can be funded?**

- EP53. You are responsible for checking the eligibility of the individual at the start of their apprenticeship programme and can only use funds in your digital account or government-employer co-investment for those who are eligible. You must retain evidence of the individual's eligibility.
- EP54. To use funds in your digital account or government-employer co-investment, the individual must:
  - 54.1. start their apprenticeship after the last Friday in June of the academic year in which they have their 16<sup>th</sup> birthday
  - 54.2. be able to complete the apprenticeship within the time they have available; if you know an individual is unable to complete the apprenticeship in the time they have available, they must not be funded

- 54.3. not be enrolled on another apprenticeship, or another [DfE funded FE/HE programme](#), at the same time as any new apprenticeship they start
- 54.4. not be asked to contribute financially to the direct cost of learning or assessment (this includes where an apprentice leaves their programme early - employers must not claim training or assessment costs back from ex-apprentices)
- 54.5. not use a student loan to pay for their apprenticeship (where an individual transfers to an apprenticeship from a full-time further education or higher education course, and this course has been funded by a student loan, this loan must be terminated)
- 54.6. spend at least 50% of their working hours in England over the duration of the apprenticeship (Wales, Scotland and Northern Ireland have their own funding arrangements you must develop arrangements with the relevant devolved administration if you are planning to deliver apprenticeships to individuals who do not spend at least 50% of their working hours in England over the duration of their apprenticeship in England, including time spent on off-the-job training)
- 54.7. have the right to work in England
- 54.8. be one of the following:
  - 54.8.1. a citizen of a country within the European Economic Area (EEA) (including other countries determined within the EEA or those with bilateral agreements), or have the right of abode in the UK, **and** have been ordinarily resident in the EEA (including other countries determined within the EEA or those with bilateral agreements), for at least the previous three years on the first day of learning
  - 54.8.2. a non-EEA citizen with permission from the UK government to live in the UK, (not for educational purposes) **and** have been ordinarily resident in the UK for at least the previous three years before the start of learning
- EP55. Annex A of this document includes further rules on individuals with unusual eligibility status as well as the list of all the countries and territories in the European Economic Area (EEA).
- EP56. As an exception, we will also allow the following individuals to be funded from your digital account or using government-employer co-investment.
  - 56.1. Armed forces' and Royal Fleet Auxiliary personnel to undertake a statutory English apprenticeship wherever they are based in the United Kingdom.
  - 56.2. Members of other nations' armed forces stationed in England and their family members, where the family member has a right to work in the United Kingdom, if the armed forces' individual has been ordinarily resident in England for three years. We will not fund family members that stay outside of England.
  - 56.3. Apprentices whose occupation involves significant travel outside of the UK as

part of their job (such as in travel or tourism) or work offshore (such as an oil platform) and they have an identified registered work location in England. You must not claim for the additional expense of delivering learning outside of England.

- EP57. You must not claim funding for individuals who do not meet the eligibility criteria set out in this document unless they are eligible under the Fees and Awards Regulations 2007 Act (as amended). You must not claim for individuals who:
- 57.1. are here illegally
  - 57.2. are resident in the United Kingdom on a Tier 4 (general) student visa unless they are eligible through meeting any other of the categories described above
  - 57.3. are non-EEA citizens in the United Kingdom on holiday, with or without a visa
  - 57.4. have overstayed their immigration or visitor visa
  - 57.5. are non-EEA citizens and are a family member of a person granted a Tier 4 visa, have been given immigration permission to stay in the UK and have not been ordinarily resident in the UK for the previous three years on the first day of learning
  - 57.6. are ordinarily resident in the Channel Islands or Isle of Man, unless they are also ordinarily resident within England
  - 57.7. have a biometric residence permit or residence permit imposing a study prohibition or restriction on the individual
- EP58. You can only use funds in your digital account or employer-government co-investment for apprentices employed by you or a connected company or charity as [defined by HMRC](#). You must keep evidence of this in the evidence pack.
- EP59. Any eligible individual can be funded to undertake an apprenticeship at a higher level than a qualification they already hold, including a previous apprenticeship.
- EP60. We will fund an apprentice to undertake an apprenticeship at the same or lower level than a qualification they already hold, if the apprenticeship will allow the individual to acquire substantive new skills and you can evidence that the content of the training is materially different from any prior qualification or a previous apprenticeship. You can find more detailed information in paragraph 188.20.
- EP61. The age of the apprentice on the day they start their apprenticeship will be used for all age-based eligibility criteria for that apprenticeship.
- EP62. An apprentice's eligibility will not change during the apprenticeship, unless their employment status changes.
- EP63. You must reassess an individual for any new apprenticeship.
- EP64. If you no longer employ the apprentice you must report them as having withdrawn from the apprenticeship on the ILR as soon as possible.

## Apprentices with learning difficulties and disabilities

### Learning support

Learning support is available so that apprentices with learning difficulties or disabilities can have the help they need to complete their apprenticeship training. This can be claimed up to the learning actual end-date. Learning support should also be claimed to meet the costs of putting in place a reasonable adjustment as part of the Equality Act 2010.

- EP65. Learning support must not be used to deal with everyday difficulties that are not directly associated with an apprenticeship.
- EP66. You must:
- 66.1. carry out a thorough assessment to identify the support the apprentice's needs
  - 66.2. deliver support to meet the apprentice's identified needs, and review progress and continuing needs, as appropriate
  - 66.3. record all outcomes in the evidence pack and keep evidence of the assessment of the needs
  - 66.4. report in the ILR that an apprentice has a learning support need
- EP67. Learning support is earned at a fixed monthly rate, which should be enough to cover your costs. This will not be deducted from your digital account or require employer co-investment. 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 about the EAS on [GOV.UK](https://www.gov.uk).
- EP68. You must promptly claim for learning support 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.
- EP69. 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, you will need to complete the exceptional learning support (ELS) forms so we can authorise you to claim exceptional learning support. You can access the exceptional learning support cost form on [GOV.UK](https://www.gov.uk).
- EP70. To claim exceptional learning support (ELS) for an apprentice aged 19 to 24 without an education, health and care (EHC) plan, you must confirm why the individual does not have an EHC plan. This should be a letter or email from the apprentice's local authority stating the reason(s) why the individual does not need an EHC plan.

## What can be funded?

- EP71. You must make sure that the apprenticeship is eligible for funds in your digital account or government-employer co-investment before the individual starts. The [Hub](#) contains details of eligible apprenticeships. Apprentices can only be enrolled against an apprenticeship standard once we have approved and published the assessment plan on [GOV.UK](#) and assigned the apprenticeship to a funding band.
- EP72. Funds from your digital account, government-employer co-investment or the additional transitional funds paid for 16-18 year olds on frameworks 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.
- 72.1. Off-the-job training through an externally-contracted provider or evidenced costs for employer-provider delivery. This could include some or all of the training aspects of a licence to practise or non-mandatory qualification. In both cases there must be a clear overlap between this training and the knowledge, skills and behaviors needed for the apprenticeship standard.
  - 72.2. Registration and examination (including certification) costs associated with mandatory qualifications excluding any licence to practise (see paragraph 75.7).
  - 72.3. Planned on-programme assessment (progress reviews) and the formal end-point assessment including any costs associated with the completion certification for the apprenticeship.
  - 72.4. Distance, online or blended learning relating to the off-the-job training element of an apprenticeship.
  - 72.5. 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.
  - 72.6. 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.
  - 72.7. Funding to retake mandatory qualifications or the end-point assessment, providing additional learning takes place.
  - 72.8. 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.
  - 72.9. 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.
- EP73. 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.

