



Education & Skills
Funding Agency

Apprenticeship funding rules and guidance for employers

August 2019 to July 2020

Version 2

This document sets out the guidance that applies to all employers participating in the apprenticeship programme. It includes the funding rules, which apply to all levy-paying employers participating in the apprenticeship programme through a digital account on the apprenticeship service.

[View other apprenticeship funding rules](#)

January 2020

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Introduction and purpose of the document

- E1** This document sets out the guidance for all employers participating in the new apprenticeship programme from 1 August 2019. It also sets out the funding rules for levy-paying employers who are participating in the apprenticeship programme through an account on the [apprenticeship service](#).
- E2** Employers who do not pay the apprenticeship levy may find the guidance within this document useful. If you are an employer who does not pay the levy but would like to know more about [employing apprentices](#), please visit GOV.UK.
- E3** If you would like more detailed information on the features of the apprenticeship funding system, including how we will calculate funding for organisations receiving funding from us, please refer to the [Apprenticeship Technical Funding Guide](#). This will be useful for you to understand how we will make payments for main providers from your apprenticeship service account.
- E4** We will use the generic term 'apprenticeship' for both apprenticeship frameworks and standards, unless we state otherwise.
- E5** The rules contained in this document form part of standard terms and conditions for the use of funds in an employer's apprenticeship service account or where a levy-paying employer is accessing government-employer co-investment. If you are a levy-paying employer participating in the new apprenticeship programme, you must operate within the terms and conditions of your apprenticeship employer agreement. The [employer agreement](#) is with the Secretary of State for Education (acting through the Education and Skills Funding Agency (the ESFA), an executive agency of the Department for Education), and includes these rules.
- E6** If you breach your employer agreement, we reserve the right to take action.
- E7** We may take action to recover all or part of the government funding from you if we are satisfied that there has been a breach of the funding rules. This includes where claims are made for funding through your apprenticeship service account, government co-investment or additional payments to which you are not entitled.
- E8** If you would like any further support, you can contact us through our Apprenticeship Business Support team on 0800 015 0600.
- E9** These rules will apply to all apprenticeship programmes starting on or after 1 August 2019. Unless otherwise stated, this includes both apprenticeship frameworks and standards.
- E10** Any apprenticeship which started before 1 August 2019 will continue to follow the [rules](#) in force at the start of the programme. These can be accessed on GOV.UK.

New for 1 August 2019:

- **E11** – New Rule: Apprenticeship delivery must not take place without approval from an associated regulatory body where this is needed.

E11 Some occupations require the training provider to be approved by a regulatory body before being able to deliver training for the apprenticeship. We may take action to recover apprenticeship funding where they have delivered training but do not have the necessary approval.

Recruit an apprentice

E12 [Recruit an apprentice](#) is a free tool to help you to recruit new apprentices into your business. It is not mandatory to use this service.

E13 Where a main provider advertises on your behalf, on recruit an apprentice, it should be clear in the advert how many hours the apprentice will be expected to work per week for the role and how long the apprenticeship will last. This must meet the minimum duration requirement (see paragraphs E28 to E38).

Employers and apprenticeships: things to check

This document is a combination of rules and guidance in order to help you manage your apprenticeship in partnership with your chosen main provider. This summary checklist is a guide to the steps you must take to ensure you are meeting the apprenticeship funding rules.

Do I have a genuine job for this apprentice?

By genuine we mean that:

- The apprentice must have a contract of service with you, or an apprenticeship training agency, which is long enough for them to complete the apprenticeship successfully (including, for standards the end-point assessment). Exceptions to this can be found in paragraph E18.
- The cost of the apprentice's wages must be met by you.
- The apprentice must have a job role (or roles) with you that provides the opportunity for them to gain the knowledge, skills and behaviours needed to achieve their apprenticeship.
- The apprentice must have appropriate support and supervision on the job, by you, to carry out their job role.

Have I checked the eligibility of the apprentice?

The apprentice must work for you, or a [connected company or charity](#) as defined by HMRC and they must:

- Have the right to work in England.
- Spend at least 50% of their working hours in England.

Have I chosen a main provider and negotiated a price?

The relationship between you and the main provider is important throughout the apprenticeship. Your main provider should offer you the option of using the [recruit an apprentice](#) service for all new recruits into your business.

You and your main provider must agree a price for the total cost of each apprenticeship, including the training costs and any subcontracted training. The price for apprenticeship standards must include the cost of the end-point assessment which you must agree with an end-point assessment organisation.

Have I checked the duration of the apprenticeship and that prior learning has been considered?

You must make sure the apprenticeship training will last for at least one year. The framework or standard specification or assessment plan may require this to be longer to support the delivery of the full apprenticeship content. The main provider must account for the apprentice's prior learning and because this can reduce the content and length of the apprenticeship it may also reduce the price you negotiate with them. Funds must not be used to pay for skills already attained by the apprentice.

Have I got an apprenticeship agreement with the apprentice?

An [apprenticeship agreement](#) must be signed at the start of the apprenticeship. It is used to confirm individual employment arrangements between the apprentice and yourself and is a legal requirement.

Have I got a commitment statement?

You must have a commitment statement, signed by you, the apprentice and the main provider. This is sometimes known as an individual learning plan and sets out the plan for the agreed training.

Have I recorded the apprenticeship?

If you are a levy payer and have an [apprenticeship service](#) account you must record the apprenticeship details. You can ask the main provider to do this for you.

Have I ensured my apprentice is on the correct wage?

Apprentices must be an employee on the first day of their apprenticeship and as a minimum at least be paid a wage consistent [with the law](#) for the time they are in work, in off-the-job training and studying English and maths (if appropriate).

Have I checked on the progress of my apprentice?

You must make sure the apprentice is taking part in learning throughout the apprenticeship and has regular progress reviews that involve you and the provider.

Do I have evidence?

You must provide evidence to the main provider of the apprentice's average weekly hours and any changes to working patterns. You must also have evidence needed for any additional payments made to you because of the apprentice's characteristics (for example, their age). You must give the main provider evidence of the apprentice's eligibility at the start of their apprenticeship.

Programme eligibility

New for 1 August 2019:

- **Programme eligibility** – The title of the section has been changed from “what is an apprenticeship” to “programme eligibility” to more accurately reflect the contents.

What is an apprenticeship?

New for 1 August 2019:

- **What is an apprenticeship** – The sub-title of the section has been changed from “a job with training” to “what is an apprenticeship” to more accurately reflect the contents. The section has also been restructured to aid understanding.

- E14** An apprenticeship is a job with training. Through their apprenticeship, apprentices will gain the technical knowledge, practical experience and wider skills and behaviours they need for their immediate job and future career. The apprentice gains this through formal off-the-job training and the opportunity to practise these new skills in a real work environment.
- E15** The job, in E14, must have a productive purpose and should provide the apprentice with the opportunity embed and consolidate the knowledge, skills and behaviours gained through the apprenticeship.
- E16** You and the main provider must be satisfied that the apprenticeship is the most appropriate training programme for the individual; that the training programme aligns to an approved apprenticeship at the most appropriate level and recognition of prior learning has taken place.
- E17** You must provide the apprentice with appropriate support and supervision to carry out their job role and their apprenticeship.

Employment contract

- E18** The apprentice must be engaged by with you, or an apprenticeship training agency (ATA), for a period which is long enough for the apprentice to complete the apprenticeship successfully (including, for standards the end-point assessment). The only exceptions to this are:
- E18.1** Apprentices who have been made redundant less than six months before the final day of their apprenticeship (see paragraph E22).
- E18.2** Apprentices who have been made redundant, with more than six months but less than 12 months of their apprenticeship remaining; these apprentices may seek a further contract of service with a duration of less than 12 months, and we will fund them for up to 12 weeks while they do so (see paragraph E65).
- E18.3** Particular office holders, namely constables of English police forces and ministers or trainee ministers of a religious denomination, who are

undertaking an alternative English apprenticeship. Except for the requirement to have an apprenticeship agreement and a contract of service in relation to these alternative apprentices, you must comply with all the other rules set out in this document.

Apprenticeship agreement between the employer and the apprentice

New for 1 August 2019:

- **E20** – Clarification: An incomplete apprenticeship agreement means an apprentice is not working under an approved English apprenticeship.

- E19** There must be evidence that the apprentice has an apprenticeship agreement with you at the start of, and throughout, their apprenticeship. For standards, this is defined in section A1 (3) of the [Apprenticeships, Skills, Children and Learning Act 2009](#) (as amended by the [Enterprise Act 2016](#)); for frameworks, this is defined in section 32 of the same Act.
- E19.1** In relation to standards, the approved English apprenticeship agreement must also set out (i) the amount of time the apprentice will spend in off-the-job training, and (ii) the planned learning end date of the apprenticeship's practical period, called the final day. These requirements are provided for in the [Apprenticeships \(Miscellaneous Provisions\) Regulations 2017](#).
- E19.2** In relation to frameworks, there must be an apprenticeship agreement in place which (i) meets your duty under section 1 of the Employment Rights Act 1996 and (ii) includes a statement of the skill, trade or occupation for which the apprentice is being trained under the apprenticeship framework. These requirements are provided for in the [Apprenticeships \(Form of Apprenticeship Agreement\) Regulations 2012](#).
- E20** If the apprenticeship agreement is incomplete and/or does not meet the statutory requirements the individual will not have a valid agreement and will not be eligible to receive funding.
- E21** [A template apprenticeship agreement](#) is available on GOV.UK. This template does not have to be used but the requirements of the legislation as described above must be met when forming an apprenticeship agreement.
- E22** Apprentices who are made redundant up to six months before the final day of their apprenticeship do not need to be employed under an apprenticeship agreement (see paragraph E18.1).
- E23** The signed apprenticeship agreement must be distributed to both signatories (you and the apprentice) and you must give a copy to the main provider to keep in the evidence pack, along with any revisions.
- E24** The start date set out in the apprenticeship agreement must match the date in the commitment statement. Details in the commitment statement must be completed before the apprenticeship agreement can be signed.

Apprentice wages

- E25** Every apprentice must be paid a lawful wage for the time they are in work and in off-the-job training.
- E26** You must meet the cost of the apprentice's wages. You can only pay the apprenticeship minimum wage from the start of the apprenticeship programme and not before.
- E27** You can find information on the [national minimum wage, the apprenticeship rate, and the definition of an employee](#) on GOV.UK.

Apprenticeship duration and employment hours

- E28** An apprenticeship must provide for a practical period of training that lasts for a minimum duration of 12 months. For example, to satisfy this requirement, an apprentice who starts their training on 1 August 2019 must still be receiving training on 31 July 2020. The apprentice must be involved in active learning throughout the apprenticeship.
- E29** The framework or standard specification or assessment plan may require this practical period of training to be longer to support the delivery of the full apprenticeship content. For apprenticeship standards, the end-point assessment can only be taken after the minimum duration has been met (see paragraph E128).
- E30** The apprenticeship must meet the minimum duration rules. This includes where the content, negotiated price and/or duration of the apprenticeship has been adjusted to recognise prior learning (see paragraphs E51 to E53).
- E31** An apprenticeship framework completion certificate on behalf of the apprentice cannot be claimed from [Apprenticeship Certificates England](#) if the minimum duration has not been met. For standards, the minimum duration is checked as part of confirming the end-point assessment gateway requirements.
- E32** The minimum duration of each apprenticeship is based on the apprentice working at least 30 hours a week, including any off-the-job training they undertake.
 - E32.1** If the apprentice works fewer than 30 hours a week, your main provider must extend the expected duration of the apprenticeship on the ILR (pro rata) to take account of this. This will also apply to any temporary period of part-time working. You must also extend the apprenticeship agreement accordingly.
 - E32.2** Where a part-time working pattern is needed, you must jointly agree with the main provider and the apprentice the extended apprenticeship duration (see paragraph E32.3).
 - E32.3** Where part-time working is agreed, you must:
 - E32.3.1** record the agreed average number of hours each week;

E32.3.2 evidence why this working pattern is in place; and

E32.3.3 extend the minimum duration using the following formula:

- i. $12 \times 30 / \text{average weekly hours} = \text{new minimum duration in months}$; or
- ii. $52 \times 30 / \text{average weekly hours} = \text{new minimum duration in weeks}$.

E33 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 the apprentice is likely to successfully complete their apprenticeship. There must be evidence of the agreed average weekly hours, including time spent on off-the-job training, in the evidence pack.

E34 You must allow the apprentice to complete the apprenticeship within their working hours. This includes English and maths if required. You must provide the main provider with evidence of this for them to keep in the evidence pack.

E35 Zero-hours contracts are acceptable only where they meet all of the other rules in this document.

E35.1 For an apprentice with a zero-hour contract you must extend the duration of the apprenticeship in proportion to the hours they work.

E35.2 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, a break in learning in the apprenticeship must be recorded.

E36 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 off-the-job activity is done 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.

E37 The only exceptions to the minimum duration requirement are where an apprentice:

E37.1 Is made redundant with more than six, but less than 12 months remaining before their final day. In these cases, they may seek a further apprenticeship agreement which takes their prior apprenticeship experience into account. This further agreement may provide for a duration of less than 12 months.

E37.2 Changes their framework pathway / standard option.

E37.3 Transfers between main providers, but remains on the same framework or standard.

E37.4 Returns to the same apprenticeship after a break in learning.

E38 For the exceptions in paragraph E37 you must have evidence that the total amount of time spent on their apprenticeship, which may include more than one episode of learning, meets the minimum duration requirement.

Off-the-job training

New for 1 August 2019:

- **Off-the-job training** - Clarification: The off-the-job training section has been updated using terminology found in legislation to further aid understanding.
- **E45 – New Rule:** For new starts from 1st August the number of planned off-the-job training hours, for the full apprenticeship, must be documented on the individualised learner record.

E39 Off-the-job training is a statutory requirement for an English apprenticeship. It is training which is received by the apprentice, during the apprentice's normal working hours, for the purpose of achieving the knowledge, skills and behaviours of the approved apprenticeship referenced in the apprenticeship agreement. By normal working hours we mean paid hours excluding overtime.

E39.1 It is not on-the-job training which is training received by the apprentice for the sole purpose of enabling the apprentice to perform the work for which they have been employed. By this we mean training that does not specifically link to the knowledge, skills and behaviours set out in the apprenticeship.

E40 Off-the-job training must be directly relevant to the apprenticeship. It can include the following:

E40.1 the teaching of theory (for example, lectures, role playing, simulation exercises, online learning, and manufacturer training);

E40.2 practical training, shadowing, mentoring, industry visits, and participation in competitions; or

E40.3 learning support and time spent writing assessments/assignments.

E41 Off-the-job training does not include:

E41.1 training to acquire knowledge, skills and behaviours that are not required in the standard or framework;

E41.2 progress reviews or on-programme assessment required for an apprenticeship framework or standard; or

E41.3 training which takes place outside the apprentice's normal working hours.

E42 It is up to you and the main provider to decide how the off-the-job training is delivered. It can include training that is delivered at the apprentice's normal place of work. It can also include regular day release, block release and special training days/workshops.

- E43** To be eligible for government funding at least 20% of the apprentice's normal working hours, over the planned duration of the training period within the apprenticeship (for standards this is called the practical period, which ends at the gateway for end-point assessment), must be spent on off-the-job training. Apprentices may often need more than 20% off-the-job training.
- E44** When calculating the required amount of off-the-job training, the apprentice's statutory leave entitlement should be deducted. Employees who work a 5-day week receive at least 28 days paid annual holiday (this is the statutory leave entitlement referred to in this paragraph and is the equivalent of 5.6 weeks of holiday) (pro-rata for part time workers). It should be clear to all parties how the amount of off-the-job training required has been calculated to comply with paragraph E43 and this should be recorded in the evidence pack by the main provider.
- E45** The number of planned off-the-job training hours, for the full apprenticeship, must be documented on the apprenticeship agreement and the commitment statement. For starts on or after 1 August 2019 it must also be documented on the individualised learner record.
- E46** Evidence must be available to support the delivery of the content/components of all planned off-the-job training that are set out in the apprentice's commitment statement (see paragraphs E54 to E56), It should be clear which elements of the commitment statement have been used towards the calculation of the 20% requirement and which have not (see paragraphs E40, E41 and E47).
- E47** English and maths training, up to and including level 2, does not count towards the minimum 20% off-the-job training requirement; where required this must be delivered in addition to the minimum requirement.
- E48** If planned off-the-job training is unable to take place as scheduled, you and the main provider must ensure this is re-arranged so that the full complement of training set out in the commitment statement can still be delivered. All off-the-job training must take place during normal working hours. Apprentices may choose to spend additional time on training outside of these hours, but this must not be required to complete the apprenticeship and must not be included in the 20% calculation.
- E49** When the apprentice takes a period of leave from their work, for reasons such as medical treatment, maternity or paternity leave, this will be a break in the training they are to receive (a break in learning). You and the apprentice should revise the date in the apprenticeship agreement on which the apprenticeship was expected to have been completed to account for the duration of the break. The duration of the apprenticeship and the amount of off-the-job training needed to meet the 20% requirement would therefore remain the same as though there had been no break in training (break in learning).
- E50** Further information about off-the-job training can be found at this [link](#).

Recognition of prior learning and experience

New for 1 August 2019:

- **Recognition of prior learning and experience** – This section has moved from the “paying for an apprenticeship” section to the “programme eligibility” section. The subtitle of the section has also been changed from “accounting for prior learning” to “recognition of prior learning and experience” to more accurately reflect the contents.

- E51** Funds must not be used to pay for training for skills, knowledge and behaviours already attained by the apprentice. We may take action to recover apprenticeship funding where this happens.
- E52** Your main provider must account for prior learning and experience when negotiating the price with you. They must reduce the content, duration and price, where the individual has prior learning necessary to achieve occupational competence. They should explain to you how the price has been reduced.
- E53** Your main provider must thoroughly assess the apprentice’s existing knowledge, skills and behaviours against those required to achieve occupational competence. Where applicable, they will include in their appraisal any knowledge, skills and behaviours gained from the following:
- E53.1** work experience, particularly where the apprentice is an existing employee;
 - E53.2** prior education or training and associated qualifications in a related sector subject area; or
 - E53.3** any previous apprenticeship undertaken.

The commitment statement between the employer, apprentice and main provider

New for 1 August 2019:

- **The commitment statement** – Clarification: The commitment statement section has been updated to further aid understanding. This includes the use of the term normal working hours (E56.1) and practical period of training (E56.3). It is no longer required to include confirmation of funding sources.
- **E57** – New Rule: A link to the commitment statement template has been added.

- E54** Before the apprenticeship starts and before the apprenticeship agreement is signed, you, the apprentice and the main provider should have contributed to and signed a copy of the commitment statement (often known as the individual learning plan). This should set out how all three parties (apprentice, employer, and main provider) will support the achievement of the apprenticeship.

- E55** All three parties must keep a current signed and dated version. The main provider must keep their version (and previous versions) in the evidence pack with the apprenticeship agreement.
- E56** The commitment statement must set out:
- E56.1** The name of the apprentice, their job role and their normal working hours. By normal working hours we mean their paid hours excluding overtime.
 - E56.2** Your details and those of the main provider (and any subcontractors involved in the delivery of off-the-job training).
 - E56.3** Details of the apprenticeship, including the name of the apprenticeship framework or standard, the level, the start and end dates for the apprenticeship and (for standards) the dates relating to the practical period of training. The start date set out in the commitment statement must align with the start date in the apprenticeship agreement and the ILR.
 - E56.4** The amount of off-the-job training that will be delivered to meet the minimum 20% requirement (see paragraphs E40, E41 and E47 for what can and cannot be included in this calculation). The individual's prior learning must be taken into account when calculating the off-the-job training requirement and designing the programme.
 - E56.5** The planned content/components and schedule of eligible training (and for standards the end-point assessment). This should include key milestones for mandatory or other qualification achievements. It should also be clear if the component has been used towards the calculation of the minimum 20% off-the-job training requirement.
 - E56.6** A list of all organisations delivering the training content/components, including English and maths, and the end-point assessment organisation (for standards). We recognise that while new standards continue to be developed, not all end-point assessment organisations will be known at the start of the apprenticeship. The commitment statement must be updated to include these details as soon as they have been confirmed.
 - E56.7** An agreement of what is expected from, and offered by you, the apprentice, and the main provider (and any delivery subcontractors) to achieve the apprenticeship and details of how all parties will work together. This must include contact details and the expected commitment from each party, for example:
 - E56.7.1** the apprentice: attendance and commitment to their off-the-job training;
 - E56.7.2** the employer: commitment to wages and time off to train during working hours; and
 - E56.7.3** the main provider (and any delivery subcontractors): delivery of training, support and guidance.

- E56.8** Details of tripartite progress reviews (main provider, employer, apprentice), including the frequency and format, to discuss progress to date against the commitment statement and the immediate next steps required.
- E56.9** The process for resolving any queries or complaints regarding the apprenticeship, including quality. This must include details of the escalation route within the main provider's own organisation and the escalation process to the ESFA through the apprenticeship helpdesk (on 08000 150400 or email nationalhelpdesk@apprenticeships.gov.uk).
- E57** A template commitment statement is available [here](#). It is not mandatory to use this template.

Who can be funded?

New for 1 August 2019:

- **E67 – New Rule:** The funding for concurrent programmes rule has been expanded and moved into “individuals who are not eligible for funding”.

New for 8 January 2020:

- **E59.5 – Clarification:** For working hours to be counted in the 50% limit, they must be regular and planned. When determining eligibility at the start of the apprenticeship, you must be confident that the apprentice will spend at least 50% of their working hours in England over the duration of the apprenticeship.

- E58** You can only use funds in your apprenticeship service account, or government-employer co-investment, for those who are eligible. You must give the main provider evidence of the individual's eligibility.
- E59** To use funds in your apprenticeship service account or government-employer co-investment, the individual must:
- E59.1** Start their apprenticeship after the last Friday in June of the academic year in which they have their 16th birthday.
- E59.2** 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.
- E59.3** Not be asked to contribute financially to the cost of training, on-programme or end-point assessment. This includes where the individual has completed the programme successfully or left the programme early. Costs include any co-investment or additional training and assessment costs, above the funding band, that you have paid directly to the main provider where this is part of the agreed apprenticeship.

- E59.4** 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 that course has been funded by a student loan, the loan must be terminated.
- E59.5** Spend at least 50% of their working hours in England over the duration of the apprenticeship. You must make separate arrangements with the relevant devolved administration if you are planning to deliver apprenticeships to individuals who spend more than 50% of their working hours in a devolved administration over the duration of their apprenticeship, including time spent on off-the-job training. For working hours to be counted in the 50% limit, they must be regular, planned, and known at the start of the apprenticeship. Refer to Annex A (paragraph E283) for exceptions to this rule.
- E59.6** Have the right to work in England.
- E59.7** Have an eligible residency status (information can be found in the residency eligibility section in Annex A).
- E60** You can only use funds from your apprenticeship service account or employer-government co-investment for apprentices employed by you or a [connected company or charity](#) as defined by HMRC. You must provide evidence of employment to the main provider. This also applies where the apprentice is funded by a transfer of funds from another employer.
- E61** We will fund an apprentice to undertake an apprenticeship at a higher level than a qualification they already hold, including a previous apprenticeship.
- E62** 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.
- E63** The age of the apprentice on the day they start their apprenticeship will be used for all age-based eligibility criteria for that apprenticeship.
- E64** An apprentice's eligibility will not change during the apprenticeship, unless their employment status also changes.
- E65** If an apprentice is made redundant, we will continue to fund their training even if they cannot find another employer.
- E65.1** Apprentices who are made redundant within six months of their final day will be funded to completion.
- E65.2** We will also fund apprentices' training for 12 weeks where they are made redundant more than six months, but less than 12 months, from their final day, while they seek a further apprenticeship agreement (see paragraph E18.2).

Individuals who are not eligible for funding

- E66** You must not use funds in your apprenticeship service account for individuals who do not meet the eligibility criteria set out in this document unless they are eligible under the [Education \(Fees and Awards\) \(England\) Regulations 2007](#) (as amended). Individuals who do not meet the eligibility criteria include:
- E66.1** are here illegally;
 - E66.2** 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 in Annex A;
 - E66.3** are non-EEA citizens in the United Kingdom on holiday, with or without a visa;
 - E66.4** have overstayed their immigration or visitor visa;
 - E66.5** 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;
 - E66.6** are ordinarily resident in the Channel Islands or Isle of Man, unless they are also ordinarily resident within England; or
 - E66.7** have a biometric residence permit or residence permit imposing a study prohibition or restriction on the individual.
- E67** To use funds in the your account or government-employer co-investment, the individual must not:
- E67.1** be undertaking another apprenticeship;
 - E67.2** be undertaking training funded through AEB, where that training will:
 - E67.2.1** replicate vocational and other learning aims covered by the apprenticeship standard or framework, including English and maths;
 - E67.2.2** offer career related training that conflicts with the apprenticeship aims; or
 - E67.2.3** be taking place during working hours. Where an apprentice has more than one job, working hours refers to the hours of the job the apprenticeship is linked to.
 - E67.3** be in receipt of any other direct DfE funding during their apprenticeship programme; this includes any other DfE funded FE/HE programme including programmes funded by a student loan, but excludes funding outlined in E67.2; or

E67.4 undertake any part of an apprenticeship whilst on a sandwich placement as part of a degree programme.

E68 As an exception to E67.2, an individual may commence an apprenticeship, and attract funding, where they have less than four weeks to completion of an existing DfE funded course.

Apprentices who need access to learning support

New for 1 August 2019:

- **E69** – Clarification: Learning support can be used to support identified learning needs directly associated with an apprenticeship, including costs associated with meeting those identified needs in end point assessment.

E69 We will provide learning support for apprentices to help with learning that affects their ability to continue and complete their apprenticeship, including costs associated with meeting identified needs in end point assessment (where applicable). This can be claimed by your main provider for the period it is required. This will not be deducted from your apprenticeship service account or require employer co-investment.

E70 Learning support must not be used to deal with everyday difficulties that are not directly associated with an apprenticeship. If an apprentice needs help at work, they may be able to get help from [Access to Work](#).

Apprenticeship training agency (ATA)

E71 An ATA is an organisation whose main business is employing apprentices who are made available to employers.

E72 An ATA must be set up as a distinct legal entity so that apprentices can have contracts of service with the ATA.

E73 The main provider must report in the ILR that the apprentice is employed by an ATA.

E74 An ATA must follow our ATA framework.

E75 Apprenticeship positions offered by an ATA must comply with the apprenticeship requirements set out in paragraphs E14 to E18. If the job is with a third party, the cost of wages may be met by that third party, but the wages must be paid by the ATA.

E76 Where the apprentice is employed by a levy-paying ATA, they must follow the rules set out in this document.

E77 Where you host an apprentice that is employed by an ATA you must not use the funds in your apprenticeship service account to pay the training and assessment costs.

- E78** Where they are a levy paying ATA these costs must be met from the ATA's own apprenticeship service account. Where the apprentice is employed by a non-levy-paying ATA, the ATA will be able to access support for training and assessment through government-employer co-investment.
- E79** Group training associations that offer an ATA service to employers must follow ATA-specific rules.

What can be funded?

Eligible costs

New for 1 August 2019:

- **Eligible costs** - Clarification: The eligible costs section has been updated to further aid understanding.
- **E81** – New Rule: [From 1st October 2019](#), new standards must have an EPAO in principle in place before public funding can be accessed for new apprentices

- E80** Apprentices can only be enrolled against an apprenticeship standard once it is identified as 'approved for delivery' on the Institute for [Apprenticeships and Technical Education website](#). The apprenticeship must be eligible to access public funds from your apprenticeship service account or government-employer co-investment before the individual starts. The [hub](#) contains details of all eligible apprenticeships.
- E81** [From 1st October 2019](#), new standards must have an EPAO in principle in place before public funding can be accessed for new apprentices. Checks must occur to make sure that the apprenticeship is eligible before the individual starts by checking whether the standard has an EPAO in principle in place. It will be clear from ESFA and Institute systems to which standards this applies.
- E82** Funds from your apprenticeship service account, government-employer co-investment or the additional uplift paid for 16 to 18 year olds on frameworks must only be used for eligible costs directly related to the individual apprenticeship. These funds must only be used to pay for training and assessment, including end-point assessment, to complete an apprenticeship that is eligible for funding up to the limit of the funding band.
- E83** For organisations that have been accepted onto the [Register of End-Point Assessment Organisations](#), eligible costs for end-point assessment are set out in the [Conditions of Acceptance](#) document.
- E84** For main providers eligible costs for the delivery of training and on-programme assessment, are limited to the following:
- E84.1** Off-the-job training through a main provider or supporting provider, or evidenced costs for employer-provider delivery. This could include:
- E84.1.1** 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 behaviours needed for the apprenticeship standard.

E84.1.2 Self-directed distance learning (where it forms only part of the learning experience), interactive online learning (virtual classrooms) or blended learning relating to the off-the-job training element of an apprenticeship (see paragraph E88.6).

E84.1.3 Time spent by employees/managers supporting or mentoring apprentices. By this we mean the delivery of knowledge, skills and behaviours directly linked to the apprenticeship.

E84.2 Registration, examination and certification costs associated with mandatory qualifications, excluding any licence to practise (see paragraph E88.8).

E84.3 Regular planned on-programme assessments (tripartite progress reviews including the main provider, employer and apprentice) to discuss progress to date against the commitment statement and the immediate next steps required.

E84.4 Materials (non-capital items) used in the delivery of the apprenticeship. 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.

E84.5 Any administration directly linked to training and assessment, including end-point assessment. This includes costs relating to the ongoing development of existing teaching materials, lesson planning, the management of subcontractors, the processing of the ILR and quality assurance.

E84.6 Additional learning and/or the cost to resit an exam linked to a mandatory qualification.

E84.7 Additional learning required to retake an end-point assessment.