EP74. Any of the eligible costs outlined in paragraph 72 can be bought in from a third party and we will fund them. Funds from your digital account or government-employer co-investment must not be used to fund other services from a third party.

## **What cannot be funded?**

EP75. Funds in your digital account or government-employer co-investment must not be used for any of the following.

75.1. Enrolment, induction, prior assessment, initial diagnostic testing or similar activity.

75.2. Travel costs for apprentices under any circumstances.

75.3. Apprentices' wages.

75.4. Personal protective clothing and safety equipment required by the apprentice to carry out their day-to-day work.

75.5. 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.

75.6. Any training, optional modules, educational trips or trips to professional events in excess of those required to achieve the apprenticeship framework or meet the knowledge, skills and behaviours of the apprenticeship standard. This includes training solely and specifically required for a licence to practise.

75.7. Registration and examination (including certification) costs associated with a licence to practise. This applies even where a licence is specified in the apprenticeship standard and assessment plan.

75.8. Registration and examination, including certification costs for non-mandatory qualifications (qualifications that are not specifically listed in the standard).

75.9. 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.

75.10. English and maths up to level 2; this is funded separately.

75.11. 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.

75.12. Resits for mandatory qualifications or the end-point assessment needed for the apprenticeship where no additional learning is needed.

75.13. 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.

75.14. Capital purchases including lease agreements. Capital purchases are long-term assets which have a lifespan beyond the individual apprenticeship being funded for example: land, buildings, machinery and ICT.

75.15. Maintenance of capital purchases. This includes vehicle parts and labour, insurance and MOT.

75.16. 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.

75.17. 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 you.

## **Additional payments**

EP76. You will receive a payment towards the additional cost associated with training if, at the start of the apprenticeship, the apprentice is:

76.1. aged between 16 and 18 years old (or 15 years of age if the apprentice's 16th birthday is between the last Friday of June and 31 August)

76.2. aged between 19 and 24 years old and has either an EHC plan provided by the local authority, or has been in the care of the local authority as defined in paragraph 77

76.3. undertaking an apprenticeship framework and recorded on the ILR as having a postcode prior to enrolment listed within the 27% most deprived areas of the country according to the Index of Multiple Deprivation (IMD) 2015

EP77. A child in care is defined as:

77.1. an eligible child - a young person who is 16 or 17 and who has been looked after by the local authority/Health and Social Care Trust for at least a period of 13 weeks since the age of 14, and who is still looked after

77.2. a relevant child - a young person who is 16 or 17 who has left care after their 16th birthday and before leaving care was an eligible child

77.3. a former relevant child - a young person who is aged between 18 and 21 (up to their 25<sup>th</sup> birthday if they are in education or training) who, before turning 18, was either an eligible or a relevant child, or both



- EP78. Before any apprenticeship starts, you must have evidence that you are eligible for these payments in respect of each apprentice. You must check this and keep evidence in the evidence pack.
- EP79. Where these payments are for apprentices aged between 19 and 24 years old at the start of their apprenticeship (please see paragraph 76.2), with an EHC plan or if they have been in the care of the local authority, you must have either:
- 79.1. a signed, original declaration(s) from the apprentice to confirm they are a care leaver, or
  - 79.2. evidence of an EHC plan
- EP80. These payments will be paid as follows.
- 80.1. 90 days after the apprentice starts, 50% will be paid.
  - 80.2. 365 days after the apprentice starts the remaining 50% will be paid.
- EP81. Employer-providers can receive both employer and provider payments if they meet the eligibility criteria.
- EP82. For frameworks, you will also receive an additional payment of 20% of the funding band maximum if the apprentice is aged between 16 and 18 which must only be used to fund the eligible costs described in paragraph 72. The payment will only be available in 2017 to 2018 as a transitional measure. The apprenticeship technical funding guide gives more information on how uplifts are paid. Employers do not have to contribute to this additional funding.

## **Extra support for small employers**

- EP83. Additional exceptions to these rules exist if you employ fewer than 50 people. You can find further information in the [Apprenticeship funding and performance-management rules for training providers, May 2017 to March 2018](#).

## **Support for English and maths training**

- EP84. We will fund apprentices to achieve qualifications in English or maths (or both), if they do not already meet the required standard (please see below). This will be paid in full to you by the SFA at the rate we set, and will not be deducted from your digital account or need employer co-investment.
- EP85. You can claim funding for apprentices who have not previously attained a GCSE grade A\* to C (or 4 to 9) in English or maths on the day they start the following qualifications.
- 85.1. GCSE English language or maths.
  - 85.2. Functional Skills English or maths at level 2.
- EP86. We will fund functional skills English or maths at level 1 or below if you have conducted a thorough initial assessment using the current assessment tools based on

the national literacy and numeracy standards and core curriculum that show the apprentice needs to study a lower level before being able to achieve their level 2.

EP87. In exceptional circumstances, we will fund:

- 87.1. re-takes of English and maths qualifications to achieve the required standard and where apprentices receive further teaching. We will monitor provider behaviour to identify where providers continue to claim for further attempts of English and maths to financially benefit from the system and will take action where this does not provide value for money.
- 87.2. [approved 'stepping-stone' qualifications](#) (including components, where applicable) where an apprentice will need significant, additional numeracy and literacy skills to reach the level reasonably expected to begin a level 1 in English or maths
- 87.3. Ofqual-regulated and SFA-approved level 1 and level 2 awards and certificates in British Sign Language (BSL) as an alternative to functional skills English for apprentices whose first language is BSL

EP88. Apprentices studying an Advanced Early Years Education apprenticeship, must achieve the English and maths requirements through GCSE or international GCSE. We will not fund functional skills or other alternative qualifications for these apprentices.

EP89. Any English and maths requirements of the apprenticeship that are in addition to the minimum standards set out above, must be funded within the funding band assigned to the apprenticeship and will be funded from your digital account or through government-employer co-investment. Alternatively, they can be funded above the funding band and paid for in full by you; they cannot be funded from your digital account.

EP90. For level 2 apprenticeships where level 2 English or maths are not required for the apprenticeship and the apprentice does not already hold acceptable qualifications (please see [published list](#)) apprentices must:

- 90.1. achieve a functional skills qualification of at least level 1 English and maths before taking the end-point assessment or achieving an apprenticeship framework
- 90.2. start, continue to study and take the test for, level 2 English and maths before they complete their apprenticeship but they do not have to achieve English and maths to complete their apprenticeship

EP91. For apprenticeships at level 3 and above, or where level 2 English and maths are a mandatory part of the framework and the apprentice does not already hold acceptable qualifications (please see [published list](#)):

- 91.1. apprentices must achieve level 2 functional skills or GCSE qualifications grade A\* to C (or 4 to 9) in English and maths before taking the end-point assessment or achieving an apprenticeship framework

EP92. If you cease trading or the apprentice is made redundant, the apprentice is allowed to

continue with their English and maths up to, and including, level 2 but this must be with a new training provider.