E84.8 Accommodation costs for training delivered through residential modules where the residential training is a mandatory requirement for all apprentices. By mandatory, we mean that there is a specific requirement in the apprenticeship which would apply equally to any apprentice, regardless of their location, employer or main provider (including subcontractors).

E84.9 Costs of an apprentice taking part in a skills competition if you and the main provider have agreed that participation in the competition directly contributes to helping that individual achieve the apprenticeship.

E85 The costs of taking part in any of the above activities may be included in the total negotiated price of training and end-point assessment. You and the main provider agree the price of the training and on programme assessment. For standards, you and the end-point assessment organisation agree the price of the end-point assessment.

- E86** If the total negotiated price exceeds the maximum of the funding band, the agreed total must be recorded on the ILR. You must pay in full the difference between the band maximum and the total negotiated price.
- E87** Any of the eligible costs outlined in paragraph E84 can be bought in from a third party, including the apprentice's employer, and we will fund them.
- E87.1** Where you are the third party then only actual costs will be funded and these must be recorded.
- E87.2** Where the eligible cost is for the delivery of apprenticeship training and/or on-programme assessment from a third party this is subcontracting and the subcontracting rules in paragraphs E138 to E150 must be followed.
- E87.3** Funds from an employer's apprenticeship service account or government co-investment must not be used to fund other services from a third party.

Ineligible costs

- E88** For main providers and the delivery of training and on-programme assessment, ineligible costs include the following:
- E88.1** Enrolment, main provider (or subcontractor) induction, initial assessment, initial diagnostic testing, or similar activity.
- E88.2** Travel costs for apprentices under any circumstances.
- E88.3** Apprentice wages.
- E88.4** Personal protective clothing and safety equipment required by the apprentice to carry out their day-to-day work.
- E88.5** Development of original teaching materials related to the delivery of a new apprenticeship offer.
- E88.6** Off-the-job training delivered only by self-directed distance learning,
- E88.7** Any training, optional modules, educational trips or trips to professional events in excess of those required to achieve the apprenticeship. This includes training solely and specifically required for a licence to practise.
- E88.8** Any fees to third parties associated with a licence to practise. This includes registration, examination and certification costs. This applies even where a licence to practise is specified in the apprenticeship standard and assessment plan.
- E88.9** Any fees to awarding bodies for non-mandatory qualifications (qualifications that are not specifically listed in the standard). This includes registration, examination and certification costs.

- E88.10** Student membership fees that are required by professional bodies, even where linked to mandatory qualifications.
- E88.11** End-point assessment costs incurred by the main provider. These should be included in the price negotiated between you and the end-point assessment organisation.
- E88.12** English and maths up to level 2 (this is funded separately).
- E88.13** 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.
- E88.14** 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 you or the main provider (including subcontractor). Residential costs associated with non-mandatory learning, including qualifications and outward bound activities, are also excluded.
- E88.15** Capital purchases including lease agreements. Capital purchases are long-term assets that would have a lifespan beyond the apprenticeship being funded, such as land, buildings, machinery and ICT equipment (e.g. tablets and similar electronic devices).
- E88.16** Maintenance of capital purchases. This includes vehicle parts and labour, insurance and MOT.
- E88.17** Time spent by employees/managers supporting or mentoring apprentices, where this is not delivering training required as part of the apprenticeship (e.g. generic line management responsibilities).
- E88.18** 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, brokerage services (to an employer or main provider) and the costs of memberships or other costs paid to employers, or their representatives, associated with procurement registers or opportunities to secure business.
- E89** You must not seek or accept inducements or any other payment not authorised by us from a training provider or an end-point assessment organisation in relation to any part of the apprenticeship programme.

Additional payments

New for 1 August 2019:

- **E91** – Clarification: The definition of a child in care has been updated to confirm that a child must have been in the care of a UK local authority.

- E90** You and the main provider will receive a payment towards the additional cost associated with training if, at the start of the apprenticeship, the apprentice is:
- E90.1** 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); or
 - E90.2** Aged between 19 and 24 years old and has either an Education, Health and Care (EHC) plan provided by their local authority or has been in the care of their local authority as defined in paragraph E91.
- E91** A child in care is defined as:
- E91.1** an eligible child - a young person who is 16 or 17 and who has been looked after by a UK 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;
 - E91.2** a relevant child - a young person who is 16 or 17 who has left care within the UK after their 16th birthday and before leaving care was an eligible child; or
 - E91.3** a former relevant child - a young person who is aged between 18 and 21 (up to their 25th birthday if they are in education or training) who, before turning 18, was either an eligible or a relevant child.
- E92** To be eligible for these payments you must have evidence in respect of each apprentice before the apprenticeship starts. You must check this and either you or the apprentice must give the main provider evidence to keep in the evidence pack.
- E93** Where these payments are for apprentices aged between 19 and 24 years old at the start of their apprenticeship (see paragraph E90.2), the main provider must include consent from the apprentice to inform you that they have an EHC plan or that they have been in the care of their local authority and either:
- E93.1** a signed email or letter from a local authority appointed Personal Advisor to confirm they are a care leaver; or
 - E93.2** evidence of an EHC plan.
- E94** Your payments will be paid to the main provider as follows:
- E94.1** 90 days after the apprentice starts, 50% will be paid if the apprentice is still undertaking their apprenticeship; and
 - E94.2** 365 days after the apprentice starts, the remaining 50% will be paid if the apprentice is still undertaking their apprenticeship.
- E95** The main provider must pass these on in full to you within 30 working days of receiving this funding from us. Where an apprentice is employed by an ATA, any applicable additional payments will be paid to the ATA.
- E96** For frameworks, the main provider will also receive an additional payment of 20% of the funding band maximum if the apprentice is aged between 16 and 18 or is an eligible 19 to 24 year old. This must only be used to fund the eligible

costs described in paragraph E84. The [Apprenticeship Technical Funding Guide](#) gives more information on how uplifts are paid. Employers do not have to contribute to this additional funding.

E97 We will monitor take-up of additional payments to identify any potential fraud or gaming.

Care leavers bursary

E98 Eligible apprentices will receive a £1,000 payment if they have been in the care of a UK local authority as defined in paragraph E91.

E99 The bursary payment, due to the apprentice, will be generated to the main provider 60 days after they start. The main provider must pass this on in full to the apprentice within 30 days of receiving this funding from the ESFA.

E100 This is a one-off payment. An eligible apprentice must only receive this payment once. Therefore an individual must not receive this funding again if they progress to another apprenticeship or leave before the end of their apprenticeship to commence another apprenticeship. It is the main provider's responsibility to ensure that the apprentice has not received this payment previously. We will also monitor this to ensure that the apprentice only receives this payment once.

Extra support for small employers

E101 The government will fund all of the apprenticeship training costs, up to the maximum value of the funding band for the apprenticeship, for employers employing fewer than 50 people if, on the first day of their apprenticeship, the apprentice is:

E101.1 Aged between 16 and 18 years old (or 15 years old if the apprentice's 16th birthday is between the last Friday of June and 31 August); or

E101.2 Aged between 19 and 24 years old and has either:

E101.2.1 an EHC plan provided by their local authority; or

E101.2.2 or has been in the care of their local authority as defined in paragraph E91.

E102 Before any apprenticeship starts, you must have evidence that the apprentice and you are eligible for the waiving of the employer contribution. You must provide evidence that you employed an average of 49 or fewer employees in the 365 days before the apprentice was recruited (using the calculation set out in paragraph E103) and you must give this to the main provider to keep in the evidence pack.

E103 We define the number of employees as the number of people with a contract of service. This must be calculated using the average number of employees with a contract of service in the 365 days before the apprentice is recruited. If the average number of employees is 49 and the recruitment of apprentices takes this number to 50, you will still be eligible to receive this extra support. However,

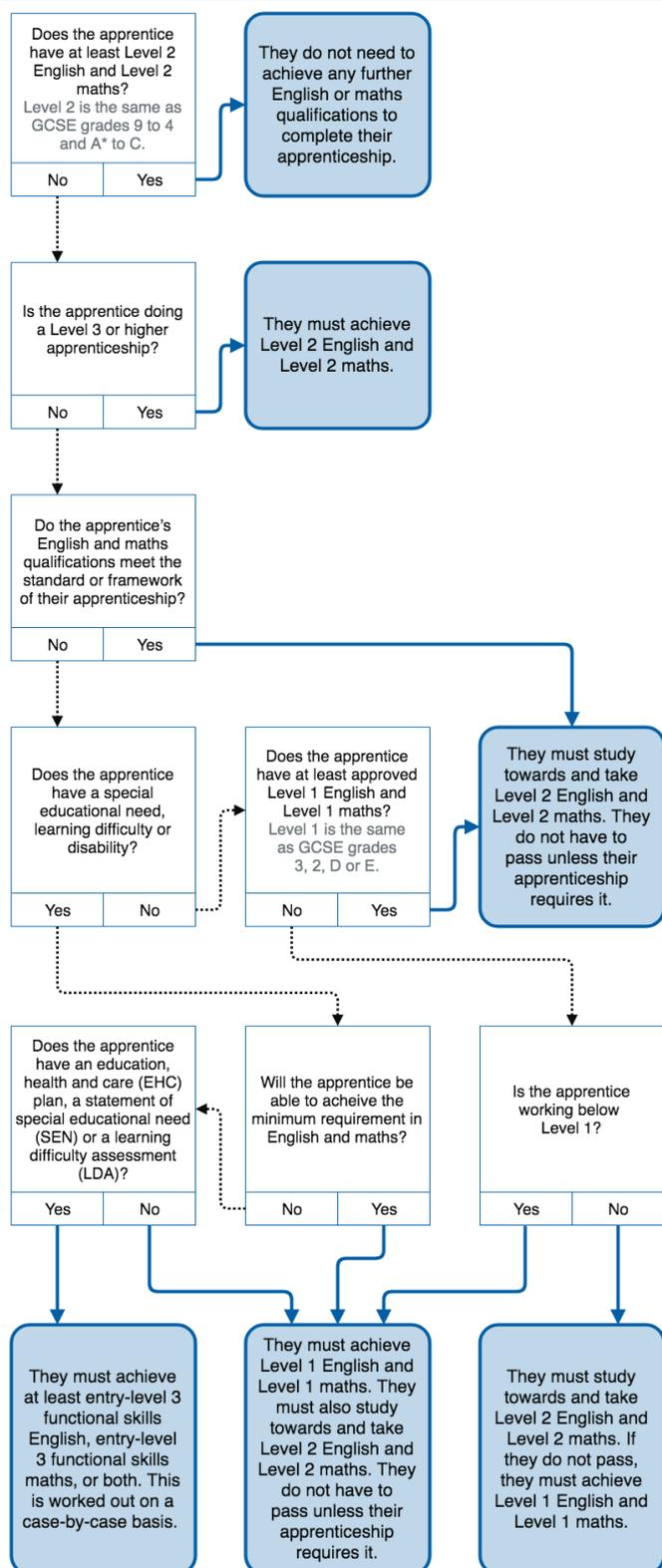
if the average number of employees is 50 and the recruitment of apprentices takes this number to 51, you will not be eligible to receive this extra support.

E104 If the price negotiated by you and the main provider is above the maximum value of the funding band for the apprenticeship, you must pay in full the difference between the band maximum and the negotiated agreed price. This cannot be funded from your apprenticeship service account.

Flow chart: find out if an apprentice needs to do functional skills English and maths

New for 1 August 2019:

- English and maths** – New content: A flowchart has been created and added into the funding rules. This flowchart supports the English and maths rules and should be used alongside them.



Support for English and maths training

E105 English and maths are essential to supporting longer-term career prospects. This is why all apprentices must be supported to gain these essential skills and secure recognised qualifications.

Achievement levels

E106 As part of our ambition for a world-class technical education system and in line with recommendations from independent experts, progression towards and attainment of approved level 2 English and maths qualifications is an important part of the apprenticeship programme. For those undertaking a level 3 or higher apprenticeship, it is a requirement that they hold or achieve an approved level 2 in both subjects before they can successfully complete the apprenticeship.

E107 For apprentices undertaking a level 2 apprenticeship:

E107.1 We want as many apprentices as possible to achieve level 2 English and maths. We require all apprentices to achieve level 1 (where they haven't already) and work towards this standard and to take the assessments for the achievement of approved level 2 qualifications in these subjects.

E107.2 We recognise that for some a level 2 may be difficult to achieve. In these circumstances, we will accept achievement of level 1 English and maths as sufficient for the successful completion of their apprenticeship, except where the framework or standard specifies a higher level of English and/or maths must be achieved.

E107.3 For individuals with special educational needs, learning difficulties or disabilities who struggle to achieve the regular English and/or maths minimum requirement due to the nature of their difficulty or disability we will accept achievement at entry level 3 functional skills in English and/or maths (see paragraphs E119 to E125 below)and;

E107.4 Every effort should be made to enable apprentices with special educational needs, learning difficulties or disabilities achieve the minimum English and maths requirements of the specific apprenticeship as set out in paragraphs E106 to E118. This includes the appropriate use of access arrangements, reasonable adjustments and other approved qualifications that are detailed in the [2019 to 2020 list of qualifications in the English and maths legal entitlement offer](#).

What we will fund

E108 We will fund an apprentice to achieve up to an approved level 2 qualification in English and maths where they do not already hold a suitable equivalent qualification. Acceptable equivalents are set out in a published list on GOV.UK called '[Acceptable Current and Prior Equivalent Qualifications for English and Maths Minimum Requirements in Apprenticeship Standards at Level 2 and Above](#)'.

E109 The ESFA will pay the main provider for this at the single rate set by us for each eligible qualification undertaken. It will not be deducted from your apprenticeship service account or require co-investment.

E110 Main providers can claim funding for apprentices who have not previously attained a GCSE grade A* to C (or 9 to 4) in English or maths (or both) on the day they start the following qualifications:

E110.1 GCSE English language or maths (or both); or

E110.2 Functional skills English or maths at level 2 (or both).

E111 For level 2 apprenticeships, where a level 2 qualification in English or maths is not required for the apprenticeship and the apprentice does not already hold the acceptable qualifications for their framework or standard, then main providers should adopt the following approach and can claim funding for an apprentice in the following scenarios:

E111.1 **Where the apprentice holds neither level 1 nor level 2 approved qualifications and is judged by the main provider to be working below level 1 standard in English/maths:**

Apprentices must study towards and achieve English and maths qualifications of at least level 1 (functional skills level 1 or GCSE grade E or 2), and start, study towards and take the assessments for level 2 qualifications in these subjects. The apprentice is not required to achieve level 2 qualifications in order to successfully complete their apprenticeship. These requirements must be fulfilled before the apprentice takes the end-point assessment or achieves an apprenticeship framework.

Main providers must also ensure that any level 1 training and assessments are taken at an early enough stage in the apprenticeship to allow sufficient time for an apprentice to study towards and take the assessments for the level 2 qualification, after a level 1 has been achieved. Where the apprentice does not achieve the level 2, main providers can claim only for the training given.

E111.2 **Where the apprentice does not already hold approved level 1 qualifications, but is judged by the main provider to be working at level 1 standard in English/maths:**

Apprentices must start, continue to study and take the assessment for level 2 English and maths (functional skills level 2 or GCSE). If they do not achieve a level 2, you must then ensure they take the assessment for level 1 English and/or maths – this is because they must secure the level 1 qualification in order to complete their apprenticeship.

You must ensure that any level 2 training and assessments are taken at an early enough stage in the apprenticeship to allow time for the apprentice to take the level 1 assessment if they first do not achieve the level 2. In this scenario, we will not fund costs for level 1 training and assessment. These requirements must be fulfilled before the apprentice takes the end-point assessment or achieves an apprenticeship framework

E111.3 **Where the apprentice already holds approved level 1 qualifications:**

Apprentices must start, continue to study and take the assessments for a

level 2 English and/or maths (functional skills level 2 or GCSE). This requirement must be fulfilled before the apprentice takes the end-point assessment or achieves an apprenticeship framework

- E112** We will fund functional skills English and/or maths at level 1 or below where main providers (or a subcontractor) has conducted an initial assessment that shows the apprentice needs to study at a lower level before being able to achieve their level 2. The apprentice must be assessed at below level 1 to be funded for a level 1 qualification.
- E113** In exceptional circumstances, we will fund:
- E113.1** re-takes of English and/or maths qualifications where apprentices receive further teaching to achieve the required English and/or maths functional skills qualification; and
 - E113.2** [other approved qualifications](#) (including components, where applicable) where an apprentice will need significant, additional numeracy and literacy support that is not met through immediate entry onto a GCSE or functional skills course.
- E114** If the apprentice is made redundant, they are allowed to continue with their English and/or maths up to and including level 2. Main providers can continue to claim funds at the published apprenticeship English and maths rates.
- E115** Main providers must not claim funding from the adult education budget for English and/or maths undertaken by an apprentice.
- E116** Any English and/or maths requirements for the achievement of an apprenticeship standard or framework not set out above must be funded from your apprenticeship service account or through government-employer co-investment.
- E117** Main providers must provide evidence of prior attainment of English and maths. Guidance for obtaining acceptable evidence is provided in the evidence pack.

Judgement of an apprentice's current level

- E118** If an apprentice does not have acceptable evidence of previous attainment of English and/or maths, main providers should carry out a judgement of their current level. The assessment must use current assessment tools based on the national literacy and numeracy standards and core curriculum.

Exceptions to the regular English and maths minimum requirements, for people with special educational needs, learning difficulties or disabilities

- E119** Individuals should be considered on a case-by-case basis and should satisfy all of the following conditions:
- E119.1** You and the main provider expect the apprentice to achieve all other aspects of the apprenticeship requirements, become occupationally competent and achieve entry level 3 functional skills in the adjusted subject(s) before the end of their apprenticeship.
 - E119.2** The apprentice has either an existing or previously issued education, health and care (EHC) plan, a statement of special educational need (SEN) or a learning difficulty assessment (LDA).

- E119.3** The main provider holds or has conducted an evidenced judgement demonstrating that even with support, reasonable adjustments and stepping stone qualifications, the apprentice will not be able to achieve English and/or maths to the minimum level within the timeframe projected for them to complete all the occupational elements. This would apply to both frameworks and standards.
- E120** Depending on the apprentice's individual circumstances and outcome of the main provider's judgement, this exception may apply to either English and maths (or both). If the exception applies to only one subject, the regular requirements for the non-adjusted subject will apply.
- E121** Although the apprentice will be exempt from the regular English and/or maths minimum requirements, main providers must plan and evidence how the apprentice will access further literacy and numeracy development, including level 1 and level 2 courses, as part of their overall training provision, if appropriate.
- E122** The judgement must be formal and structured and conducted by an appropriate professional associated with the main provider (or subcontractor), such as the head of SEN or student support. It must be conducted within eight weeks of an apprentice beginning their apprenticeship and must include:
- E122.1** judgement of the apprentice's current English and maths ability;
 - E122.2** information on how the learning difficulty or disability affects the apprentice's English and maths abilities and a clear indication of whether one or both English and maths are affected;
 - E122.3** judgement of the apprentice's ability to meet the regular English and maths requirements even with appropriate support in place;
 - E122.4** creation of a recommended learning plan to enable the apprentice to achieve entry-level 3 functional skills in the adjusted subject(s) and, where appropriate, to continue to build on their literacy and numeracy skills by accessing further courses; and
 - E122.5** copies of an education, health and care (EHC) plan, a statement of special educational need (SEN) or a learning difficulty assessment (LDA).
- E123** The main provider must retain all elements of the judgement in the evidence pack.
- E124** If the apprentice disagrees with the judgement outcome, the main provider must provide a facility for the apprentice to request a second opinion. The main provider must ensure that a second SEN professional independently reviews the outcome. The main provider may determine the format of the review process.
- E125** Where the apprentice needs to change to entry level 3 for English and/or maths due to their disability or learning difficulty the main provider should record this in the ILR as a change in the usual way.

End-point assessments (Apprenticeship standards only)

New for 1 August 2019:

- **End-point assessments** - Clarification: The end-point assessments section has been updated to further aid understanding.

- E126** 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 each specific standard. Frameworks have different assessment arrangements and do not require end-point assessment.
- E127** Apprentices will not be able to achieve an apprenticeship standard without satisfying all the requirements of its assessment plan, including the end-point assessment.
- E128** An apprentice can only take the end-point assessment once they have:
- E128.1** met the minimum duration of the apprenticeship (see paragraph E30). You must ensure that the entire duration of the apprenticeship standard for both training and end-point assessment a minimum of 372 days to be eligible for funding;
 - E128.2** satisfied the gateway requirements set out in its assessment plan (including any specific duration criteria); and
 - E128.3** you (in consultation with the main provider) are content they have attained sufficient skills, knowledge and behaviours to successfully complete the apprenticeship. In the case of an apprentice made redundant within 6 months of the final day of the practical period specified in the apprenticeship agreement, the main provider can act as a proxy employer for the purposes of providing any required employer competency statement.
- E129** You, in consultation with the main provider must ensure that the apprentice is prepared and understands the end-point assessment process. Engaging the end-point assessment organisation can be at any time, but to ensure timely delivery of the end-point assessment no less than 3 months' notice that the apprentice will be ready for the end-point assessment should be given. As part of this process all information required for the end-point assessment should be ready to present to the end-point-assessment-organisation for the gateway.
- E130** The apprentice must be employed until the end-point assessment is completed. The only exception is where the apprentice has been made redundant and we are funding the apprenticeship to completion. Consideration should be given to the potential time needed for any re-sit and/or re-training prior to re-taking the end-point assessment so the apprentice remains employed during this time.
- E131** At least 3 months before the apprentice reaches the gateway, you must have:
- E131.1** selected an organisation from the [Register of End-Point Assessment Organisations](#) (RoEPAO) to deliver the end-point assessment;

E131.2 negotiated a price with the end-point assessment organisation. Only those organisations listed on the RoEPAO will be eligible to be funded.

- E132** Although you and the main provider will be involved in arrangements for end-point assessment, the assessment itself must be independent (subject to paragraph E133 below). Some assessment plans give the employer and the training provider specific roles but, with the exception of integrated standards, training providers who have delivered the training cannot make an end-point assessment judgement for that same group of apprentices.
- E133** The end-point assessment organisation for an integrated degree standard may also be the training provider, although to remain independent the assessment must be conducted by someone who has not been involved in the delivery of the apprenticeship.
- E134** The main provider must contract with the end-point assessment organisation that has been selected by you and lead the relationship with them including where the delivery of apprenticeship training is subcontracted. This allows the main provider, on your behalf, to make payment to the end-point assessment organisation 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. This should also include arrangements for a change of circumstances, which may delay, or lead to the cancellation of, the end-point assessment.
- E135** You must ensure that the price you agree with the main provider for the apprenticeship includes the amount that you have negotiated with the end-point assessment organisation. This includes any cost of external quality assurance of the end-point assessment. Costs for external quality assurance will depend on the body undertaking it. You must ensure that you engage actively with any request for information from the external body, where applicable.
- E136** Eligible costs for end-point assessment organisations are set out in the [Conditions of Acceptance](#) document for organisations on the RoEPAO.
- E137** We expect that the cost of end-point assessment will 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 you to negotiate with assessment organisations to secure value for money. Where the total negotiated price is higher than the funding band maximum the difference must be paid by you.

Contracting and subcontracting

New for 1 August 2019:

- **E140, E141, E145.8** – New Rules: A statement of expectations is required when working with subcontractors
- **E142** – New Rule: Updated to show the types of delivery subcontractors that can be used

Main providers directly delivering training or on-programme assessment

- E138** Funding for all elements of each apprenticeship will be routed through a single main provider that you have chosen. This includes funding for English and maths.
- E139** You must ensure that the main provider that you contract with directly delivers 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 for you by your chosen main provider. The volume of training and/or on-programme assessment that the main provider directly delivers for you 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 your apprenticeship programme or involve delivery to just a few of a large number of apprentices. You can find further information in the document [Using Subcontractors in the Delivery of Apprenticeships](#).
- E140** Your main provider must publish on their website a broad statement of the approach they take to subcontracting before agreeing the use of subcontractors with you. This should include their reason for subcontracting, all services they will provide when doing so and how they determine the associated costs.
- E141** Your main provider must clearly describe to you and your potential subcontractor, before each subcontracting relationship is agreed, the reason for subcontracting and all services they will provide and the associated costs when doing so. This must include a; list of specific costs for managing the subcontractor, specific costs for quality monitoring activities, and specific costs for any other support activities offered by them to the subcontractor. All of these costs must be individually itemised and describe how each cost contributes to delivering high quality training. The main provider must also explain how such costs are reasonable and proportionate to delivery of the subcontracted apprenticeship training.
- E142** Where you ask them to use delivery subcontractors they must satisfy one of the following two criteria:
- E142.1** they are on the published [Register of Apprenticeship Training Providers](#) and have applied by the main or supporting provider application routes;
- E142.2** they are you or 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.
- E143** We will notify you if the training provider is removed from the Register of Apprenticeship Training Providers. If we terminate the training provider's agreement with the ESFA due to removal from the Register of Apprenticeship Training Providers, we will usually stop payments to the main provider three months from the date of this notification. You must give the main provider notice to terminate your contract with them.
- E144** Where you are the delivery subcontractor, you must only report actual costs of delivery.

Your written agreement with the main provider

- E145** You must agree with a main provider where delivery subcontractors are used and you must have a written agreement in place with the main provider setting out the following for the delivery of your apprenticeship programme:
- E145.1** The apprenticeship training and/or on-programme assessment that they will directly deliver.
 - E145.2** The amount of funding they will retain for their direct delivery.
 - E145.3** The apprenticeship training and/or on-programme assessment that each delivery subcontractor will contribute to your apprenticeship programme.
 - E145.4** The amount of funding the main provider will pay each delivery subcontractor for their contribution.
 - E145.5** The specific amount of funding the main provider will retain to manage and monitor each delivery subcontractor.
 - E145.6** The specific amount of funding the main provider will retain for each other support activity they will provide to each delivery subcontractor.
 - E145.7** The specific amount of funding the main provider will retain for the monitoring they will undertake to ensure the quality of the apprentice training and/or on-programme assessment they have contracted each delivery subcontractor to carry out.
 - E145.8** A detailed description of how the funding retained for each activity detailed in E145.5 to E145.7 contributes to delivering high quality training and how the funding retained is reasonable and proportionate to delivery of the apprenticeship training described in E145.5.
 - E145.9** Any actual or perceived conflict of interest between them and any delivery subcontractors.

Special conditions for all instances where the employer is the delivery subcontractor

- E146** Where the employer is the delivery subcontractor the main provider must only pay you for actual costs of delivery. Employers must not profit from apprenticeship delivery to their own employees.

Disputes and issue resolution between the employer and main provider

- E147** The main provider is responsible for resolving issues and disputes between you and their delivery subcontractors. Main providers and assessment organisations must provide you and your apprentices with their written complaints and dispute resolution procedure, policy and process. The first contact point for this must be included in the written agreement and in the commitment statement.

- E148** Agreements entered into between you and the main provider are legal agreements and dispute resolution should be in accordance with the terms of the written agreement and ultimately would be enforceable through the courts.
- E149** You and your apprentices must be made aware by the main provider that you can contact the apprenticeship helpline regarding apprenticeship concerns, complaints and enquiries. The contact number and website must also be included in the written agreement and in the apprentice's commitment statement.
- E150** If you are unable to resolve your complaint with the main provider you may make a complaint in accordance with the [ESFA's procedure](#) for dealing with complaints about training providers.

Paying for an apprenticeship

New for 9 January 2020:

- **E152 – New Rule:** From 9th January 2020, employers who do not pay the apprenticeship levy (and providers on their behalf), will have access to the apprenticeship service to reserve government-employer co-investment for apprenticeships training.

- E151** The funding method for an apprenticeship is determined at the start of each apprentice's programme. Where the employer does not pay the apprenticeship levy at the start of the apprenticeship, it will be funded through government-employer co-investment for its duration unless the apprentice changes employer. Even if the employer subsequently becomes a levy-payer, the apprenticeship will not be funded from the employer's apprenticeship service account.
- E152** From 9th January 2020 employers, who do not pay the apprenticeship levy, will have access to the apprenticeship service to reserve government-employer co-investment for apprenticeships. The section, "reservations of funds by non-levy employers" has more information on reserving funds from rule E179.

The price of an apprenticeship

- E153** You and your main provider must negotiate a price for the total cost of each apprenticeship, including the training costs and any subcontracted training. The price for apprenticeship standards must include the cost of the end-point assessment which you must negotiate with the end-point assessment organisation. The negotiated price of apprenticeship frameworks will include on-programme assessment.
- E153.1** When negotiating a price with the main provider you must ensure that the main provider has reduced the content, duration and price of the apprenticeship to account for prior learning necessary to achieve the apprenticeship. The main provider must conduct a thorough assessment of the apprentice's prior learning. Funds must not be used to pay for knowledge, skills and behaviours already attained by the apprentice.

E153.2 If you negotiate a price that is 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 negotiated price. This must not be funded from your apprenticeship service account or co-investment. Main providers may charge VAT on the difference. The funding bands, and standards and frameworks placed within them, may be subject to change.

E154 The main provider must not offset the negotiated price with the costs of any service provided by you. If you are legitimately delivering relevant training or an eligible cost supported by these rules then this must be included in the overall price. The cost of the apprenticeship must be transparent.

E155 Once the price has been negotiated, we do not expect the total price of the apprenticeship to change. The only exceptions to this are when there is a change of circumstances or when the end-point assessment cost is not known at the start of the apprenticeship. We will monitor changes of price and patterns of behaviour to identify fraudulent activity. The 'changes to the apprenticeship, main provider or employer' section (see paragraphs E234 to E259) has further details on change of circumstances.

Employer co-investment

E156 Where the monthly cost of apprenticeship training cannot be fully met by funds from your apprenticeship service account (because there are insufficient funds), you must co-invest the relevant co-investment rate of the outstanding balance for that month. This rate will be the co-investment rate that was in place on the date the apprenticeship started:

Co-investment rates for apprenticeships that started:	
before 1 April 2019	on or after 1 April 2019
10%	5%

Please refer to the Apprenticeships Technical Funding guide for more information about what change of circumstances affect the co-investment rate.