EP93. An apprentice must not be funded from the adult education budget for English or maths.

## End-point assessments

EP94. End-point assessment is a holistic and independent assessment of the knowledge, skills and behaviours which have been learnt throughout an apprenticeship standard. The requirements for end-point assessment are set out in the assessment plan for the specific standard. Frameworks have different assessment arrangements and do not need end-point assessment.

EP95. Apprentices will not be able to achieve an apprenticeship standard without satisfying all the requirements of the assessment plan, including the end-point assessment.

EP96. An apprentice can only take the end-point assessment once they have met the minimum duration of the apprenticeship, satisfied the gateway requirements set out in the assessment plan and you are content they have attained sufficient skills, knowledge and behaviours.

EP97. You must select an apprentice assessment organisation to deliver the end-point assessment from the [Register of apprentice assessment organisations](#) (RoAAO) and agree a price with this organisation for the end-point assessment. Only those organisations listed on the RoAAO will be eligible to be funded.

EP98. Although you will be involved in arrangements for end-point assessment, the assessment itself must be independent. The end-point assessment requirements are set out in the assessment plan for the standard. Some assessment plans give the employer and provider specific roles but employer-providers who have delivered the training cannot make the end-point assessment judgement for that same group of apprentices.

EP99. The only exception to this rule is any standard identified as an 'integrated standard'. The apprentice assessment organisation in these cases may also be the provider.

EP100. You must contract with the assessment organisation and have a written agreement in place with them and make payment to them for conducting the end-point assessment. The written agreement must set out the arrangements for sharing relevant information about the apprentice so end-point assessment and certification can take place, including arrangements for any re-takes and payments.

EP101. You must ensure that the costs that you claim for the apprenticeship include the amount needed to pay for the end-point assessment. This includes the cost of external quality assurance, which involves an external body (as named in the assessment plan) ensuring consistency of quality and approach to end-point assessment against a particular standard, regardless of which apprentice assessment organisation has carried it out. You must ensure that you engage actively with any request for information from the external body, where applicable.

EP102. We expect that the cost of end-point assessment should not usually exceed 20% of the

funding band maximum. This does not mean that end-point assessment must cost 20%; the cost that individual employers will pay for assessment varies between standards and we expect we expect you to negotiate with assessment organisations to secure value for money. Where total costs are higher than the funding band maximum the difference must be paid by the employer.

EP103. The assessment costs include any costs related to external quality assurance of the end-point assessment.

EP104. The end-point assessment can only be taken after the minimum duration has been completed (please see paragraph 40). You must ensure that the entire duration of the apprenticeship standard for both training and end-point assessment is recorded on the ILR as a minimum of 372 days to be eligible for funding.

EP105. You must keep evidence of payments made to the apprentice assessment organisation for conducting the end-point assessment.

## **Contracting and subcontracting**

### **Main providers directly delivering training or on-programme assessment**

EP106. Funding for all elements of each apprenticeship will be routed through you, the employer-provider. This includes English and maths.

EP107. You must directly deliver some of the apprenticeship training and/or on-programme assessment associated with your apprenticeship programme. By apprenticeship programme we mean the apprentices that are being trained by you. The volume of training and/or on-programme assessment that you directly deliver must have some substance and must not be a token amount to satisfy this rule. It must not be limited to a brief input at the start of each apprenticeship or involve delivery to just a few of a large number of apprentices.

### **Using subcontractors**

EP108. You must take your own legal advice about the impact of Public Contracts Regulations 2015 on your recruitment of delivery subcontractors and have this advice available for inspection by us on request.

EP109. Delivery subcontractors can deliver full or part apprenticeship frameworks and standards.

EP110. You must only use delivery subcontractors that satisfy one of the following three criteria.

110.1. They are on the published register of apprenticeship training providers and have applied through the main or supporting application routes.

110.2. They are one of your connected companies or charities as defined by HMRC and are on the published register of apprenticeship training providers, having applied through the employer-provider application route.

110.3. They are not on the published register of apprenticeship training providers but

will deliver less than £100,000 of apprenticeship training and on-programme assessment under contract across all main providers and employer-providers between 1 May 2017 and 31 March 2018.

- EP111. You must carry out your own due diligence checks on potential delivery subcontractors. The process and results must be available for inspection by us. You must not use a potential delivery subcontractor's presence on the register of apprenticeship training providers, or any other public register or database, as an indicator that they are suitable to deliver to your specific requirements.
- EP112. You must not use a delivery subcontractor whose quality of delivery is demonstrably inadequate.
- EP113. You must have robust procedures in place to ensure you do not inadvertently fund extremist organisations through subcontracting of apprenticeship training and/or on-programme assessment.
- EP114. You must not subcontract apprenticeship training and/or on-programme assessment to a second level. All of your delivery subcontractors must be contracted directly by you.

### **Delivery of apprenticeship training and on-programme assessment by delivery subcontractors**

- EP115. You are responsible for all of the actions of your delivery subcontractors that are connected to, or arise out of, all the apprenticeship training and on-programme assessment that you subcontract.
- EP116. You carry overall responsibility for the quality of apprenticeship training and on-programme assessment undertaken by your delivery subcontractors.
- EP117. You must manage and monitor all of your delivery subcontractors to ensure that high-quality delivery is taking place that meets our funding rules.
- EP118. You must carry out a regular and substantial programme of quality-assurance checks on the apprenticeship training and on-programme assessment provided by delivery subcontractors, including visits at short notice and face-to-face interviews with staff and apprentices. The programme must:
  - 118.1. include whether the apprentices exist and are eligible
  - 118.2. involve direct observation of initial guidance, assessment and delivery of training and/or on-programme assessment
- EP119. Your findings must be consistent with these funding rules, your expectations and the subcontractor's records. You must report any instances to us where this is not the case.
- EP120. If any of your delivery subcontractors undergoes a change of circumstances that affects its ability to continue to deliver under a subcontract with you, you must make alternative delivery arrangements for each affected apprentice, in agreement with their employer. Circumstances might include: going into liquidation, administration, key delivery staff leaving the organisation, or removal from the register of apprenticeship training providers. The change of delivery arrangement must be recorded in your written agreement with the

employer.

## **Contracting with delivery subcontractors**

EP121. You must have a legally binding contract with each delivery subcontractor.

EP122. You must obtain an annual report from an external auditor if the apprenticeship contracts with your delivery subcontractors will exceed £100,000 in any one financial year. The report must provide assurance on the arrangements to manage and control your delivery subcontractors. The report must comply with any guidance issued by us. You must supply us with a certificate signed by the external auditor and an authorised signatory to confirm you have received a report that provides satisfactory assurance. We may ask you to provide a copy of the full report.

EP123. Your contract with each delivery subcontractor must specify the following.