E157 If you do not pay the apprenticeship levy you must also co-invest at the relevant co-investment rate, towards the agreed cost of apprenticeship training (see table above). The government will pay the remaining percentage up to the funding band maximum. Where the funding band maximum is exceeded, you must pay all the additional costs above the funding band maximum.

E158 Main providers will need to invoice you separately for any employer co-investment, including any VAT.

E159 You may agree a schedule of co-investment payments with the main provider, which does not match payments made by us each month, but you must ensure that your contributions are at least equal to the required co-investment every three months when main providers report your contributions.

- E160** Main providers will need to show to us that they have received your co-investment payments to justify the government's contribution. If they cannot do that then we may withhold payments. Where you are required to pay co-investment, this must be a transfer of funding visible in the main provider's financial systems. This will typically be in the form of a main provider invoice and corresponding employer payment.
- E161** You must not seek or accept any refund, in total or in part, of your co-investment contribution.
- E162** The only exceptions to employer co-investment are:
- E162.1** English and maths, to achieve the required government standard (see paragraphs E105 to E125);
 - E162.2** where you qualify for extra support for small employers (see paragraphs E101 to E104);
 - E162.3** for any learning support for the apprentice (see paragraphs E69 to E70);
 - E162.4** for any additional payments and disadvantage funding (see paragraphs E90 to E97); and
 - E162.5** where you deliver to your own staff as an employer-provider.

When payments are made

- E163** We will pay the main provider 80% of the negotiated price up to the maximum value of the funding band, in equal monthly instalments according to the planned duration of the apprenticeship regardless of how training is scheduled over the duration of the apprenticeship. The deductions from your apprenticeship service account will mirror these payments where funds are available.
- E164** We will pay the remaining balance of the negotiated price, up to the maximum value of the funding band, to the main provider when the apprentice has undertaken all the activity relevant to the apprenticeship, including:
- E164.1** all mandatory elements of the framework; or
 - E164.2** completing all elements of the end-point assessment for standards.
- E165** The deductions from your apprenticeship service account will mirror these payments where funds are available.

Funds in your apprenticeship service account (levy paying employers)

- E166** You must only add PAYE schemes for you or your connected companies or charities (according to [HMRC's definition](#)) to your apprenticeship service account.
- E167** Public bodies cannot usually be connected for apprenticeship levy purposes. If you are setting up an apprenticeship service 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.

- E168** 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.
- E169** 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 an apprenticeship service account are connected.
- E170** You must:
- E170.1** remove PAYE schemes from your apprenticeship service account that are no longer operated by the employer associated with the account (or leaves the group of connected companies);
 - E170.2** ensure the PAYE scheme for the apprentice's employer is associated with the same apprenticeship service account which records the apprenticeship for them;
 - E170.3** only register with the apprenticeship service for the purpose of accessing funds where you have a realistic expectation of paying the levy in that financial year; and
 - E170.4** manage users associated with your account including:
 - E170.4.1** removing users who are not authorised to act on your behalf; and
 - E170.4.2** controlling who can add users.
- E171** Where your apprenticeship service account is used to fund training and assessment, you are responsible for recording the required details of the apprenticeship in your account. You can give the main provider permission to enter this information on your behalf but you will need to authorise the apprentice details so we can use your apprenticeship service funds to pay for that apprentice's apprenticeship.
- E172** Only you can confirm the spending of funds from your apprenticeship service account. You must not delegate this function to the main provider and they must not take on this responsibility.
- E173** You must not allow any third party to authorise payments through your apprenticeship service account.
- E174** To be funded from your apprenticeship service account, the data entered into the apprenticeship service account must correspond with the information submitted by the main provider to us each month through the ILR. Payments to your chosen main provider will only be made if these details match.
- E175** If we withhold payments to the main provider because there is not a match, we will reconcile the payments due to the main provider when the data matches and make the corresponding changes to your apprenticeship service account.

- E176** You must not ask for, or demand, a fee from a main provider or an intermediary for access to funds in your apprenticeship service account.
- E177** As a result of retrospective changes to the amount of apprenticeship levy declared to HMRC, the balance in your apprenticeship service account could go up or down. If an adjustment reduces your balance to a negative value that persists, the ESFA may ask you to pay the ESFA 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 amount due and when to make a payment.
- E178** If your organisation is subject to structural changes, including mergers and acquisitions, you must contact us.

Reservation of funds by non-levy employers

New for 9 January 2020:

- **E179 to E192** – New Rules: From 9th January 2020 employers, who do not pay the apprenticeship levy, (and providers on their behalf) will have access to the apprenticeship service to reserve government-employer co-investment for apprenticeships

- E179** If you do not pay the levy you can reserve funds using the apprenticeship service to access apprenticeship funding. More information on reservation of funds can be found in the [reservation of funds guidance](#).
- E180** Where you are using the apprenticeship service to reserve funds to fund training and assessment, you are responsible for recording the required details of the apprenticeship. You can give providers permission to reserve funding, and to enter this information on your behalf. The information in your apprenticeship service account must correspond with the information recorded on the ILR. It is your responsibility to ensure the accuracy of information within the reservation.
- E181** Reserved funds are classed as government-employer co-investment and all rules associated with government-employer co-investment must be followed when using reserved funds. Please see E156 to E165.
- E182** Funding cannot be secured through both reservations, and via contracted provision, for a single apprentice on an apprenticeship.
- E183** Each reservation is linked to your account. If a provider reserves funds on your behalf, you can use this reservation with any provider. You can change the provider at any time up to the point of the commitment.
- E184** If you and a provider are planning to use reserved funds to fund an apprentice, you should reserve funds in advance of recruitment or an offer of an apprenticeship being made to an existing employee.
- E185** When making a reservation you, or the provider, must declare:

E185.1 the month the apprenticeship training will start; and

E185.2 the apprenticeship standard

E186 Where funds haven't been reserved before the apprenticeship start date, you, or the provider, must reserve funds no later than the end of the calendar month in which the apprentice starts.

E187 Where an apprenticeship has started and funds haven't been reserved, if you want to use reserved funds to fund that apprenticeship, you, or the provider, must reserve funds for a future available month. You and the provider must re-start the apprentice on their apprenticeship and re-determine eligibility in line with the start date confirmed in the reservation. This includes, where applicable, updating the apprenticeship agreement and commitment statement.

E188 An ILR cannot be submitted where funds have not been reserved for a start and a commitment has not been made for an apprentice, with matching details.

E189 If you or the provider have made a reservation we will guarantee funds, subject to the reservation being converted into a commitment and the rest of the funding rules being met. Eligibility is determined at the start of an apprenticeship, not on the date of reservation.

E190 Following a reservation:

E190.1 A commitment must be made on the apprenticeship service. Information on how to convert a reservation to a commitment can be found on [gov.uk](https://www.gov.uk)

E190.2 All ILR fields must be accurately completed for an apprentice as required in the [ILR specification](#).

E191 Reservations will expire if they are not used within 3 months of the start date detailed within the reservation. If the reservation expires before the apprentice starts, you or the provider will need to make a new reservation. New reservations are subject to government funds being available.

E192 If a change of circumstance occurs that results in the need for a new reservation on the apprenticeship service, you (or the provider) must contact [the apprenticeship service support desk](#). You will have used a reservation creating the original commitment for the apprentice and should not make a second due to change of circumstances. More information on when to contact us can be found in the change of circumstances section.

Qualifying days for funding

E193 To qualify for apprenticeship funding the apprentice must be in learning for a minimum of 42 days between the learning start date and learning planned end-date.

E194 Where funding is paid for an apprentice who does not subsequently meet the qualifying period, we will recover the funding from the main provider. These funds will be returned to your apprenticeship service account.

State aid

- E195** Funds received by main providers from your apprenticeship service account (including government top-ups to funds), government-employer co-investment and additional payments, do not fall within the scope of state aid control from 1 August 2019 to 31 July 2020.
- E196** The waiving of the employer contribution for small employers is subject to state aid regulations. For more information on State Aid, please click [here](#)
- E197** Transfers of funds are subject to state aid regulations. For any transfer you receive, a percentage of the transferred funds will count towards your de minimis state aid limit. This percentage represents the amount of co-investment you would have otherwise had to contribute towards the apprenticeship, if funds had not been transferred. The percentage rate is dependent on when the apprenticeship started – for further information about these rates, please refer to the table in paragraph E156.
- E198** You must complete a state aid declaration for funding you receive as a result of the waiver of the employer contribution for small employers and transfers. You must give this to the main provider to keep in the evidence pack. If you have any concerns about exceeding your state aid limit, please contact your main provider for further guidance.

Apprenticeships funded by transfer of levy funds

Introduction for all employers

New for 1 August 2019:

- **E200** – New Rule: A new exception has been added to allow apprentices, who have changed employers, to continue to be funded via a transfer of levy funds.

New for 2 January 2020:

- **E201** – New Rule: From 2 January 2020, transfer of levy funds can be used to fund those apprenticeships that would normally attract full government funding

- E199** Levy-paying employers can transfer a percentage of their levy funds, which were declared for the previous tax year, to other employers, including apprenticeship training agencies (ATAs). The transfer allowance percentage is currently set at 25%.

The transfer allowance will be calculated from the total amount of levy declared during the previous tax year, with the English percentage applied, plus the 10% government top-up payment. This allowance is recalculated every tax year and any unused allowance will not be carried forward.

- E200** Employers receiving transferred funds will only be able to use them to pay for training and assessment for apprenticeship standards, for new apprenticeship starts. A transfer must be agreed and put in place before an apprentice (being

funded by the transfer) starts their apprenticeship. The only exception to this is where the apprentice is changing employer and an agreement to continue their apprenticeship with their new employer is via a transfer of levy funds.

E201 For apprenticeship starts prior to 2 January 2020, a transfer of funds will not take place where the receiving employer is eligible for full government funding, because they have fewer than 50 employees and the apprentice is:

E201.1 16 to 18 years old; or

E201.2 an eligible 19 to 24 year old.

From 2 January 2020, the transfer policy changed and, for starts after this date, these apprenticeships are eligible to be funded by a transfer of levy funds

Rules for sending employers

E202 A sending employer is a levy-paying employer who wishes to transfer levy funds in their apprenticeship service account to another employer to support their delivery of an apprenticeship standard. These funds can only be used for the cost of apprenticeship training and assessment.

E203 We will calculate the transfer allowance around the start of each tax year (the calculation is based on the period 12 levy figure declared to HMRC). The transfer allowance is calculated on declared levy multiplied by the English percentage, along with the 10% automatic top up from government.

E204 If you are part of an account with connected organisations your transfer allowance will be calculated from the total levy declared by all organisations included within the account at the time of the calculation. You will not have an individual transfer account.

E205 Provided you do not exceed the transfer cap, you are able to transfer funds to any number of employers.

E206 To send a transfer, if prompted, you must re-sign the ESFA [employer agreement](#).

E207 You must agree with the receiving employer which apprenticeship standard their chosen apprentice will be undertaking and the price that they have agreed with their chosen main provider and end-point assessment organisation. You will need to confirm these details through the apprenticeship service and ensure you do not exceed your transfer cap.

E208 By agreeing to fund an apprenticeship with a transfer, you are committing to fund the apprenticeship over its entire duration until completion. You will need to ensure that you will have enough transfer allowance to cover these costs over the relevant number of years. You will not be able to stop payments once you have approved the apprenticeship on the apprenticeship service and transfer payments will be deducted from your levy account first, prior to your own apprenticeships.

E209 The transfer amount should cover 100% of the eligible training and assessment costs, up to the funding band maximum, of the apprenticeship standard. This does not include English and maths training up to and including level 2, which is funded separately.

E210 You cannot jointly fund an apprenticeship with another levy-paying employer.

E211 For apprenticeship starts prior to 2 January 2020, a transfer of funds will not take place where the receiving employer is eligible for full government funding, because they have fewer than 50 employees and the apprentice is:

E211.1 16 to 18 years old; or

E211.2 an eligible 19 to 24 year old.
The eligibility criteria are detailed in the extra support for small employers section (paragraphs E101 to E104).

From 2 January 2020, the transfer policy changed and, for starts after this date, these apprenticeships are eligible to be funded by a transfer of levy funds

E212 You must not impose conditions on the transfer, such as choosing the receiving employer's main provider or end-point assessment organisation for them.

E213 You must not seek or accept any incentives or inducements or any other payments not authorised by us in exchange for sending a transfer.

E214 If you are a main provider who is also a levy-paying employer, you must not deliver training to apprentices you are funding through a transfer. This includes where you are acting as a main provider or a subcontractor.

E215 The funds that you transfer will retain their initial date of expiry; the date of transfer will not affect this.

E216 As a sending employer, you will not be able to receive any transferred funds from another levy-paying employer, while you are funding a transfer.

Rules for receiving employers

E217 A receiving employer is any (levy-paying or non-levy paying) employer who receives a transfer of funds from a levy-paying employer.

E218 For apprenticeship starts prior to 2 January 2020, you cannot use a transfer to fund an apprenticeship if you are eligible for full government funding because you have fewer than 50 employees and your apprentice is:

E218.1 16 to 18 years old; or

E218.2 an eligible 19 to 24 year old.

The eligibility criteria are detailed in the extra support for small employers section (paragraphs E101 to E104).

From 2 January 2020, the transfer policy changed and, for starts after this date, these apprenticeships are eligible to be funded by a transfer of levy funds

E219 For apprenticeship starts prior to January 2020, where a transfer of funds does not take place and the apprenticeship is 100% funded by government, you must not enter these apprenticeships on your apprenticeship service account.

From 2 January 2020, the transfer policy changed and, for starts after this date, these apprenticeships are eligible to be funded by a transfer of levy funds so must be entered on to your apprenticeship service account.

E220 For the purposes of apprenticeships funded by a transfer, the receiving employer is treated as a levy-paying employer.

E221 To receive a transfer, if prompted, you must sign the ESFA [employer agreement](#) and ensure apprenticeships funded by a transfer follow the rules in this document.

E222 The transfer amount you receive should cover 100% of the eligible training and assessment costs, up to the funding band maximum, of the apprenticeship standard. This does not include English and maths training up to and including level 2, which is funded separately.

E223 You will need to set up an apprenticeship service account, if you do not already have one. You will need to enter details of the apprenticeship that the transferred funds relate to. If you are not a levy-paying employer then you can only use this account for apprentices funded through transferred funds or via reserved funds - if any apprentices, which are not funded through transfers or reserved funds, are entered then you will not receive payment through the apprenticeship service.

E224 If you already have an apprenticeship service account, you may use this to receive a transfer.

E225 Apprenticeships that are not being funded through either a transfer, or your own levy funds from your apprenticeship service account, must be delivered by a main provider who has a contract with us. These apprenticeships must:

E225.1 be funded by government-employer co-investment; and

E225.2 not be entered on your apprenticeship service account.

For instances where an apprenticeship is being funded via reserved funds, then these must be entered on to your apprenticeship service account and the normal co-investment rules will apply.

E226 The rules on what apprenticeship funding can be spent on are set out in the eligible costs section at paragraph E84.

E227 Before entering the details on your apprenticeship service account, you must:

E227.1 agree with the sending employer and the main provider which apprenticeship standard your apprentice will be undertaking; and

E227.2 confirm the price that you have negotiated with your main provider. All parties will need to approve these details through the apprenticeship service.

- E228** If you are a levy-paying employer, you must not transfer funds to other employers while you are in receipt of transferred funds.
- E229** You must not provide any incentives or inducements or any other payments not authorised by us in return for receiving a transfer.

If the total cost cannot be covered by the transfer

- E230** If you do not pay the levy or have exhausted the levy funds in your apprenticeship service account, and at any point the 'sending' employer has insufficient funds to cover the cost of your apprenticeship training you must pay co-investment to your main provider for the remainder. The rate at which you will need to pay co-investment will depend on when the apprenticeship started. Please refer to the table in paragraph E149 for details of the rates
- E231** If you are a levy-paying employer, if at any point the 'sending' employer has insufficient funds to cover the cost of your apprenticeship training and you have sufficient levy funds available then these funds will automatically be used before you enter co-investment.
- E232** If the total negotiated price of the apprenticeship exceeds the funding band maximum, you must pay all of the additional costs.

Monitoring

- E233** We will monitor transfer activity to ensure apprenticeship funding is used appropriately, and may take action were you do not meet the terms and conditions of using apprenticeship funding. These terms and conditions are set out in these funding rules and the ESFA employer agreement.

Change of circumstance

New for 1 August 2019:

- **E235** – Clarification: Where an apprentice is no longer employed they cannot continue with their apprenticeship (with the exception of redundancy).
- **E236** – Clarification: Information added to clarify what a break in learning is and how to record a break in learning accurately.

New for 8 January 2020

- **E235** - New Rule: Where an apprentice is no longer employed they cannot continue with their apprenticeship (with the exception of redundancy) where the break has been longer than 30 days.

- E234** If any circumstances change that affect any agreement made between you and the main provider, you must revise existing agreements or create new agreements. This includes:

E234.1 changes to price;

- E234.2** changes to the apprentice's eligibility;
- E234.3** any updates required to your apprenticeship service account;
- E234.4** changes to the apprentice's contract or working pattern;
- E234.5** changes to the apprenticeship duration;
- E234.6** changes to the main provider or subcontractor; or
- E234.7** breaks in learning.

E235 An apprentice has to be employed continuously for the duration of the apprenticeship. If their employment is terminated, the individual cannot continue with their apprenticeship (with the exception of redundancy) where the break has been longer than 30 days. When employment or an apprenticeship agreement has ended (resignation, dismissal or any other action by the apprentice or by you that results in the apprenticeship agreement ending) and new employment hasn't commenced within 30 days, we must be notified that the apprentice has left in line with E250. Where a new employer is found and employment starts within 30 days, this must be managed by using a break in learning to ensure funds are not paid when the apprentice is not employed.

E236 The apprentice may take a break in learning where they plan to return to the same apprenticeship programme. The decision to take a break in learning, the reason for the break and its expected duration must be agreed with you. This could include medical treatment, parental leave or leave for other personal reasons. The main provider should record breaks in learning on the ILR and re-plan the delivery of any remaining training and/or assessment following a break, if required. You should revise the apprenticeship agreement if required.

A break in learning should not be recorded:

E236.1 For annual leave, public holidays and short-term absences (up to 4 weeks);

E236.2 When employment or an apprenticeship agreement has ended (redundancy, resignation, dismissal or any other action by the apprentice or the employer that results in the apprenticeship agreement ending). Where an apprentice has been made redundant the main provider should refer to the redundancy section in the Apprenticeship funding rules for training providers.

E237 We will stop making payments from funds in your apprenticeship service account or government-employer co-investment if an apprentice has a break in learning. Your main provider must inform us through their ILR if an apprentice takes a break in learning. If this does not occur, you may temporarily pause payments through your apprenticeship service account until the provider's ILR data has been updated.

E238 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.

E239 We will monitor take-up of additional payments and unusual patterns of activity to identify any potential fraud or gaming.

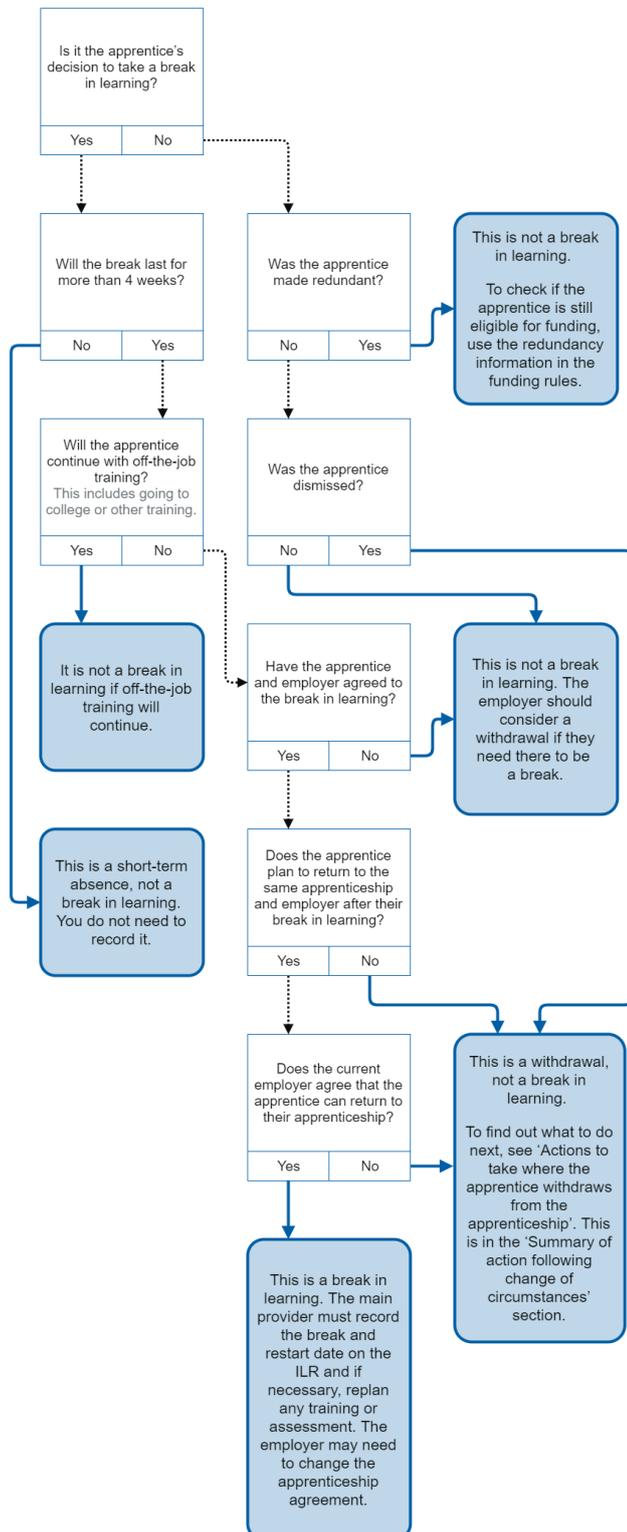
Where training or assessment stops

- E240** Where a change of circumstance means that training and/or assessment is no longer being delivered, no further funds from your apprenticeship service account, government-employer co-investment or additional payments will be made.
- E241** In these circumstances, your main provider must inform us of the date training or assessment activity stopped through their ILR. The main provider must ensure that you have paid any mandatory co-investment due for any training or end-point assessment already delivered.
- E242** You may alert us through your apprenticeship service account at any time, if training and/or assessment is no longer being delivered. If the apprentice is made redundant, you must stop payments in your apprenticeship service account. The stop date you apply in your account should correspond with the date the apprentice is made redundant.
- E243** When a change of circumstance results in over-payment of funds from your apprenticeship service account or government-employer co-investment, any over-payment must be repaid by the main provider to us. We will then credit the appropriate funds to your apprenticeship service account. The main provider must follow the arrangements set out in their agreement with you for any over-payment by you.
- E244** You must agree with the main provider any reimbursement of your co-investment made for learning paid for, but not undertaken, or learning delivered, but not yet paid up to the employee's leave date, or the date of their break in learning, as needed.
- E245** If any change of circumstances is not included in this section, you should seek advice from us about what action you should take. Please use our [enquiry form](#).

Flow chart: Find out what to do if your apprentice wants to take a break in learning

New for 1 August 2019:

- Break in learning** – New content: A flowchart has been created and added into the funding rules. This flowchart supports the rules on break in learning and should be used alongside them.



Summary of action following a change of circumstance

New for 1 August 2019:

- **Summary of action following change of circumstances** – Clarification: Information added throughout section to clarify the action taken when a specific change of circumstance occurs.

Actions to take where there is a break in learning where the apprentice requires a break in their apprenticeship due to illness, parental leave, or other personal reasons.

E246 The employer must:

- E246.1** notify the main provider that the apprentice will be absent for a period of time;

You may also;

- E246.2** pause payments through your apprenticeship service account;
- E246.3** review or update the duration of the break as necessary;
- E246.4** un-pause the record in your apprenticeship service account when the apprentice returns to learning; and
- E246.5** extend the practical period of the apprenticeship agreement as required.

E247 The main provider must:

- E247.1** record the break and restart dates in the ILR; and
- E247.2** re-plan the delivery and agree a revised price, if required, with the employer when the apprentice resumes learning. This must be entered on the ILR. If a different price had been entered previously on the employer's apprenticeship service account, the revised price must also be entered here, on or before the new start date.

Effect on funding

Funding from an employer's apprenticeship service account or government-employer co-investment stops until apprentice resumes their apprenticeship. Funding is capped across both periods of learning so that overall earnings do not exceed the funding band maximum. Funding will recommence based on the new start date in the ILR. All additional payments stop until apprentice resumes their apprenticeship. Any additional payments already made are retained.

Actions to take when there is a change in price where the employer negotiates a revised training or assessment cost, or assessment cost is added after the start of the programme.

E248 Both the employer and main provider must:

- E248.1** Agree a new price.

E248.2 Confirm the new price on the apprenticeship service. If funded by a transfer, both the sending and receiving employers will need to agree the new apprenticeship in the apprenticeship service.

E248.3 Revise agreements and/or the commitment statement as required.

E249 The main provider must update the price on the ILR.

Effect on funding

After applying the funding band limit, 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. Additional payments are unaffected.

Actions to take where the apprentice withdraws from the apprenticeship, where the apprentice is no longer employed by the employer and has withdrawn from their programme (not redundancy) OR the apprentice chooses to withdraw prior to completion but remains with the same employer.

E250 The employer must:

E250.1 notify the main provider that the apprentice has left; and

E250.2 stop payments through their apprenticeship service account. This includes where the apprenticeship is funded by a transfer. The stop date that you apply in your account should correspond with the date the apprentice withdrew from the apprenticeship.

Effect on funding

Funding from an employer's apprenticeship service account or government-employer co-investment stops. The employer co-investment should be reconciled to the date of withdrawal and a balancing payment may be made by us. All additional payments stop until the apprentice resumes their apprenticeship. Any additional payments already made are retained.

Action to take where the apprentice starts a new role with the same employer and requires a different apprenticeship programme and the main provider remains the same.

E251 Both the employer and main provider must:

E251.1 agree a new price for training and assessment for the new apprenticeship, taking into account relevant learning from the first apprenticeship. If funded by a transfer, both the sending and receiving employers will need to agree the new apprenticeship in the apprenticeship service; and

E251.2 enter the details of the new programme, price and effective date on the apprenticeship service.

E251.3 If funded via reserved funds you must contact the [apprenticeship service support desk](#).

Effect on funding

Funding from an employer's apprenticeship service account or government-employer co-investment stops. Any employer co-investment should be reconciled to the date of withdrawal and a balancing payment may be made by us. Funding from an employer's apprenticeship service account or government co-investment for the second programme is made for the new programme. Each programme price is capped separately. Additional payments are received once for each apprenticeship.

The co-investment rate for the apprenticeship will be at the rate in force at the time it starts.

Action to take where the employer selects a different main provider where the apprenticeship remains the same.

E252 Both the employer and new main provider must:

- E252.1** negotiate a new price, as set out in these funding rules. If funded by a transfer, both the sending and receiving employers will need to agree the new apprenticeship in the apprenticeship service; and
- E252.2** update the apprenticeship service with the new price, new main provider and effective date.
- E252.3** If funded via reserved funds you must contact the apprenticeship service support desk.

Effect on funding

Funding from an employer's apprenticeship service account or government-employer co-investment to the first main provider stops. Payments due to the first main provider are reconciled. Funding from an employer's apprenticeship service account or government co-investment for the second programme is made to the new main provider. The funding band cap and minimum duration will apply to the total cost across both main providers.

The co-investment rate for the apprenticeship will remain at the rate in force at the time it started.

The employer continues to receive additional payments. The original main provider retains any additional payments already made. Any remaining main provider additional payments not paid to the original main provider can be paid to the new main provider.

The number of days in learning with the first main provider are added to the days in learning with the new main provider to calculate when payments are due.

Action to take where the apprentice changes employer but continues the same apprenticeship with the same main provider

E253 The original employer must stop payments through their apprenticeship service account, using a stop date that corresponds with the date the apprentice changed employer. This includes where the apprenticeship is funded by a transfer. They can also stop co-investment, as appropriate.

E254 The new employer and main provider must:

- E254.1** agree a price for the remainder of the apprenticeship training and assessment taking into account relevant learning from the first employer. This price should be recorded in the ILR as a 'residual' price;
- E254.2** register the apprentice on the apprenticeship service, if appropriate, for funding to start;
- E254.3** confirm arrangements for, and start paying, co-investment if appropriate; and
- E254.4** contact us if they are unable to register the apprentice on the apprenticeship service.
- E254.5** if the apprenticeship is now being funded by a transfer, or continuing to be funded by a transfer, then the receiving (new) employer will need to register on the apprenticeship service and the transfer will need to be agreed by the sending employer. For more information on how transfers work, please refer to the '[Apprenticeships funded by transfer of levy funds](#)' section
- E254.6** If funded via reserved funds you must contact the [apprenticeship service support desk](#).

E255 The main provider must not draw down funds in an employer's apprenticeship service account or government co-investment for delivery which the ESFA has already paid for with the first employer.

Effect on funding

Funding from the first employer's apprenticeship service account stops. Any employer co-investment due from the first employer should be reconciled. Funding continues based on agreement with the new employer using the funds in their apprenticeship service accounts, transfer of levy funds or government co-investment. The funding band cap will apply to the total cost across both employers.

Additional payments stop for the first employer but they retain any payments already made. The number of days in learning with the first employer are added to the days in learning with the new employer to calculate when payments are due.

Main provider additional payments remain unchanged. The small employer co-investment waiver will stop if the second employer is not eligible. For the 16 to 18 framework uplift we will keep a history of amounts earned so far, and spread the remainder over the planned length, with 20% of the new total cost held back for completion.