123.1. They must keep to our funding rules.

123.2. They must provide you with ILR data so that your data returns to us accurately reflect delivery information.

123.3. They must give us, and any other person nominated by us, access to their premises and all documents related to their delivery of apprenticeships.

123.4. They must give you sufficient evidence to allow you to:

123.4.1. assess their performance against Ofsted's Common Inspection Framework or the requirements of the QAA Quality Code

123.4.2. incorporate the evidence they provide into your self-assessment report

123.4.3. guide the judgements and grades within your self-assessment report

123.5. They must always have suitably qualified staff available to provide apprenticeship training and/or on-programme assessment.

123.6. They must co-operate with you to ensure that there is continuity of learning for apprentices if the subcontract ends for any reason.

123.7. They must tell you if evidence of irregular financial or delivery issues arises. This could include, but is not limited to, non-delivery of training when funds have been paid, sanctions imposed by an awarding organisation, allegations of fraud, an inadequate Ofsted grade, not meeting relevant QAA Quality Code indicators, allegations or complaints by apprentices, employers, staff members or other relevant parties.

123.8. They must not use our funding to make bids for, or claims from, any European funding on their own behalf or on our behalf.

123.9. They must not use payments made as match funding for ESF projects.

## **Special conditions for subcontracting to employer-providers**

- EP124. Organisations who have successfully applied through the employer-provider route of the register of apprenticeship training providers are only eligible to deliver apprenticeship training and/or on-programme assessment to apprentices employed by them or a connected company or charity as defined by HMRC. You must ensure any employer-providers who are delivery subcontractors to you, meet this requirement.
- EP125. Employer-providers must evidence the actual costs of delivery of apprenticeship training and on-programme assessment (please see paragraphs 132 to 142).

## **Special conditions for subcontracting to ‘supporting’ providers**

- EP126. Delivery subcontractors who have successfully applied to the supporting application route of the register of apprenticeship training providers must not receive more than £500,000 of apprenticeship funding for their delivery from 1 April to 31 March each year (for the first year this is 1 May 2017 to 31 March 2018).
- EP127. You must ensure that you are not involved in making payments to any ‘supporting’ provider that exceed £500,000 in any one year. We will place restrictions on your future use of delivery subcontractors if this happens. We will permanently exclude any provider that has applied to the register of apprenticeship training providers through the supporting application route where they allow their funding to exceed this total in any one year.

## **Special conditions for subcontracting to organisations not on the register of apprenticeship training providers**

- EP128. Organisations who are not on the register of apprenticeship training providers must not receive more than £100,000 of apprenticeship funding for their delivery from 1 April to 31 March each year (for the first year this is 1 May 2017 to 31 March 2018).
- EP129. You must ensure that you are not one of a number of organisations making payments to any organisation not on the register of apprenticeship training providers where the total apprenticeship funding they receive exceeds £100,000 in any one year. We will place restrictions on your future use of delivery subcontractors if this occurs. We will permanently exclude any organisation from delivering apprenticeship training as a subcontractor where they allow their funding to exceed this total in any one year.

## **Reporting your use of delivery subcontractors to us**

- EP130. You must provide a fully completed Delivery Subcontractor Declaration Form by the dates we will give you. This will be at least twice between 1 May 2017 and 31 March 2018. If you do not return the form on time, we will suspend your payments. If you do not subcontract, you must still provide a nil return form to confirm this.
- EP131. You must make apprentices aware that they can contact the apprenticeship helpline regarding apprenticeship concerns, complaints and enquiries. The contact number and website must also be included in the apprentice’s commitment statement.

# Paying for an apprenticeship

## The price of an apprenticeship

### Evidencing cost for employer-providers

- EP132. You can receive funds from your digital account or government-employer co-investment for training delivered to your own employees if you are approved by us as an employer-provider on the register of apprenticeship training providers.
- EP133. Approved employer-providers can directly deliver all or part of their apprenticeship training programme to their own employees or those employed by a connected company or charity.
- EP134. This delivery can be funded using funds in your digital account or government-employer co-investment.
- EP135. You must report to the SFA the full cost of training and assessment including (where required) the end-point assessment for each apprentice, as this will determine how much of the funds in your digital account or government-employer co-investment can be paid.
- EP136. You:
- 136.1. must enter costs for training and end-point assessment (where applicable) on to the ILR (where you do not know the details of the end-point assessment organisation at the start of the apprenticeship, you must enter the price for end-point assessment when this has been confirmed)
  - 136.2. must evidence how all costs are calculated (this is for transparency and to ensure value for money - in the case of a main provider and a separate employer there is a negotiation of costs; this cannot be achieved when the employer and provider are the same entity)
  - 136.3. must account for prior learning (you must reduce the content and cost, where the individual has prior learning necessary to achieve the apprenticeship; funds must not be used to pay for skills already attained by the apprentice - you must document how you have assessed the individual's prior learning and include this in the evidence pack (which we show in paragraph 188)
  - 136.4. can include payroll, pay slips, expense claims, hourly pay rates for staff delivering training and assessment to apprentices and training plans that include the hours of training delivered
  - 136.5. are allowed to claim salaries plus 'on-costs' of employees directly involved in the administration of apprenticeship training ('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)



136.6. are allowed to claim for accommodation and facilities where the employer can demonstrate that this has been used for training and/or end-point assessment for the apprentice during the time claimed

136.7. cannot claim for employee's time for any activity not connected to the administration, training or on-programme assessment of the apprenticeship; bonuses or profit are also ineligible costs

EP137. If you evidence costs that are more than the maximum allowed by the funding band for the chosen apprenticeship, then you must pay in full the difference between the band maximum and the total cost. This cannot be funded from the digital account or co-investment.

EP138. Where you have insufficient funds in your digital account, the SFA will pay the government's co-investment contribution towards the costs of training and you will be expected to meet the remaining costs.

EP139. The only exceptions to this are:

139.1. for English and maths to achieve the required government standard (please see paragraphs 84 to 93)

139.2. where the employer qualifies for extra support for small employers (please see paragraph 83)

139.3. for any learning support (please see paragraphs 65 to 70)

139.4. additional payments and disadvantage funding (please see paragraphs 76 to 82)

EP140. You may subcontract the delivery of part of an apprenticeship to an approved external training provider and should follow the rules set out in paragraphs 106 to 131 for subcontracting.

EP141. We will monitor training and end-point assessment costs to ensure that you achieve best value, such as economies of scale, which you should take into consideration when you calculate delivery costs.

EP142. The costs of training and (where required) assessment must reflect any reduction in length or content of the apprenticeship to ensure that funds are not used to pay for skills already attained.

## **When payments are made**

EP143. We will pay 80% of the cost up to the maximum value of the funding band, in equal monthly instalments according to the planned duration of the apprenticeship. This will be deducted from your digital account where funds are available.

EP144. We will pay the remaining balance of the agreed price up to the maximum value of the funding band when the apprentice has undertaken all the learning activity relevant to the apprenticeship, including:

144.1. all mandatory elements of the framework or

144.2. taking the end-point assessment for standards

EP145. The deductions from your digital account will mirror these payments where funds are available.