Action to take where the apprentice is made redundant with more than 6 months of apprenticeship remaining.

E256 The employer must stop payments from their apprenticeship service account, including where the apprenticeship is funded by a transfer. The stop date that you apply in your account should correspond with the date the apprentice is made redundant.

E257 The main provider must:

E257.1 support the apprentice to find a new job (within 12 weeks);

E257.2 retain evidence of when the apprentice was made redundant, and report the change in employment status to us; and

E257.3 refer to the scenario within the Apprenticeship Funding Rules for Providers for action to take with the new employer, where a new employer is found.

Effect on funding

Funding from the first employer's apprenticeship service account stops. Any employer co-investment due from the first employer should be reconciled to the date of redundancy and any differences in employer co-investment received to those due should be repaid to the employer or main provider.

The apprentice is funded through 100% government co-investment for up to 12 weeks. Employer additional payments stop. Main provider additional payments remain unchanged.

Action to take where apprentice is made redundant with less than 6 months of apprenticeship remaining.

E258 The employer must stop payments from their apprenticeship service account, including where the apprenticeship is funded by a transfer. The stop date that you apply in your account should correspond with the date the apprentice is made redundant.

E259 The main provider must:

E259.1 support the apprentice to find a new job;

E259.2 retain evidence of when the apprentice was made redundant, and report the change in employment status to us; and

E259.3 refer to the scenario within the [Apprenticeship Funding Rules for Providers](#) for action to take with the new employer, where a new employer is found.

Effect on funding

Funding from the first employer's apprenticeship service account stops. Any employer co-investment due from the first employer should be reconciled to the date of redundancy and any differences in employer co-investment received to those due should be repaid to the employer or main provider.

The apprentice is funded through 100% government co-investment for up to 12 weeks. Employer additional payments stop. Main provider additional payments remain unchanged.

Annex A: Eligibility criteria (who we fund)

New for 8 January 2020:

- **E263 and E264** – Restructure: A new UK national section has been added to Annex A. These are not new rules, but are existing rules that have always applied to UK nationals as EU citizens. These have been drawn out to allow us to make eligible residency statuses clearer.

E260 To use funds in the employer's apprenticeship service account or government-employer co-investment, the individual must have a valid and eligible residency status.

Residency eligibility

E261 Any individual, or relevant family member, who has applied for an extension or variation of their current immigration permission in the UK is still treated as if they have that leave. Keeping this permission applies as long as the application was made before their current permission expired. Their leave continues until the Home Office make a decision on their immigration application.

E262 An individual, or relevant family member, is considered to still have the immigration permission that they held when they made their application for an extension. Their eligibility would be based upon this status.

UK nationals

E263 A UK national is eligible for funding if they:

E263.1 Are a citizen of the UK; and

E263.2 have been ordinarily resident in the UK or EEA (including other countries determined to be within the EEA or those with bilateral agreements) for at least the previous three years on the first day of the apprenticeship.

E264 The eligibility of individuals who do not meet the requirements in paragraph E263 is stated below.

EEA citizens

E265 An EEA citizen is eligible for funding if they:

E265.1 are a citizen of a country within the European Economic Area (EEA) (including other countries determined to be within the EEA or those with bilateral agreements); and

E265.2 have been ordinarily resident in the EEA (including other countries determined to be within the EEA or those with bilateral agreements) for at least the previous three years on the first day of the apprenticeship.

- E266** The European Economic Area (EEA) includes all the countries and territories listed below (from paragraph E292).
- E267** Nationals of any EU (or EEA) countries who have been ordinarily resident in the EEA (including other countries determined to be within the EEA or those with bilateral agreements) for at least the previous three years before the first day of the apprenticeship must be treated equally to UK residents while the UK remains part of the EU. When the UK is no longer part of the EU, EEA nationals will still remain eligible for the full funding year 1 August 2019 to 31 July 2020. More details on funding for EU nationals can be found on the "[prepare for Brexit](#)" page on gov.uk.
- E268** The eligibility of individuals who do not meet the requirements in paragraph E265 is stated below.

Non-EEA citizens

- E269** A non-EEA citizen is eligible for funding if they have 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 the apprenticeship.

Individuals with certain types of immigration status and their family members

- E270** Any individual with any of the statuses listed below, is eligible to receive funding and is exempt from the three-year residency requirement rule. You must have seen the individual's immigration permission in these circumstances:
- E270.1** refugee status;
 - E270.2** discretionary leave to enter or remain;
 - E270.3** exceptional leave to enter or remain (including Calais leave);
 - E270.4** indefinite leave to enter or remain;
 - E270.5** humanitarian protection;
 - E270.6** leave outside the rules;
 - E270.7** section 67 of the Immigration Act 2016; or
 - E270.8** the husband, wife, civil partner and child of any of the above in this paragraph (that is paragraphs E270.1 to E270.7).
- E271** 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.

Right of Abode in the UK

E272 The right of abode is a status under United Kingdom immigration law that gives an unrestricted right to live in the United Kingdom. It was introduced by the Immigration Act 1971. Individuals with the right of abode are eligible for funding if they have been ordinarily resident in the UK for at least the previous three years before the start of the apprenticeship and have the right to work in the UK.

Asylum seekers

E273 Asylum seekers are eligible to receive funding if they:

E273.1 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

E273.2 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.

E274 An individual who has been refused asylum will be eligible if they:

E274.1 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;

E274.2 are granted support for themselves under section 4 of the Immigration and Asylum Act 1999; or

E274.3 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.

Family members of EU and EEA nationals

E275 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'.

E276 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.

E277 This table shows the eligibility for family members if:

E277.1 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

E277.2 the 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

Children of Turkish workers

E278 A child of a Turkish worker is eligible if:

E278.1 the Turkish worker is ordinarily resident in the UK;

E278.2 the Turkish worker is, or has been, lawfully employed in the UK; and

E278.3 the child has been ordinarily resident in the EEA and/or Turkey for the full three-year period before the start of their programme.

Persons granted stateless leave

E279 A person granted stateless leave is a person who has:

E279.1 extant leave to remain as a stateless person under the immigration rules (within the meaning given in section 33(1) of the Immigration Act 1971); and

E279.2 been ordinarily resident in the UK and Islands throughout the period since the person was granted such leave. The UK and Islands are; England, Scotland, Wales, Northern Ireland, the Channel Islands and the Isle of Man.

E280 A stateless person must:

E280.1 be ordinarily resident in the UK on the first day of the apprenticeship; and

E280.2 have been ordinarily resident in the UK and Islands throughout the three-year period preceding the first day of the apprenticeship.

E281 Certain family members are also eligible under this category:

E281.1 the spouse or civil partner of a person granted stateless leave (and who was the spouse or civil partner of that person on the leave application date), who is ordinarily resident in the UK on the first day of the apprenticeship, and who has been ordinarily resident in the UK and Islands throughout the three-year period preceding the first day of the apprenticeship; or

E281.2 the child of a stateless person or of the stateless person's spouse or civil partner (and who was the child of that stateless person or the child of the stateless person's spouse or civil partner on the leave application date),

was under 18 on the leave application date, is ordinarily resident in the UK on the first day of the apprenticeship, and has been ordinarily resident in the UK and Islands throughout the three-year period preceding the first day of the apprenticeship.

E282 'Leave application date' means the date on which a persons granted stateless leave made an application to remain in the UK as a stateless person under the immigration rules (within the meaning given in section 33(1) of the Immigration Act 1971).

Those in the armed forces or outside of England

E283 As an exception, we will also allow the following individuals to be funded from an employer's apprenticeship service account or using government-employer co-investment:

E283.1 Armed forces and Royal Fleet Auxiliary personnel to undertake a statutory English apprenticeship wherever they are based in the United Kingdom.

E283.2 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.

E283.3 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 on 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.

Further information for 16 to 18 year-olds

E284 16 to 18year-olds are eligible to be funded for an apprenticeship if any of the following clauses apply.

E284.1 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);

E284.2 they are the children of diplomats;

E284.3 they are the children of teachers coming to the UK on a teacher exchange scheme;

E284.4 they are entering the UK (where not accompanied by their parents) and are British (or EEA) citizens;

E284.5 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;

E284.6 they are an asylum seeker;

- E284.7** they are placed in the care of the local authority; or
- E284.8** they meet the requirements for any other eligible category in this document.

E285 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

E286 Member states of the European Union. You can access a list of European Union (EU) member states on the [EU website](#).

E287 Other territories are categorised as being within the European Union for the purposes of the fees regulations; these are as follows:

E287.1 Cyprus: any Cypriot national living on any part of the island qualifies for EU residency and is considered an EU national;

E287.2 Finland: includes the Aland Islands;

E287.3 France: the French Overseas Department (DOMS) (Guadeloupe, Martinique, French Guiana (Guyana), Reunion and Saint-Pierre et Miquelon) as part of metropolitan France;

E287.4 Germany: includes the former German Democratic Republic and the tax-free port of Heligoland;

E287.5 Portugal: includes Madeira and the Azores but not Macau;

E287.6 Spain: includes the Balearic Islands, the Canary Islands, Ceuta and Melilla; and

E287.7 United Kingdom: includes Gibraltar.

E288 The Channel Islands and Isle of Man are part of the United Kingdom and Islands but not part of the EU. The Channel Islands and Isle of Man are not classed as part of England for apprenticeship funding purposes. The UK, Channel Islands and Isle of Man are collectively referred to as the UK and Islands.

E289 Andorra, Monaco, San Marino and the Vatican are not part of the EU.

E290 For funding eligibility purposes, EEA and eligible overseas dependent territories are 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 E292 below).

E291 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.

E292 Individuals who are nationals of certain British Overseas Territories and of certain European overseas territories are eligible for funding, ensuring they comply with 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

New for 8 January 2020:

- **Glossary – Restructure:** The glossary has been revised and extended using user research and data from the most common searches within the funding rules.

0-9

£1000 additional payment

See '16 to 18 payment'

5% co-investment

See 'Co-investment'

5% contribution

See 'Co-investment'

10% co-investment

See 'Co-investment'

10% contribution

See 'Co-investment'

16 to 18 payment

The £1000 payment employers and providers receive for taking on an apprentice aged 16 to 18.

See also 'Additional payments'

20% completion payment

See 'Completion payment'

20% off-the-job

See 'Off-the-job (OTJ) training'

20% rule

See 'Completion payment' or 'Off-the-job (OTJ) training'

30 hours

See 'Minimum duration'

90% contribution

See 'Co-investment'

95% contribution

See 'Co-investment'

A

Account

See 'Apprenticeship service account'

Additional learning needs

See 'Identified needs'

Additional learning support (ALS)

See 'Learning support'

Additional payments

Extra funding to help with any additional costs of training specific groups of apprentices. The different types of additional payments are: the 16 to 18 payment, the eligible 19 to 24 payment, learning support, the care leaver's bursary and disadvantage funding for frameworks.

Additional qualifications

See 'Non-mandatory qualifications'

Advanced learner loan

Loans for individuals aged 19+ to provide financial support towards tuition costs. These loans are paid directly to the college or training organisation.

Annual leave

Paid time off work that employees are entitled to. For full time apprentices, this is at least 28 days per year (statutory leave entitlement). It is not a break in learning.

Apprentice

An individual who is doing an apprenticeship and engaged under an apprenticeship agreement (or alternative arrangement). Apprentices are employed. They work alongside experienced staff, gain job-specific skills, earn a wage, get holiday pay and time for study related to their role.

Apprentice employment contract

See 'Contract of service'

Apprentice rate

This is the minimum hourly rate apprentices are entitled to if they are either:

- aged under 19
- 19 and over and in their first year of an apprenticeship

We encourage employers to pay more than the apprentice rate. View the National Minimum Wage rates.

Apprenticeship

A job with training. This includes the training and (where required) end-point assessment for an employee. The full definitions of (i) an English apprenticeship (frameworks) and (ii) an approved English apprenticeship (standards) can be found in Part 1 of the Apprenticeships, Skills, Children and Learning Act 2009.

Apprenticeship agreement

An apprenticeship agreement is between an employer and an apprentice, either in accordance with the Apprenticeships, Skills, Children and Learning Act 2009 sections 32 to 36 (for frameworks) or section A1 (for standards – an approved English apprenticeship agreement).

Apprenticeship certificate

A certificate used to provide formal recognition that an individual has achieved their apprenticeship and is therefore certified.

Apprenticeship funding rules

View all apprenticeship funding rules.

Apprenticeship journal

See 'Evidence pack'

Apprenticeship levy

A levy on UK employers to raise funds to pay for apprenticeship training and assessment. It's charged at 0.5% of an employer's pay bill, but each employer receives an allowance of £15,000 to offset against their levy payment. Because of the allowance, only employers with an annual pay bill greater than £3m have to pay the levy. Levy payments are made monthly to HMRC.

Apprenticeship minimum wage

See 'National Minimum Wage'

Apprenticeship service account

The area on the apprenticeship service where employers can manage their funding and apprentices, view their account balance and plan their spending.

See also 'The apprenticeship service'

Apprenticeship training agency (ATA)

An organisation that recruits and employs apprentices on behalf of employers.

Assessment

See 'End-point assessment' or 'On-programme assessment'

B

Block release

A concentrated period of time where the apprentice is training or studying at a place other than work as part of their apprenticeship.

Break in learning

When an individual takes a break of at least 4 weeks from their apprenticeship but plans to return to it in the future. For example, illness, maternity leave or parental leave. This does not include bank holidays, annual leave, redundancy or withdrawals.

See also 'Change of circumstances'

C

Care certificate

15 minimum standards that apprentices must achieve for specific job roles in the health and social care sector. We treat this as a Licence to practise.

Care leaver

An individual aged 16 to 24 who was (or still is) in the care of their Local Authority.

Care leaver bursary

An additional £1000 payment that ESFA pay care leavers. This is paid via the apprentice's training provider.

See also 'Additional payments'

Certificates

Issued by awarding bodies to demonstrate an individual's qualifications, for example Level 2 English and maths. During audits, we may check certificates for proof of prior learning.

See also 'Prior learning'

Changes from the previous document

We tell you about new rules and any rules that have changed or been removed in the:

- summary of changes document
- relevant section of the funding rules

We also show you which sections contain changes on the web-based apprenticeship funding rules updates page.

Change of circumstance

Changes in an apprentice's personal or employment circumstances, or to their apprenticeship. There are different actions to take and effects on funding depending on the type of change.

Co-investment

Sharing the cost of training and assessing apprentices with the government. The following types of employers will pay co-investment:

- non-levy payers
- levy payers who have run out of levy funds

For apprenticeships that started before 1 April 2019, employers pay 10% towards the cost of apprenticeship training. The government will pay the rest (90%).

For apprenticeships that started on or after 1 April 2019, employers pay 5% towards the cost of apprenticeship training. The government will pay the rest (95%).

Commitment

An internal term we use to describe an employer entering information in their apprenticeship service account.

Commitment statement

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.

Complete early

When an apprentice completes all their training and assessment (including end point assessment) before the planned end date recorded by the provider on the ILR. If the apprenticeship has met the minimum 12 month duration, we will pay any outstanding amounts

once we have been notified of completion. View the Technical Funding Guide for details about how payments are made.

Completion payment

A payment we make to providers when an apprentice completes all their learning. For frameworks, this is every mandatory element of the framework. For standards, this means taking the end-point assessment (the apprentice does not need to pass). This payment is 20% of either the total negotiated price or the funding band maximum, whichever is lower.

Contract for services

A contract between a contractor and a client.

Contract of service

A contract between an employee and employer.

Contribution

See 'Co-investment' or 'Funding band'

D

DAS

See 'The apprenticeship service'

Degree apprenticeship

An apprenticeship that is done at level 6 or 7 and equivalent to a bachelor's or Master's degree. Apprentices spend part of their time at university and the rest with their employer.

Delivery subcontractor

An organisation contracted through a main provider or employer-provider to deliver on-programme assessments, English and maths or off-the-job training to apprentices. This does not include end-point assessment organisations. It also excludes subcontractors you use for different services, including help with marketing or data management, as well as those who deliver training to an apprentice that is in addition to the apprenticeship and not funded through this route.

Digital account

See 'Apprenticeship service account'

Disability

See 'Learning difficulty or disability (LDD)'

Disadvantage funding for frameworks

Additional funding for apprenticeship frameworks. It's based on the apprentice's postcode before they start learning and the Index of Multiple Deprivation (IMD). £600 for apprentices in the 10% most deprived areas, £300 for the 11 to 20% most deprived areas and £200 for the 21 to 27% most deprived areas.

See also 'Additional payments'

Dismissal

When an employee's contract of employment is terminated.

Distance learning

Learning that's delivered remotely rather than face-to-face. For example, e-learning and webinars.

Double funding

See 'Individuals who are not eligible for funding'

E**Earnings adjustment statement (EAS)**

The earnings adjustment statement is how main providers claim funding that cannot be claimed through the individualised learner record.

Education, health and care (EHC) plan

An education, health and care (EHC) plan is for children and young people aged up to 25 who need more support than is available through special educational needs support.

EHC plans identify educational, health and social needs and set out the additional support to meet those needs.

Eligibility

The criteria an individual must meet to be able to do an apprenticeship and get apprenticeship funding. For example, their age, right to work in England, amount of prior learning and the duration of training needed.

There are also criteria that an apprenticeship training programme must meet.

Eligible costs

Costs that directly relate to the delivery of training and on-programme assessment. Eligible costs make up the total negotiated price, which is paid for using funds from either:
an employer's apprenticeship service account
government-employer co-investment

Employee

An individual who has a contract of service. This does not include individuals who are self-employed.

Employer

An organisation that has a contract of service and an apprenticeship agreement with an apprentice. This can include an apprenticeship training agency (ATA). This may also include a company or charity whose PAYE scheme the employer has connected to their apprenticeship service account. References to an 'employer' describe the whole organisation, not individual sites, locations, groups or companies linked by directors.

Employer agreement

A legally binding agreement between an employer and the Education and Skills Funding Agency (ESFA). Employers must accept this agreement to get or reserve apprenticeship funding.

Employer-provider

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 their apprenticeship service 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 will have a contractual relationship for the end-point assessment conducted by an end-point assessment organisation. The payment for the end-point assessment is through the employer-provider.

End-point assessment (EPA)

An assessment that takes place at the end of an apprenticeship, to make sure apprentices have reached the necessary level to be awarded an apprenticeship. Only applies to apprentices doing standards.

End-point assessment organisation (EPAO)

An independent organisation that employers can contract to carry out apprenticeship end-point assessments.

English and maths

Two separate qualifications that apprentices require to achieve an apprenticeship. There are different types of English and maths qualifications. For example, functional skills, GCSEs and entry-level.

Entry-level

See 'English and maths'

Evidence pack

A collection of documents and information about an apprentice and their apprenticeship. It provides evidence that the apprentice exists, is eligible for funding and that the apprenticeship is being delivered in line with the funding rules.

Exceptional learning support (ELS)

An additional payment that providers can claim if the cost of supporting an apprentice's learning is £19,000 or more in a funding year.

See also 'Learning support'

F

Frameworks

An apprenticeship framework for the purposes of the Funding Rules, is a curriculum of learning and includes requirements an apprentice is expected to achieve for a particular skill, trade or occupation. The minimum requirements for an English framework are set out in 'Specification of apprenticeship standards for England' or (SASE).

Apprenticeship frameworks are being replaced by standards. From 1 August 2020, new apprenticeship starts, will be on standards. [Legislation relating to apprenticeship frameworks has been repealed but saved until apprenticeships frameworks are phased out.]

Functional skills

A type of English and maths qualification.

See also 'English and maths'

Funding agreement

Throughout this document the term 'funding agreement' is used to include:

- the apprenticeship levy provider funding agreement;
- the contract for services between the employer and main provider;
- the contract for services – apprenticeships (between the ESFA and main providers delivering apprenticeships to non-levy-paying employers).

Funding band

The financial range that the government will contribute towards the cost of delivering training and assessment for an apprenticeship framework or standard. The range is between £0 and a defined funding band maximum. The maximum ranges from £1,500 to £27,000 and is the most that the government will contribute, including amounts that can be taken from a levy-paying employer's apprenticeship service account. Currently, there are 30 funding bands. They do not include costs for English and maths, additional payments for young people or to support disadvantage.

Funding rules

See 'Apprenticeship funding rules'

G

Gateway requirements

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 any on-programme mandatory qualifications (where applicable) along with satisfactory evidence (as determined by the employer, in consultation with the main provider) that the apprentice has achieved the necessary knowledge, skills and behaviours set out in the standard.

GCSE

See 'English and maths' or 'Prior learning'

Government-employer co-investment

Government-employer co-investment is funding that is not paid for from an employer's apprenticeship service account (because the employer does not pay the levy or has insufficient levy funds in their apprenticeship service account). Employers will need to make a mandatory co-investment with the government.

H

Higher apprenticeships

An apprenticeship where the main learning is at level 4 or above. This is equivalent to a certificate of higher education or above.

Holiday

See 'Annual leave'

I

ICT

See 'Functional skills'

Identified needs

Learning needs that have been identified as part of a needs assessment, which may be eligible for learning support.

See also 'Learning support'

Illness

See 'Break in learning'

Immigration permission

The permissions, or otherwise, granted by the government of the United Kingdom for an individual to reside here. Learners need immigration permission to study in the UK.

Incentive payment

See 'Completion payment'

Individualised learner record (ILR)

The primary data collection requested from training 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.

Individual learning plan (ILP)

See 'Commitment statement'

Inducement

Something that persuades or influences someone to do something. For example, if a provider offered extra training (not required for the apprenticeship) to an employer and included this in the total negotiated price. This is not allowed.

Ineligible costs

Costs that must not be included in the total negotiated price. For example, travel costs and wages.

Initial assessment

The process of identifying an individual's learning and support needs to enable the design of an individual learning plan (commitment statement). It determines the learner's starting point for their learning programme.

Integrated standard

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.

K

Knowledge, skills and behaviours (KSBs)

These are set out in all apprenticeship standards, apprentices are required to learn them to be occupationally competent. KSBs are taught in off-the-job training and tested in the end-point assessment.

L

Learning difficulty or disability (LDD)

An apprentice having a learning difficulty or disability may form part of a needs assessment, and if it directly impacts on their learning, could be eligible for learning support.

See also 'Learning support'

Learning support

Financial support that providers can claim to help with the cost of any reasonable adjustments directly related to an apprenticeship. Currently a fixed monthly amount of £150. Any extra cost can be claimed through the Earnings Adjustment Statement (EAS).

See also 'Additional payments'

Level 1

See 'English and maths' or 'Functional skills'

Level 2

See 'English and maths' or 'Functional skills'

Levy

See 'Apprenticeship levy'

Levy-paying employer

An employer, or group of connected employers, with a collective annual pay bill of over £3 million who therefore pay the levy.

Licence to practise

Where it is a legal (or statutory) requirement for practitioners to have a licence which confirms the licence holder meets certain standards of competence. This includes situations where it is illegal to be paid for a specified range of activities without a licence.

M

Main provider

Any organisation holding a contract with us through which we directly route funds from an employer's apprenticeship service account or government-employer co-investment. The main provider will have the overall responsibility for the training and on-programme assessment conducted by themselves and their delivery subcontractors, and have a contractual relationship on behalf of the employer for the end-point assessment conducted by an end-point assessment organisation. The payment for the end-point assessment organisation is through the main provider.

Maternity leave

See 'Parental leave'

Mentoring

To include in off-the-job training, mentoring must impart new learning to the apprentice directly linked to the achievement of the apprenticeship by a more senior or experienced member of staff. This does not include general line management. The apprentice must not be doing productive work.

Minimum duration

The minimum length of time an apprentice must spend on training.

Minimum wage

See 'National Minimum Wage'

N**National Minimum Wage**

View the National Minimum Wage rates.

See also 'Apprentice rate'

Non-levy paying employer

An employer, or group of connected employers, with a collective annual pay bill of less than £3 million who therefore do not pay the levy.

Non-mandatory qualifications

Qualifications that an apprentice does not require to achieve an apprenticeship. The employer must pay for these qualifications.

O**Off-the-job (OTJ) training**

Learning done outside of an apprentice's normal working duties, but within their working hours. Apprentices must spend at least 20% of their working hours doing OTJ training.

Online learning

See 'Distance learning'

On-programme assessment

A progress review of what the learner has done compared to the training plan in their commitment statement. It usually involves the learner, provider and employer.

On-the-job training

Learning done during an apprentice's working hours to help them perform their job.
Ordinarily resident

For funding purposes, a person who normally lives in the country, is 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.

OTJ

See 'Off-the-job (OTJ) training'

P

Parental leave

When an employee takes time off work due to maternity leave, paternity leave, shared parental leave or adoption leave. Parental leave counts as a break in learning.

See also 'Break in learning'

Part time

See 'Minimum duration'

Paternity leave

See 'Parental leave'

Pay bill

The total amount of money employers pay their employees each year.

Personal learning record (PLR)

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.

Practical period

For standards, the practical period refers to the time spent on training and not end-point assessment.

Pregnancy

See 'Parental leave'

Previous apprenticeship

See 'Prior learning'

Previous rules

There are different funding rules for different apprenticeship start dates. You must follow the funding rules that apply to each apprentice. View the funding rules for previous and other years.

Prior learning

Previous learning that may count towards an apprenticeship. For example, work experience, education, training and qualifications. Before a learner starts an apprenticeship, providers must do an initial assessment of their existing KSBs to check if they are eligible. Then reduce the cost, duration and content of the apprenticeship if necessary.

See also 'Minimum duration'

Progress review

See 'On-programme assessment'

R

Receiving employers

Employers (levy or non-levy paying) who receive a transfer of apprenticeship funds from a levy-paying employer.

See also 'Transfer of funds'

Redundancy

When an employee's contract of employment is terminated because their employer needs to reduce its workforce. Redundancy is not a break in learning.

See also 'Change of circumstance'

Register of Apprenticeship Training Providers (RoATP)

A list of organisations that are eligible to receive government funding to train apprentices. To be added to the register, organisations must pass tests on due diligence, financial health, and tests on quality, capacity and capability.

Register of End-Point Assessment Organisations

A list of organisations that are eligible to carry out independent end-point assessments of apprentices.

Resit

Taking the end-point assessment again, without any extra learning.

Retake

Taking the end-point assessment again, after further training.

Review

See 'End-point assessment' or 'On-programme assessment'

Review visit

See 'On-programme assessment'

S**Self-directed distance learning**

When an apprentice is working alone with online material. The material is not delivered in real time and there is no interactive support.

Sending employers

Levy-paying employers who have unused apprenticeship funds in their apprenticeship service account and transfer them to another employer.

See also 'Transfer of funds'

Special educational needs (SEN)

Learning, physical or sensory needs that make it harder for someone to learn than most individuals the same age.

Standards

An apprenticeship standard in relation to England for the purposes of the Funding Rules describes the occupation to which it relates and sets out the outcomes that persons seeking to achieve the standard are expected to attain in order to successfully complete the apprenticeship. Apprenticeship standards are approved and published by the Institute for Apprenticeships and Technical Education. Apprentices can only be enrolled against an apprenticeship standard once it is identified as 'approved for delivery' on the Institute for Apprenticeships and Technical Education website.

Start of learning

The date learning begins. This does not include enrolment, induction, diagnostic assessment or prior assessment.

State aid

Using taxpayer-funded resources to provide assistance to one or more organisations in a way that gives an advantage over others. For example, grants, loans and tax breaks.

Statutory leave

See 'Annual leave'

Summary of changes

See 'Changes from the previous document'

Subcontractor

A legal entity that has a contractual relationship with a main provider to deliver apprenticeship training funded by us.

T**The apprenticeship service**

The digital interface to services designed to support the uptake of apprenticeships. The service is aimed primarily at employers who engage with main providers and apprenticeship assessment organisations to deliver and facilitate the apprenticeship programme. It allows employers to choose, and pay for, the apprenticeship training that they want and will support the uptake of apprenticeships. The service contains information coming from a range of different sources, including main providers.

The hub

A website you can use to send things like ILR returns and earnings adjustment statements to the ESFA. You can also view validity and funding details, learning aims, units and apprenticeships.

This document

This document refers to the Apprenticeship Funding Rules for Employers August 2019 to July 2020.

Time off

See 'Annual leave' or 'Off-the-job (OTJ) training'

Time out

See 'Off-the-job (OTJ) training'

Total negotiated price (TNP)

The price negotiated between an employer and main provider for all the eligible costs of an apprentice's training and assessment.

See also 'Eligible costs' and 'Ineligible costs'

Training

The delivery of training and on-programme assessment by a main provider or any organisation contracted for this purpose.

Training provider

Organisations that are on the Register of Apprenticeship Training Providers and appointed by an employer and/or holding a current funding agreement with us or contracted through a main provider for the delivery of training and on- programme assessment, as part of the employer's 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 main provider. This excludes individuals who are self-employed or supplied by an employment agency and who are working under the main provider's direction and control, in the same way as an employee.

Transfer of funds

When levy-paying employers transfer any unused apprenticeship funds in their account to other employers.

Transfer to a new employer

See 'Change of circumstances'

Transfer to a new provider

See 'Change of circumstances'

U**Unique learner number (ULN)**

A 10-digit reference number. You must use it to access or edit the personal learning record (PLR) of anyone that's in education or training and older than 14.

Updates

See 'Changes from the previous document'

W**Wage**

See 'Apprentice rate'

Withdrawal

When an apprentice leaves or stops taking part in their apprenticeship before they have completed it. This could be temporary and the apprenticeship can be restarted. A withdrawal is not a break in learning.

See also 'Change of circumstances'

Work experience

The jobs that someone has had or the type of work they have done in the past. Also when someone works for an employer on a short-term basis.

See also 'Prior learning'

Working hours

The apprentice's paid hours, not including any overtime. There are maximum weekly working hours. Apprentices must complete their apprenticeship (including any training) during paid working hours.

Written agreement

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.

Z

Zero-hour contracts

Contracts which do not specify a set number of hours for the employee to work.

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