## Value added tax (VAT)

EP146. Supplies of training which are paid by government funding, including the apprenticeship levy, are exempt from VAT. This includes additional payments (please see paragraphs 76 to 82). Prices entered on to the ILR should not include VAT.

EP147. The SFA does not provide advice on VAT. You must always seek your own advice on VAT from HMRC if you are in any doubt about VAT treatment.

## Funds in your digital account

EP148. You must only add PAYE schemes for you or your connected companies or charities (according to HMRC's definition) to your digital account.

EP149. Public bodies cannot usually be connected for apprenticeship levy purposes. If you are setting up a digital account for a public body, you should only add the PAYE scheme or schemes for one employer, that is, a government department, local authority or non-ministerial department.

EP150. There are some exceptions where public bodies are considered to be corporate bodies, companies or charities. If your organisation is connected as defined by [HMRC employment allowance connection rules](#) and shares one apprenticeship levy allowance, then you could set up an account with another connected employer.

EP151. We will monitor accounts to check that PAYE schemes are properly used. If we have any questions, we may ask you to provide evidence that the employers sharing a digital account are connected.

EP152. You must:

152.1. remove PAYE schemes from your digital account that are no longer operated by the employer associated with the account (or who leaves the group of connected companies)

152.2. ensure the PAYE scheme for the apprentice's employer is associated with the same digital account which records the apprenticeship for them

152.3. manage users associated with your account including:

152.3.1. removing users who are not authorised to act on your behalf

152.3.2. controlling who can add users

EP153. You are responsible for recording the required details of the apprenticeship in your digital account and this must correspond with the information recorded on the ILR.

EP154. You must not allow any third party to authorise payments through your digital account.

EP155. As a result of retrospective changes to the amount of apprenticeship levy declared to HMRC, the balance in your digital account could go up or down. If an adjustment reduces your balance to a negative value which persists, the SFA may ask you to pay us this value, discounted by the co-investment rate in place when the apprenticeship started. We will provide you with details of this payment including the value due and when to make a payment.

EP156. If your organisation is subject to structural changes, including mergers and acquisitions, you must follow specific rules relating to the management of the digital account. These will be published separately.

## **Qualifying days for funding**

EP157. The apprentice must be in learning for a minimum of 42 days between the learning start date and learning planned end-date before they qualify for funds from your digital account or government-employer co-investment, including learning support.

EP158. Where funding is paid for an apprentice who does not subsequently meet the qualifying period, we will recover the funding from you.

## **State aid**

EP159. Funds in your digital account and government top-ups to funds in the digital account, government-employer co-investment and additional payments do not fall within the scope of state aid control from 1 May 2017 to 31 March 2018.

EP160. The waiving of the employer contribution for small employers, (please see paragraph 83) is subject to state aid regulations.

## **Recovery of funds**

EP161. We will review and monitor whether the training you provide represents good value for money. If we consider that the funds in your digital account, or government-employer co-investment we have provided, is significantly more than the cost of the education and training, we may reduce the amount of funding we pay you after consulting with you.

EP162. We may take action, including to recover all or part of government funding from you, where we are satisfied that there has been a breach of the funding rules. This includes where claims are made for funding through your digital account, government co-investment or additional payments to which you are not entitled.

# Delivering the apprenticeship

## The commitment statement between the employer-provider and apprentice

EP163. Before the apprenticeship starts you must ensure that you and the apprentice hold a signed copy of the commitment statement setting out how you will support the achievement of the apprenticeship. It must be signed by you and the apprentice, and both parties must keep a current signed and dated version as evidence.

EP164. Apprentices who are aged between 15 and 17 at the start of their apprenticeship must have their commitment statement signed by a parent or legal guardian until their 18th birthday.

EP165. The commitment statement must set out:

165.1. the planned content and schedule for eligible training (and must also include end-point assessment if they are undertaking a standard)

165.2. what is expected and offered by you and the apprentice to achieve the apprenticeship

165.3. a short summary, typically no longer than two to three pages, and must include the following as a minimum:

165.3.1. details of the apprenticeship, including start and end-dates for the apprenticeship training and (where applicable) end-point assessment and key milestones for mandatory or other qualification achievements

165.3.2. details on which elements are eligible for funding from your digital account or government-employer co-investment and necessary to meet any end-point assessment, those which are extra and not eligible for co-investment but will be fully funded by you, and those fully funded by the SFA, including English and maths

165.3.3. the list of all organisations delivering the training, including English and maths, and the apprentice assessment organisation (where applicable); we recognise that in the early months of the new funding system, not all end-point assessment organisations will be known at the start of the apprenticeship; therefore, the commitment statement must be updated to include these details as soon as they have been confirmed.

165.3.4. roles and responsibilities for you and the apprentice and arrangements for how both parties will work together; this must include contact details and the expected commitment from each party to ensure the smooth running and day-to-day delivery of the apprenticeship, including, for example:

- apprentice; attendance and study time

- employer-provider commitment to wages and time off to study in the working day, support and guidance available and how to access this

165.3.5. the process for resolving any queries or complaints regarding the apprenticeship, including its quality and the escalation process to the SFA through the apprenticeship helpline

## Starting, participating, completing and leaving

EP166. You must:

166.1. consider the option of using the [recruit an apprentice](#) service for all new recruits

166.2. where you advertise on this service you must make it clear in the advert how many hours will be expected and this must meet the minimum duration requirements (see paragraphs 40 to 52)

EP167. You must:

167.1. have evidence that learning took place and that the apprentice was not certificated for prior knowledge

167.2. retain evidence that the apprentice has completed their apprenticeship

167.3. where applicable, apply for, and give, apprentices certificates from awarding organisations for achieving a learning aim, and evidence this in the evidence pack

167.4. report and accurately complete all ILR fields for an apprentice

167.5. give accurate unique learner number (ULN) information to the apprenticeship service, awarding organisations and (where required) apprenticeship assessment organisations and ensure all information used to register apprentices is correct; (you can find more information on [GOV.UK](#))

EP168. If an apprentice leaves without completing their learning, then the last date of learning, including the apprenticeship programme learning aim, is the date you have evidence the apprentice was still in learning for any learning that is part of their apprenticeship.

EP169. Apprentices who start their programme before 1 May 2017 must not be withdrawn and re-started onto the same apprenticeship, or another apprenticeship at the same level in a similar subject after 1 May 2017 solely to enable them to be funded by the new funding system. If the apprentice was on a break in learning, they can enrol on a new apprenticeship in the new funding system if it is in their best interests. We will monitor any breaks in learning during this period to identify any abuse of this exception.

## Certification

EP170. For frameworks you must apply for the apprenticeship completion certificate from

Apprenticeship Certificates England within three months of completion of learning.

EP171. For standards, the apprentice assessment organisation is responsible for claiming the apprenticeship completion certificate from the SFA.

## Changes to the apprenticeship

EP172. If any circumstances change, you must revise existing agreements or create new agreements. This includes changes to cost and apprenticeship eligibility and any updates required to the digital account.

EP173. We will monitor take-up of additional payments and unusual patterns of activity to identify potential fraud or gaming.

EP174. The apprentice may take a break in learning where they plan to return and it is agreed with you. This could include medical treatment, parental or personal reasons. A short-term absence, such as annual leave, must not be recorded as a break.

EP175. We will stop making payments from funds in your digital account or government-employer co-investment if an apprentice has a break in learning. You must inform us through your digital account and the ILR if an apprentice takes a break in learning. You must account for these changes and ensure the minimum duration rules (at paragraph 40) are met.

EP176. If an apprentice is on a break in learning when an additional payment is due, the payment will be delayed until the apprentice resumes their apprenticeship and has reached an overall total of 90 or 365 days in learning.

EP177. You can find detailed information on how changes of circumstances affect how funding is calculated in the [Apprenticeship technical funding guide for starts from 1 May 2017](#).

EP178. Please refer to the [ILR guidance](#) for details of how to record these changes in circumstance on the ILR. We will update this guidance as new changes of circumstance arise. If you need any further advice, please contact us.

## Where training or assessment stops

EP179. Where a change of circumstance means that training and/or assessment is no longer being delivered, no further funds from your digital account, government-employer co-investment or additional payments will be made.

EP180. In these circumstances you must calculate the cost of the training and, where applicable, the end-point assessment delivered to date.

EP181. You may alert us through your digital account and the ILR at any time, if training and/or assessment is no longer being delivered.

EP182. When a change of circumstance results in over-payment of funds from your digital account or government-employer co-investment, you must repay any over-payment.

EP183. If any change of circumstances is not included in this section, you should seek advice from us about what action you should take. Please email [servicedesk@sfa.bis.gov.uk](mailto:servicedesk@sfa.bis.gov.uk).

## Summary of action following change in employer-provider or apprentice circumstances

	Scenario	Employer-provider action	What happens to training costs, apprenticeship duration and the funding cap?	Additional payments for 16 to 18 and disadvantage
1	Change in cost where the employer-provider has a revised training or assessment cost, or assessment cost is added after start of programme.	The employer-provider enters and approves the new price and effective date in the digital apprenticeship service.	We will hold 20% of the new total price back as the completion payment and deduct any funding already received. The remainder will be spread equally over the remaining planned duration.	No changes to additional payments.
2	Break in learning where the apprentice requires a break in their apprenticeship for example: illness, maternity or other personal reason.	<p>The employer-provider records the break in learning on the ILR.</p> <p>When the apprentice restarts the employer-provider records the new start date in the ILR.</p> <p>The employer-provider records the dates of the break in the digital apprenticeship service.</p>	<p>Funding from an employer-provider's digital account or government co-investment stops until apprentice resumes their apprenticeship.</p> <p>Funding is capped across both periods of learning so that the overall earnings do not exceed the funding band maximum.</p> <p>Funding will recommence based on the new start date in the ILR.</p>	All additional payments stop until apprentice resumes their apprenticeship. Any additional payments already made are retained.
3	Apprentice withdraws from the apprenticeship where the apprentice is no longer employed by the employer-provider and has withdrawn from their programme (not redundancy). or	<p>The employer-provider records the end date on the ILR.</p> <p>The employer-provider stops funding the apprentice from their digital account.</p>	<p>Funding from the employer-provider's digital account or government co-investment stops.</p> <p>Co-investment will be reconciled.</p>	We will stop making further incentive payments but those already made are retained.

	<b>Scenario</b>	<b>Employer-provider action</b>	<b>What happens to training costs, apprenticeship duration and the funding cap?</b>	<b>Additional payments for 16 to 18 and disadvantage</b>
	the apprentice chooses to withdraw prior to completion but remains with the employer-provider.			
4	Change in course where the apprentice starts a new role with the same employer and requires a different apprenticeship programme.	<p>The employer-provider accounts for prior learning when calculating a new cost for training and assessment.</p> <p>The employer-provider enters details of the new programme, cost and effective date in the digital apprenticeship service.</p>	<p>Funding from the employer-provider's digital account or government co-investment stops.</p> <p>Co-investment will be reconciled.</p> <p>Funding from the employer-provider's digital account or government co-investment for the second programme is made for the new programme.</p> <p>Each programme price is capped separately.</p>	Additional payments are received once for each apprenticeship.



# Evidence requirements

## Evidence pack

- EP184. The evidence pack must contain evidence to support the funding claimed and must be available to us if we need it.
- EP185. Evidence in the evidence pack must assure us that the apprentice exists.
- EP186. The apprentice and/or you must confirm the information they provide is correct when it is collected. You must have evidence of this, which can include electronic formats.
- EP187. Where information is held centrally, you only need to refer to the source.
- EP188. The evidence pack must include the following.
- 188.1. Details of the cost of training and end-point assessment.
  - 188.2. Details of how the 20% 'off-the-job' training, excluding English and maths, will be quantified and delivered.
  - 188.3. Details of how the English and maths will be delivered.
  - 188.4. A copy of the written apprenticeship agreement.
  - 188.5. All information reported to us in the ILR and the earnings adjustment statement (EAS), and if it applies, the supporting evidence for the data you report.
  - 188.6. Your assessment and evidence of eligibility for funding and a record of what evidence the apprentice has provided.
  - 188.7. Confirmation of eligibility for any additional payments including, a signed, original declaration from the apprentice to confirm they are a care leaver, or evidence of an EHC plan where the apprentice is aged between 19 and 24 years old.
  - 188.8. Confirmation of eligibility for any waiving of the employer contribution including evidence from the employer that they had an average of 49 or fewer employees with a contract of employment in the 365 days before the apprentice was recruited.
  - 188.9. All initial assessments for English and maths.
  - 188.10. Information on prior learning that affects the learning or the funding of any element of the apprenticeship.
  - 188.11. A description of how you will deliver the apprenticeship and how the apprentice will achieve it.
  - 188.12. The supporting evidence about why you have claimed funding and the level of funding for an apprentice.
  - 188.13. Details of any support needs identified, including an assessment, and how you will meet these needs.

- 188.14. Where ELS is being claimed for an apprentice aged 19 to 24 without an EHC plan, a letter or email from the apprentice's local authority stating the reason(s) why the individual does not need an EHC plan.
- 188.15. Confirmation that learning has taken place and that records are available.
- 188.16. All records and evidence of completion. This must be available within three months of you reporting it in the ILR.
- 188.17. Details of any subcontractor, clearly identifying who they are. This must match the information reported to us in the ILR.
- 188.18. Details of any apprentice assessment organisation (where applicable) clearly identifying who they are.
- 188.19. The apprentice's job role, including any significantly new skills required for a new role, and that they are not enrolled on another apprenticeship at the same time.
- 188.20. Evidence that the apprenticeship leads to substantive new skills and that the learning is materially different where the apprenticeship is at the same or lower level than prior qualifications. This evidence could include the following.
- 188.20.1. Information from the individual's personal learning record.
- 188.20.2. Details of previous qualifications including modules/units undertaken compared to the content of the apprenticeship demonstrating how they are materially different.
- 188.20.3. Skills gap analysis demonstrating the new skills required by the individual and how the apprenticeship will address these.
- 188.21. Evidence that the apprentice will spend at least 50% of their working hours in England over the duration of the apprenticeship including time spent on off-the-job training. Where the business footprint is larger than England this could include a work roster for a typical month for the apprentice, along with written confirmation from the employer.
- 188.22. Any relevant experience and achievements, both inside and outside their current working role.
- 188.23. The learning and skills they have to carry out while on their apprenticeship outside of identified qualifications.
- 188.24. Details of employment including: the agreed contracted hours of employment, including paid training, and 20% 'off-the-job' time, and the total planned length of the apprenticeship.
- 188.25. Evidence that the apprentice will be allowed to complete the apprenticeship, including English and maths, within their working hours.
- 188.26. Details of how the 20% 'off-the-job' training will be quantified and delivered.
- 188.27. The commitment statement signed and dated by you and the apprentice.

188.28. Copies of any state aid declarations if you are a small employer.

## **Confirmation and signatures**

EP189. Where evidence is electronic, you must have wider systems and processes in place to assure you that apprentices exist and are eligible for funds.

EP190. You must keep effective and reliable evidence. You are responsible for making the evidence you hold easily available to us when we need it.

## **Individualised learner record (ILR)**

EP191. You must accurately complete all ILR fields as required in the ILR specification, even if they are not used for funding. Where your data does not support the funding you have claimed, we will take action to get this corrected and could recover funds.

EP192. The ILR must accurately reflect what has happened. You must not report inaccurate information even where you perceive that this would result in a more equitable claim for funding or accurate record of performance.

## **Self-declarations**

EP193. Where a self-declaration is needed, this must state the apprentice's details and describe what is being confirmed.

EP194. If an apprentice self-declares prior attainment, you must check this in the personal learning record (PLR) and query any contradictory information with the apprentice. The PLR will not necessarily override the apprentice's self-declaration. In the event of a missing or incorrect qualification you should refer to the [learner registration bodies \(LRB\) user guide](#).

# Annex A - Exceptional eligibility criteria (who we fund)

## Exceptional eligibility status

### (To be read together with paragraphs 53 to 64)

- EP195. Where an individual or relevant family member has applied for an extension or variation of their current immigration permission in the UK they will be treated as if they have that leave. This only applies if the application was made before their current permission expired. Their leave continues until the Home Office make a decision on their immigration application.
- EP196. An individual, or relevant family member, is considered to have the immigration permission that they held when they made their application for an extension, and their eligibility would be based upon this status.
- EP197. Any individual with any of the statuses listed below, is eligible to receive funding and are exempt from the three-year residency requirement rule. You must have seen the individual's immigration permission in these circumstances.
- 197.1. Refugee status.
  - 197.2. Discretionary leave to enter or remain.
  - 197.3. Exceptional leave to enter or remain.
  - 197.4. Indefinite leave to enter or remain.
  - 197.5. Humanitarian protection.
  - 197.6. Leave outside the rules.
  - 197.7. The husband, wife, civil partner and child of any of the above in this paragraph (that is, subparagraphs 197.1 to 197.7).
- EP198. The individual's immigration permission in the UK may have a 'No recourse to public funds' condition. This does not include education or education funding, so this does not affect an individual's eligibility, which must be decided under the normal eligibility conditions.
- EP199. Asylum seekers are eligible to receive funding if:
- 199.1. they have lived in the UK for six months or longer while their claim is being considered by the Home Office, and no decision on their claim has been made, or
  - 199.2. they are in the care of the local authority and are receiving local authority support under section 23C or section 23CA of the Children Act 1989 or section 21 of the National Assistance Act 1948
- EP200. An individual who has been refused asylum will be eligible if:
- 200.1. they have appealed against a decision made by the UK government against granting refugee status and no decision has been made within six months of lodging the appeal, or

200.2. they are granted support for themselves under section 4 of the Immigration and Asylum Act 1999, or

200.3. they are in the care of a local authority and are receiving local authority support for themselves under section 23C or section 23CA of the Children Act 1989

EP201. In the explanations below, the ‘principal’ is the European Union (EU) or EEA national. The ‘family’ or ‘family member’ is the apprentice, and must be the husband, wife, civil partner, child, grandchild, dependent parent or grandparent of the ‘principal’.

EP202. If the individual, who is a family member of an EEA national, has been ordinarily resident in the EEA for the three years prior to the start of their course, they are eligible for funding.

EP203. This table shows the eligibility for family members if:

203.1. the family member is now ordinarily resident in England, but has not been ordinarily resident in the EEA for at least the previous three years before the start of learning, and

203.2. a principal has been resident within the EEA for the last three years

		Principal ordinarily resident in the EEA for three years		
		EU (including UK) citizen	Non-EU EEA citizen	Non-EEA citizen
Family member not ordinarily resident in the EEA for three years	EU (including UK) citizen	Eligible	Eligible	Not eligible
	Non-EU EEA citizen	Eligible	Not eligible	Not eligible
	Non-EEA citizen	Eligible	Not eligible	Not eligible

EP204. A child of a Turkish worker is eligible if all of the following apply.

204.1. The Turkish worker is ordinarily resident in the UK.

204.2. The Turkish worker is, or has been, lawfully employed in the UK.

204.3. The child has been ordinarily resident in the EEA and/or Turkey for the full three-year period before the start of their programme.

EP205. 16- to 18-year-olds are eligible to be funded for an apprenticeship if any of the following clauses apply.

205.1. They are accompanying or joining parents who have the right of abode, leave to enter or leave to remain in the UK (or accompanying or joining parents who are EEA nationals).

205.2. They are the children of diplomats.

205.3. They are the children of teachers coming to the UK on a teacher exchange scheme.

- 205.4. They are entering the UK (where not accompanied by their parents) and are British (or EEA) citizens.
- 205.5. They have a passport that has been endorsed to either show they have the right of abode in the United Kingdom or to show that they have no restrictions on working in the UK.
- 205.6. They are an asylum seeker.
- 205.7. They are placed in the care of the local authority.
- 205.8. They meet the requirements for any other eligible category in this document.

EP206. You can find further information on eligibility from the [UK Council for International Student Affairs \(UKCISA\)](#).

## **Countries or areas where residency establishes eligibility for our funding**

EP207. You can access a list of European Union (EU) member states on the [EU website](#).

EP208. Other territories are categorised as being within the European Union for the purposes of the fees regulations; these are as follows.

**Cyprus:** any Cypriot national living on any part of the island qualifies for EU residency and is considered an EU national.

**Finland:** includes the Aland Islands.

**France:** the French Overseas Department (DOMS) (Guadeloupe, Martinique, French Guiana (Guyana), Reunion and Saint-Pierre et Miquelon) is part of metropolitan France and is part of the EU.

**Germany:** includes the former German Democratic Republic and the tax-free port of Heligoland.

**Portugal:** Madeira and the Azores are part of the EU; Macau is not.

**Spain:** the Balearic Islands, the Canary Islands, Ceuta and Melilla are part of the EU.

**United Kingdom:** Gibraltar is part of the territory of the EU.

**To note:** the Channel Islands and Isle of Man are part of the United Kingdom and Islands but not part of the EU.

Andorra, Monaco, San Marino and the Vatican are not part of the EU.

EP209. For funding eligibility purposes, EEA and eligible overseas dependent territories is defined as all member states of the EU and Iceland, Liechtenstein, Switzerland, Norway and all the eligible British overseas territories and EU overseas territories listed in paragraph 211 below).

- EP210. Although Switzerland is not part of the formally recognised EEA, its nationals are eligible under various international treaties signed by the UK and Swiss governments.
- EP211. Individuals who are nationals of certain British overseas territories and of certain European overseas territories are eligible for funding, depending on the three-year rule on residence in the EEA. These are as follows.

Anguilla  
Bermuda  
British Antarctic Territory  
British Indian Ocean Territory  
British Virgin Islands  
Cayman Islands  
Falkland Islands  
Henderson Island  
Montserrat  
Pitcairn, Ducie and Oeno Islands  
South Georgia and the South Sandwich Isles  
St Helena and its dependencies  
Turks and Caicos Islands  
Greenland and Faroe Isles  
Antilles (Bonaire, Curacao, Saba, St Eustatius and St Maarten)  
Aruba  
New Caledonia and its dependencies  
French Polynesia  
Saint Barthélemy  
The Territory of Wallis and Futuna Islands  
Mayotte  
French Southern and Antarctic Territories

## Glossary

<b>Apprenticeship</b>	An apprenticeship is a job with an accompanying skills development programme. This includes the training and (where required) end-point assessment for an employee as part of a job with an accompanying skills development programme.
<b>Apprenticeship agreement</b>	An agreement between an employer and an apprentice in accordance with the Apprenticeships, Skills, Children and Learning (ASCL) Act 2009 sections 32 to 36.
<b>Apprenticeship training agency (ATA)</b>	An organisation whose main business is employing apprentices who are made available to employers for a fee.
<b>Apprenticeship levy</b>	The apprenticeship levy will be a levy on UK employers to fund new apprenticeships. In England, control of apprenticeship funding will be put in the hands of employers through the apprenticeship service. The levy will be charged at a rate of 0.5% of an employer's pay bill. Each employer will receive an allowance of £15,000 to offset against their levy payment.
<b>Break in learning</b>	When an individual is not continuing with their learning but has told the employer beforehand that they intend to resume their learning in the future.
<b>Commitment statement</b>	A statement held by the main provider, the apprentice and their employer. The commitment statement sets out how the apprentice will be supported to successful achievement of the apprenticeship. It must be signed by the apprentice, their employer and the main provider, and all three parties must retain a current signed and dated version.
<b>Digital account</b>	The area on the apprenticeship service where employers can manage their funding and apprentices, view their account balance and plan their spending.
<b>The apprenticeship service</b>	The digital interface to services designed to support the uptake of apprenticeships. The service is aimed primarily at employers who engage with learning providers and apprenticeship assessment organisations to deliver and facilitate the apprenticeship programme.
<b>Distance learning</b>	Learning delivered remotely (not face-to-face) This could include, but is not limited to, e-learning and webinars.
<b>Earnings adjustment statement (EAS)</b>	The form providers need to fill in to claim funding that cannot be claimed through the individualised learner record.
<b>Employed</b>	An individual who has a contract of employment. This does not include individuals who are self-employed.
<b>Evidence pack</b>	A collection of documents and information brought together to form a single point of reference relating to the learning that is taking place. This provides the evidence to prove that the apprentice exists and is eligible for funding, and for the learning to be provided.



<b>Exceptional learning support</b>	Learning support when the needs of the apprentice are over £19,000 in a single year.
<b>Functional skills</b>	Applied practical skills in English, maths and ICT, that provide the individual with the essential knowledge, skills and understanding to enable them to operate effectively and independently in life and work.
<b>Gateway requirements</b>	These are requirements set out in the assessment plan that must be met by the apprentice prior to undertaking end-point assessment of the apprenticeship standard. They will include the completion of English and maths qualifications (where applicable) and completion of any on-programme mandatory qualifications (where applicable) along with satisfactory evidence (as determined by the employer, in consultation with the training provider) that the apprentice has achieved the necessary knowledge, skills and behaviours set out in the standard.
<b>Higher and degree apprenticeships</b>	An apprenticeship where the main learning is at level 4 or above (including higher education qualifications).
<b>The Hub</b>	The Hub provides online services including the return of your individualised learner record (ILR) and completed Earnings Adjustment Statement. You can also search all learning aims, components of qualifications, apprenticeship frameworks and standards along with their validity and funding details.
<b>Immigration permission</b>	The permissions, or otherwise, granted by the government of the United Kingdom for an individual to reside here.
<b>Individualised learner record (ILR)</b>	The primary data collection requested from learning providers for further education and work-based learning in England. The data is used widely, most notably by the government, to monitor policy implementation and the performance of the sector. It is also used by organisations that allocate funding for further education.
<b>Integrated standard</b>	An integrated standard is where the end-point assessment is incorporated into the main learning aim (usually a degree or other full higher education qualification). In these cases, there is no need for an additional independent assessment.
<b>Levy-paying employer</b>	An employer with an annual pay bill of over £3 million.
<b>Licence to practise</b>	Where it is a legal (or statutory) requirement for all practitioners to obtain a licence which confirms the licence holder meets prescribed standards of competence, including situations in which it is unlawful to carry out a specified range of activities for pay without first having obtained a licence.

<b>Ordinarily resident</b>	For funding purposes, a person who normally lives in the country, are allowed to live there by law, and return there after temporary trips outside the country. Temporary absences from a country due to the learner or a relevant family member working or travelling abroad would be discounted when considering ordinary residency.
<b>Personal learning record (PLR)</b>	The personal learning record (PLR) allows individual apprentices access to their past and current achievement records. These can be shared with schools, colleges, further education training providers, universities or employers when making an application to further their education, training and employment.
<b>Learning planned end date</b>	The date entered onto the individualised learner record (ILR) when the learner is expected to complete their learning.
<b>Register of apprenticeship training providers</b>	From May 2017, levied employers will be able to choose a provider from a new register, the register of apprenticeship training providers (RoATP). The register will encourage diversity and competition in the provider market, supporting quality and employer choice. To be added to the register, organisations must pass tests on due diligence, financial health, and tests on quality, capacity and capability.
<b>Register of apprentice assessment organisations</b>	A register of assessment organisations from which an employer can select an organisation (to be contracted by a main provider) to deliver the end-point assessment as part of the employer's agreed apprenticeship programme.
<b>Start of learning</b>	The date on which learning begins. We do not consider enrolment, induction, diagnostic assessment or prior assessment to be part of learning.
<b>Subcontractor</b>	A legal entity that has a contractual relationship with a provider to deliver apprenticeship training funded by us.
<b>Unique learner number</b>	A 10-digit number used to match a learner's achievement to their personal learning record (PLR).
<b>Written agreement</b>	The main provider must have a written agreement in place with the assessment organisation and make payment to them for conducting the end-point assessment. The written agreement must set out the arrangements for end-point assessment including arrangements for any retakes and the transaction of payments.
<b>Zero-hour contracts</b>	Contracts which do not specify a set number of hours for the employee.



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